

ASX Announcement

31 January 2022

Q2 FY22 Activity Report

- Adslot Media Update:
 - Record number of trades on *Adslot Media* platform – up 33% on prior quarter
 - Strong growth in *Adslot Media* TTV - up 49% on prior quarter
 - Launch of GroupM UK partner marketplace leads to record UK TTV – up 151% QoQ
 - Launch of Phase 1 of Health, Wellness and Lifestyle marketplace for IPG / Kinesso completed with trading to commence in current quarter
 - MSA signed with You & Mr Jones Media
- Symphony Update:
 - Annualised value of media managed on the *Symphony* platform grew 20% QoQ to \$8.58B
 - First trade in Australian market for integrated *Symphony – Adslot Media* solution
- Cash Position
 - Cash balance of \$3.41M at end of December 2021 quarter
 - Additional \$2.6M in payments related to R&D claims awaiting receipt

Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the December 2021 quarter.

Adslot Media Update

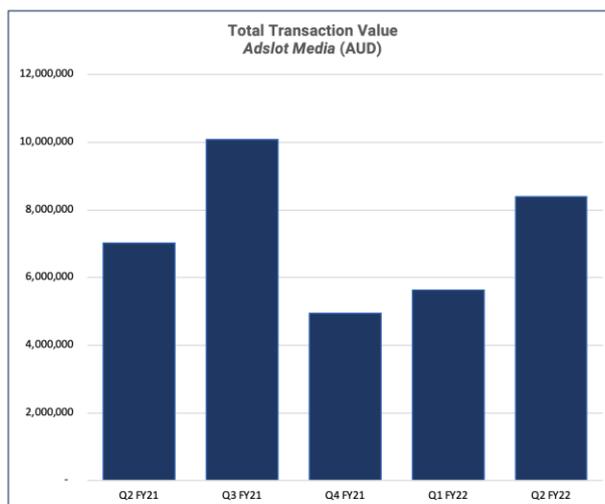
Trading Activity: Adslot Media

Total Transaction Value (TTV) for the December 2021 quarter was **\$8.40M**, an increase of 49% compared to the September 2021 quarter and an increase of 20% compared to the prior corresponding period (December 2020).

Growth in TTV was driven substantially by initial trading following the successful launch of the Company's partner marketplace with GroupM in the United Kingdom. This saw a record level of TTV in the UK, up 151% QoQ and 157% vs PCP.

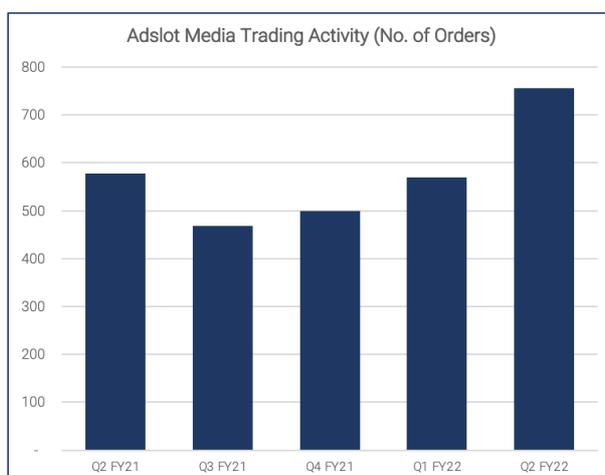
In addition to activation and growth with GroupM in the UK, substantial progress was made in the activation of a partner marketplace for IPG / Kinesso in the United States. The Company anticipates a significant contribution to TTV from these two activated partner marketplaces in the coming quarters.

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Volume of Trades

There were **756** trades in the December 2021 quarter, representing a 33% increase quarter-on-quarter, and a 31% increase when compared to the prior corresponding period. This result represented a record volume of quarterly trading on the *Adslot Media* platform.



Key Projects Update

The Company is pleased to provide an update on the following key *Adslot Media* projects currently underway:

- **Kinesso – Health, Wellness & Lifestyle marketplace**
 - Launch of a Phase 1 of the Health, Wellness and Lifestyle marketplace for Kinesso (a subsidiary of IPG) successfully completed in December 2021;
 - Phase 1 enables trading of specifically curated health and wellness activity across a nominated group of premium publishers including leading US endemic healthcare publishers WebMD and Healthline;

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- Phase 2 of marketplace to incorporate health and wellness trading capabilities for additional programmatic media types and external technology vendors. Client-funded activities to deliver Phase 2 capabilities to be completed in the June 2022 quarter;
- Extensive account team training and onboarding activities have commenced in January 2022 in anticipation of an imminent commencement of trading in the March 2022 quarter.
- **GroupM UK**
 - Following initial trades in the September 2021 quarter, the December quarter saw strong growth of trading via the partner marketplace activated with GroupM, the world's largest media investment company, as a component of GroupM's Premium Supply initiative;
 - Trading activity has been conducted across a number of leading UK brands in the retail and travel sectors;
 - Additional advertiser accounts and publisher partners have been identified across a range of industry sectors including automotive and finance. Activation of these partners has commenced in the March 2022 quarter.
 - These incremental advertisers and publisher partners in conjunction with increased trading from previously activated partners is expected to see continued strong growth in trading activity over the first half of calendar 2022.
- ***You & Mr Jones MSA***
 - In December 2021, the Company executed an MSA with You & Mr Jones Media, the recently established media division of leading brandtech group You & Mr Jones;
 - The MSA follows a long-standing relationship with fellow You & Mr Jones subsidiary, Mobkoi;
 - Activation activities have commenced with trading under this agreement expected to commence during the March 2022 quarter.

Publisher (Seller) Update

During the December 2021 quarter, the Company continued to add premium publishers to the *Adslot Media* marketplace around the world. Prominent publishers added to the marketplace during the quarter included:

- *Healthline Media* – a leading US health and wellness brand that reaches over 94 million people each month across its brand portfolios;
- *Publisher's Clearing House* – one of the largest US direct marketing organisations well known for its marketing of magazine subscriptions and merchandise.

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Outlook

The December 2021 quarter saw the successful completion of key milestones in the activation and scaling of partner marketplaces for both GroupM and IPG / Kinesso in the UK and USA respectively. The Company believes that these demand side driven partner marketplaces represent the most substantial opportunity for significant trading on the *Adslot Media* platform that it has yet seen.

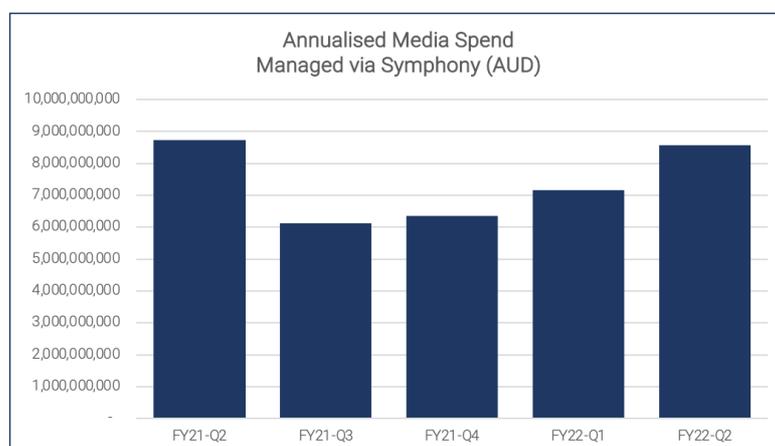
Trading on behalf of GroupM has already commenced and further growth is expected in coming quarters with the addition of new advertisers and publisher partners.

First trading activity for IPG / Kinesso is expected in the March 2022 quarter and given the material nature of the Health and Wellness advertising market in the US, the Company expects strong growth in trading over 2022. Further, the delivery of Phase 2 capabilities for this partner marketplace will deliver substantial incremental revenue opportunities for *Adslot Media* during the first half of calendar 2022.

In addition to continued trading activity from existing sources, the Company expects these two recently activated partner marketplaces to be the critical drivers of growth in TTV over the remaining quarters of this financial year. Beyond this, the Company believes substantial opportunity exists to replicate these capabilities with additional agency clients and across additional geographies and advertising sectors for existing clients.

Symphony Update

Total annualised media spend managed by *Symphony* for the March 2021 quarter was **\$8.58 Billion**, an increase of 20% when compared to the September 2021 quarter.



Note: Annualised Media Spend is calculated by multiplying the quarter's media spend by 4

The Company previously announced that it had negotiated the extension of trading terms for the *Adslot Media* marketplace to all markets where *Symphony* is deployed as a component of the renewal of its multi-market agreement with GroupM. These terms enable GroupM markets using *Symphony* to access the integrated *Symphony – Adslot Media* solution without the need for commercial agreements at a local level.

Initial trading activity under this framework occurred in the Australian market in January 2022. The Company anticipates that trading activity in Australia will build progressively over 2022.

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The Company can also confirm that it remains in negotiations for the deployment of additional *Symphony* markets with multiple holding companies. Whilst the Company had anticipated the conclusion of the first of these negotiations in the December 2021 quarter, this is now expected in the March 2022 quarter.

Quarterly Cashflow Commentary

Cash receipts from customers for the December 2021 quarter were \$3.73M, an increase of \$0.14M or 4% on the previous quarter's receipts of \$3.59M.

The Group's US subsidiary (Adslot, Inc.) applied for and received two Paycheck Protection Program loans through HSBC USA. Upon submission of forgiveness applications, the Group received full forgiveness of the first loan in the June 2021 quarter and received full forgiveness of the second loan of \$0.18M in the December 2021 quarter. This second loan forgiveness is represented under 'Government grants and tax incentives' received and an equivalent outflow under 'Repayment of borrowings'.

Net cash outflows from operating activities for the quarter were \$0.40M, a \$0.58M decrease in outflows on the previous quarter (September 2021: net cash outflow \$0.98M).

In the December 2021 quarter, total salary costs were \$2.85M, a decrease of \$0.09M or 3% on the previous quarter (\$2.94M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$5.39M represented a slight decrease of \$0.05M or 1% on the previous quarter (September 2021: \$5.44M).

Cash at the end of the December 2021 quarter was \$3.41M.

The FY2021 R&D claim (\$1.1M) was been submitted to AusIndustry in December 2021 and is expected to be paid in the current March 2022 quarter.

As previously announced to the market, an historical R&D Tax Incentive claim for the year ended 30 June 2016 (FY2016) was successful resolved on appeal to the Administrative Appeals Tribunal (AAT). The Australian Tax Office (ATO) is now reassessing Adslot's FY2016 tax return, which Adslot expects will result in a tax refund to Adslot of approximately \$1.5m in the March 2022 quarter.

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. Receipts from customers and publisher payments are both expected to increase in the March 2022 quarter.

- END -

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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.

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 The Company. The Company 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 The Company 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.

Appendix 4C

Quarterly cash flow 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 2021

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	3,728	7,316
1.2 Payments for		
(a) staff costs	(1,914)	(4,161)
(b) research and development	-	-
(c) publishers	(1,638)	(3,161)
(d) other cost of sales	(336)	(702)
(e) advertising and marketing	(1)	(2)
(f) other working capital/overheads	(393)	(804)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(21)	(43)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	177	177
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(397)	(1,379)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(30)
(d) investments	-	-
(e) intellectual property	(935)	(1,626)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(935)	(1,656)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(177)	(177)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Leased assets)	(155)	(306)
3.10	Net cash from / (used in) financing activities	(332)	(491)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,154	6,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(397)	(1,379)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(935)	(1,656)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(332)	(491)
4.5	Effect of movement in exchange rates on cash held	(79)	110
4.6	Cash and cash equivalents at end of period	3,411	3,411

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	2,993	4,737
5.2	Call deposits	418	417
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)	3,411	5,154

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	161
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities (i)	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(397)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,411
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,411
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	8.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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.

31 January 2022

Date:

By the Board

Authorised by:

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.