

**Adslot Ltd ABN 70 001 287 510
and controlled entities**

**Half-Year Financial Report
31 December 2021**

Lodged with the ASX under Listing Rule 4.2A.3

The half-year financial report does not include full disclosures of the type normally included in an Annual Financial Report. Accordingly, this financial report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2021 and any public announcements made by Adslot Ltd during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

HALF-YEAR REPORT – 31 DECEMBER 2021
APPENDIX 4D (Rule 4.2A.3)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2021	December 2020	Movement	
	\$	\$	\$	%
Total revenue from continuing operations	4,385,671	4,043,365	342,306	8%
Net loss attributable to members of the parent entity after tax	(1,193,509)	(2,831,904)	1,638,395	58%
Net loss attributable to members of the parent entity	(1,193,509)	(2,831,904)	1,638,395	58%

Dividends

The Group has not proposed or declared to pay dividends.

Earnings Per Share	December 2021	December 2020
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	1,981,875,995	1,854,203,955
Basic loss per share (cents)	(0.06)	(0.15)
Diluted loss per share (cents)	(0.06)	(0.15)

Net Tangible Assets per share	December 2021	June 2021
Number of ordinary shares on issue used in the calculation of net tangible assets per share	1,981,875,995	1,981,875,995
Net tangible assets per share (cents)	0.11	0.14

Audit

The Half-Year Financial Report has been subject to review by Grant Thornton Audit Pty Ltd and is not subject to dispute or qualification.

Directors' Report

Your Directors submit the financial report of the Company and its controlled entities ("the Group") for the half-year ended 31 December 2021.

Directors

The names of Directors who held office during or since the end of the half-year:

Mr Andrew Barlow:	Chairman
Mr Ben Dixon:	CEO and Executive Director
Mr Adrian Giles:	Non-Executive Director
Ms Sarah Morgan:	Non-Executive Director
Mr Andrew Dyer:	Non-Executive Director
Mr Tom Triscari:	Non-Executive Director (i)

(i) On 9 August 2021, Mr Tom Triscari was appointed as a US-based Non-Executive Director.

Review of Operations

Group results for the six months to 31 December 2021, benchmarked against the corresponding six-month period in 2020, were:

	6 months to December 2021	6 months to December 2020	Movement	
	\$	\$	\$	%
Trading technology revenue	3,588,434	3,138,209	450,225	14%
Total revenue and other income	4,678,246	5,014,848	(336,602)	(7%)
EBITDA profit/ (loss)	746,385	(912,881)	1,659,266	182%
Adjusted EBITDA (loss) ¹	(763,345)	(912,881)	149,536	16%
NPAT (loss)	(1,193,509)	(2,831,904)	1,638,395	58%
Adjusted NPAT (loss) ¹	(2,703,239)	(2,831,904)	128,665	5%

¹ Adjusted EBITDA (loss) and adjusted NPAT (loss): excluding the reversal of one-off Provision for R&D Claim for Financial Year 2016 in December 2021 from EBITDA and NPAT. Original provision was made in December 2019 (note 5).

Revenue

The six months to 31 December 2021 represented the third consecutive half-year of growth in Trading technology revenue, following a challenging period for the media industry globally due to the impacts of the COVID-19 pandemic.

Revenue from Trading Technology fees for the six months to 31 December 2021 at \$3.6 million is a \$450k / 14% increase on the prior corresponding period (pcp) to 31 December 2020. This result was primarily driven by 18% growth in licence fees.

Grant Income for the six months to 31 December 2021 reduced by \$679k compared to the pcp primarily due to reduced COVID-19 stimulus payments. The Group received \$177k for US Paycheck Protection Program loan forgiveness in the current period under review as opposed to \$791k for JobKeeper in the six months to 31 December 2020.

While revenue from trading increased, the reduction in Grant Income resulted in an overall reduction in total revenue and other income for the six months to 31 December 2021 of 7% compared to the pcp to \$4.7 million.

Revenue from Services at \$796k million was 12% down on the pcp due to higher one-off market activation fees in the pcp.

Symphony

Symphony licence fees at \$2.6 million increased 8% compared to the six months to 30 June 2021 and increased 20% compared to the pcp. Fee growth was driven by increased use of the Symphony Platform by existing markets.

In August 2021, the Group announced the renewal of the multi-market Symphony agreement with GroupM with an effective extension of the term, first signed in August 2016, to at least July 2024. The amended agreement sees the extension of trading terms for the Adslot Media marketplace to all markets where Symphony is deployed. These terms will enable GroupM markets using Symphony to access the integrated Symphony – Adslot Media solution without the need for commercial agreements at a local level.

Adslot Media

Trading on the Adslot Media platform in the December 2021 quarter represented the third consecutive quarter of growth. The Total Transaction Value (TTV) of media traded was \$8.4 million, an increase of 49% compared to the September 2021 quarter (\$5.6 million) and an increase of 20% compared to the December 2020 quarter (\$7.0 million). TTV represents the net value of media traded on the Adslot Media platform and is the driver of Adslot trading fees. Adslot trading fees at \$0.6 million was a 4% increase compared to the pcp.

Growth in TTV was driven substantially by initial trading in the United Kingdom following the successful launch of the Group's partner marketplace with GroupM, the world's largest media investment company, as a component of GroupM's Premium Supply initiative.

In addition, substantial progress was made in the activation of a partner marketplace for Kinesso in the United States. The launch of Phase 1 of the Health, Wellness and Lifestyle marketplace for Kinesso (a subsidiary of IPG) was successfully completed in December 2021. This initial phase enables trading of specifically curated and targeted health and wellness inventory across a nominated group of premium publishers. A number of the largest US endemic health publishers have been onboarded including WebMD and Healthline.

The Group notes that despite the successful delivery of its partner marketplace with FlowerShop Media it has experienced delays with trading on the marketplace. The Group is working to collect outstanding trading fees, with \$27k provided as a bad debt provision in the period. The Group continues to explore its options to provide trading capabilities to other players in the cannabis compliant media sector.

R&D Tax Incentive Claims

In November 2021 the Group successfully resolved its dispute regarding the historical FY2016 R&D claim.

The matter was settled with Innovation and Science Australia in the Company's favour following appeal to the Administrative Appeals Tribunal. The successful appeal will see an amount of \$1.5 million payable to the Group for R&D activities conducted in FY2016.

Both the Group's FY2016 (\$1.5 million) and FY2021 (\$1.1 million) tax refund payments have been approved and are expected to be paid in the March 2022 quarter.

Net profit and Cash Position

Employment costs increased by 8% over the period, noting that the six months to 31 December 2020 included COVID-19 salary reductions across all employees (average of 12%). Operating costs at \$5.4 million reduced by 8% compared to the pcp.

The Adjusted EBITDA loss and Adjusted NPAT loss reduced by 16% and 5% respectively compared to the pcp.

The Group had a cash position of \$3.4 million at 31 December 2021.

Governance

On 10 August 2021, Mr Tom Triscari was appointed as a non-executive director of the Company. Based in the United States, Mr Triscari brings to the board extensive digital media domain experience and is one of the digital advertising industry's most highly regarded thought-leaders in programmatic advertising.

Future Developments

The Group's core objective is to deliver strong trading fee revenue growth from the Adslot Media platform by activating currently contracted agency groups. Adslot has Master Services Agreements (MSAs) in place with GroupM (WPP), Matterkind (IPG), Havas and Amplifi (Dentsu) and an interim trading arrangement with Publicis. MSAs are also in place with emerging media groups You & Mr Jones and S4 Capital.

Significant increases in trading are expected from the contracted agency groups in the second half of the 2022 financial year across all regions with the majority of growth expected from the US market.

The Group has previously announced multiple agreements for private marketplaces in the US and UK markets including GroupM Supply and Kinesso Wellness marketplaces. Activation of these marketplaces during the second half of the 2022 financial year is expected to be the critical driver of growth in TTV, contributing to the growth in trading fee revenues. The Group believes substantial opportunity exists to replicate these capabilities with additional agency clients and across additional geographies and advertising sectors for existing clients.

With the extension of GroupM trading terms for the Adslot Media marketplace to all markets where Symphony is deployed, initial trading under this framework occurred in the Australian market in January 2022. The Group anticipates that trading activity in Australia will build progressively over 2022.

The Group expects stronger Symphony licence fees in the second half of the 2022 financial year taking into consideration the growth of media managed on the platform. Additional market deployments are expected in the six months to 31 December 2022.

The Group continues to review its operations with careful cost management to maintain an efficient cost base.

Dividends

The Directors do not recommend the declaration of a dividend. No dividend has been declared or paid during the half-year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2021 under Section 307C of the *Corporations Act 2001* is set out on page 20.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Andrew Barlow
Chairman

Melbourne
24 February 2022

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2021**

	Note	December 2021 \$	December 2020 \$
Total revenue from continuing operations	3	4,385,671	4,043,365
Other income	3	292,575	971,483
Total revenue and other income		4,678,246	5,014,848
Hosting & other related technology costs		(613,073)	(726,401)
Employee benefits expense	4	(3,844,913)	(3,566,800)
Other operating expenses	4	(1,033,436)	(1,204,952)
Impairment of receivables		(27,488)	(2,862)
Share based payment expense		78,138	(421,778)
Depreciation and amortisation expenses	4	(1,805,577)	(1,804,063)
Provision for R&D Claim for financial year 2015/2016	5	1,527,734	-
R&D write off	5	(18,004)	-
Interest Expense		(42,144)	(47,827)
Total expenses		(5,778,763)	(7,774,683)
Loss before income tax expense		(1,100,517)	(2,759,835)
Income tax expense		(92,992)	(72,069)
Loss after income tax expense		(1,193,509)	(2,831,904)
Net loss attributable to members of the parent entity		(1,193,509)	(2,831,904)
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign exchange translation		27,357	(39,582)
Total other comprehensive income		27,357	(39,582)
Total comprehensive loss for the half-year attributable to members		(1,166,152)	(2,871,486)
Earnings per share			
Basic earnings per share (cents)		(0.06)	(0.15)
Diluted earnings per share (cents)		(0.06)	(0.15)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	December 2021 \$	June 2021 \$
Current assets			
Cash and cash equivalents		3,410,962	6,826,853
Trade and other receivables	5	8,023,013	4,040,885
Prepayments		216,360	249,988
Total current assets		11,650,335	11,117,726
Non-current assets			
Property, plant and equipment	7	1,509,048	1,780,962
Deferred tax assets		33,063	34,386
Intangible assets	6	12,462,207	12,694,084
Total non-current assets		14,004,318	14,509,432
Total assets		26,654,653	25,627,158
Current liabilities			
Trade and other payables		6,494,501	4,516,056
Other liabilities	8	357,055	641,141
Lease liability		469,354	594,101
Provisions		614,685	720,720
Total current liabilities		7,935,595	6,472,018
Non-current liabilities			
Lease liability		1,007,037	1,161,470
Provisions		647,446	683,482
Deferred tax liabilities		33,063	34,386
Total non-current liabilities		1,687,546	1,879,338
Total liabilities		9,623,141	8,351,356
Net assets		16,031,512	17,275,802
Equity			
Issued capital	10	155,607,845	155,607,845
Reserves		1,422,478	1,473,259
Accumulated losses		(140,998,811)	(139,805,302)
Total equity		16,031,512	17,275,802

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2021**

31 December 2021

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2021 reported		155,607,845	1,473,259	(139,805,302)	17,275,802
Movement in foreign exchange translation reserve		-	-	-	-
Other comprehensive income/(loss)		-	27,357	-	27,357
Loss attributable to members of the company		-	-	(1,193,509)	(1,193,509)
Total comprehensive income/(loss)		-	27,357	(1,193,509)	(1,193,509)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of capital raising costs	9	-	-	-	-
Increase/(decrease) in employees share based payments reserve		-	(78,138)	-	(78,138)
		-	(78,138)	-	(78,138)
Balance 31 December 2021		155,607,845	1,422,478	(140,998,811)	16,031,512

31 December 2020

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020 reported		151,866,361	939,474	(133,524,528)	19,281,307
Movement in foreign exchange translation reserve		-	(39,582)	-	(39,582)
Other comprehensive income/(loss)		-	(39,582)	-	(39,582)
Loss attributable to members of the company		-	-	(2,831,904)	(2,831,904)
Total comprehensive income/(loss)		-	(39,582)	(2,831,904)	(2,871,486)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of capital raising costs	9	3,439,053	-	-	3,439,053
Increase/(decrease) in employees share based payments reserve		-	421,778	-	421,778
		3,439,053	421,778	-	3,860,831
Balance 31 December 2020		155,305,414	1,321,670	(136,356,432)	20,270,652

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2021

	Note	December 2021	December 2020
		\$	\$
Cash flows from operating activities			
Receipts from trade and other debtors		7,315,758	6,215,939
Interest received		1,344	9,659
Government grants		177,236	901,558
Payments to trade creditors, other creditors and employees		(8,828,846)	(6,767,305)
Income tax refund		-	1,118
Interest paid		(43,282)	(51,359)
Net cash inflows/(outflows) from operating activities		(1,377,790)	309,610
Cash flows from investing activities			
Payments for property, plant and equipment		(30,256)	-
Payment for intangible assets		(1,626,338)	(1,696,322)
Net cash outflows from investing activities		(1,656,594)	(1,696,322)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,674,000
Proceeds from borrowings	8	(177,236)	-
Payments of equity raising costs		(7,585)	(218,394)
Payments for leased assets		(306,639)	(364,773)
Net cash inflows/(outflows) from financing activities		(491,460)	3,090,833
Net increase/(decrease) in cash held		(3,525,844)	1,704,121
Cash at the beginning of the half-year		6,826,853	6,160,440
Effect of exchange rate changes on cash		109,953	(389,831)
Cash at the end of the half-year		3,410,962	7,474,730

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Basis of preparation of half-year financial report

This general purpose financial report for the half-year ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Adslot Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

a) Reporting basis and conventions

The half-year consolidated financial statements have been prepared on an accruals basis and are based upon historical costs. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Group.

New standards and interpretations issued

The following agenda decision to existing standards has been published and are mandatory for accounting periods beginning on or after 1 July 2021.

IFRIC agenda decision on configuration or customisation costs in a cloud computing arrangement The IFRS Interpretations Committee (IFRIC) published an agenda decision clarifying how arrangements in relation to configuration and customisation costs of cloud technology, Software-as-a-Service (SaaS), should be accounted for, as follows:

- in limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset where the customer controls the IP of the underlying software code; and
- in all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

The IFRIC agenda decision will necessitate a change in the Group's accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements.

The Group does not recognise any current SaaS arrangements as assets and cost of all current SaaS arrangements are expensed as operational expenses as services are received over the contract term.

Other standards and interpretations

There are no other standards, amendments or interpretations that are not yet effective and that are expected to have a material impact on the Group in the current or future accounting periods.

b) Going Concern

Management continues to invest resources to support growth in trading fees.

The Group incurred a net loss of \$1.2 million during the half year ended 31 December 2021.

The net cash outflow of \$3.5 million in the period under review included outflows from operating activities of \$1.4 million, investing activities of \$1.7 million and financing activities of \$0.5 million. Management anticipates incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

As previously announced to the market, the historical R&D Tax Incentive claim for the year ended 30 June 2016 was successfully resolved on appeal to the Administrative Appeals Tribunal.

The FY16 and FY21 R&D claims of \$1.5 million and \$1.1 million respectively are expected to be received in the March 2022 quarter.

A delay in expected growth in revenues and/or a delay in payment of the outstanding R&D claims has the potential to create a cash flow risk to the Group which could affect its ability to pay its debts as and when they fall due, and to realise its assets in the normal course of business.

However, the Directors believe the Group will be able to continue to pay its debts as and when they fall due for the following reasons:

- the Group had a cash position of \$3.4 million at 31 December 2021;
- an additional \$2.6 million in cash is expected to be received in the March 2022 quarter from the FY16 and FY21 R&D claims;
- Symphony licence fees are largely recurring and predictable;
- ongoing cost management initiatives;
- the opportunity to implement further cost reductions; and
- the Group has a proven track record of successfully raising capital from existing and new investors.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, the ongoing impacts of the COVID-19 pandemic on the Group's current and future earnings were critically reviewed. It is noted that global digital media spends have returned to, or in some markets exceeded, pre-COVID-19 levels.

Accordingly, the Directors believe there exists a reasonable expectation that the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

Note 2: Segment Information

The Group's Total Revenue and Other Income (Note 3) and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2021		2020	
	\$		\$	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	2,393,149	13,964,575	3,211,033	15,229,872
EMEA	888,228	2,436	766,436	714
The Americas	237,500	4,244	63,128	2,114
Other countries	1,159,369	-	974,251	2,886
Total	4,678,246	13,971,255	5,014,848	15,235,586

Revenues from external customers in the Group's domicile, Australia, as well as other major geographical areas have been attributed based on the customer's geographical location. There is no individual foreign country where 10% or more of the Group's revenue from services rendered could be attributed to.

Major customers

The Group provides services to and derives revenue from a number of customers across all the divisions. The Group had certain customers whose revenue individually represented 10% or more of the Group's total revenue from services rendered.

For the half year to 31 December 2021, one customer accounted for 10% or more of revenue from services rendered (2020: one).

Note 3: Revenue and Other Income

	December 2021	December 2020
	\$	\$
Revenue		
Revenue from Trading Technology	3,588,434	3,138,209
Revenue from Services	796,418	900,220
Total revenue from services rendered	4,384,852	4,038,429
Interest income	819	4,936
Total revenue from continuing operations	4,385,671	4,043,365
Other income		
Grant income (i)	292,575	971,483
Total other income	292,575	971,483
Total revenue and other income	4,678,246	5,014,848

- (i) In the half year to December 2020, the Group qualified for JobKeeper stimulus \$791,100, for the Export Market Development grant \$18,558 and has FY21 R&D grant accrued \$161,825 while in the period to December 2021, cash from government stimulus only includes US Paycheck Protection Program payment of \$177,236 (see note 8) and FY22 R&D grant accrued \$115,339.

Note 4: Expenses

Loss before income tax includes the following specific expenses:

	December 2021	December 2020
	\$	\$
Other operating expenses		
Recruitment costs	38,951	4,997
Directors' fees (i)	125,502	62,500
Marketing costs	5,454	7,856
Lease-rental premises	100,182	131,644
Listing & registrar fees	44,275	30,465
Legal expense	142,674	49,602
Travel expense	9,582	6,670
Consultancy fees	88,049	267,666
Audit and accountancy fees	116,780	108,771
Other expenses	361,987	534,781
Total operating expenses	1,033,436	1,204,952
Depreciation and amortisation		
Amortisation – Software development costs	1,506,625	1,416,072
Amortisation – Right of Use Assets	289,932	378,796
Depreciation – Computer & equipment	8,110	7,565
Depreciation – Plant and equipment	910	1,630
Total depreciation and amortisation	1,805,577	1,804,063

(i) All directors' fees were waived from July 2020 to September 2020 in the half to December 2020.

	December 2021	December 2020
	\$	\$
Employee related expenses		
Employee benefits expense	3,844,913	3,566,800
Total capitalised development wages	1,626,338	1,692,320
Employee benefits included in Share based payment expense (i)	(103,107)	377,155
Total employee benefits	5,368,144	5,636,275
Capitalised development wages (net of related grants)	1,274,748	1,376,059
Capitalised development wages included in the R&D grant	351,590	316,261
Total development wages	1,626,338	1,692,320
Defined contribution superannuation expense included in Employee benefit expense	417,174	361,340
Foreign currency (gain)/loss included in other expenses	(30,363)	252,403

(i) The reversal in the share-based payment expense is due to 4.35 million options lapsed at expiry date and 17.32 million options forfeited.

Note 5: Trade & Other Receivables

	31 December 2021	30 June 2021
	\$	\$
Trade debtors	4,925,409	2,865,120
Less: Allowance for impairment	(27,488)	-
Trade debtors not impaired	4,897,921	2,865,120
Research and Development grant receivable	3,100,180	2,651,254
Provision for R&D Claim for Financial Year 2015/2016	-	(1,527,734)
Other receivables	24,912	52,245
Total trade and other receivables	8,023,013	4,040,885

In December 2019 the Group was advised by Innovation & Science Australia (ISA) that the FY16 R&D claim included ineligible activities and offset the disputed amount against the FY2019 R&D refund. The Group appealed these findings and defended the legitimacy of its claim and requested a review of the findings by the Administrative Appeals Tribunal (AAT). The Group made a one-off provision of \$1,527,734 for the part repayment of the disputed FY16 R&D claim during the financial year ended 30 June 2020.

On 16 November 2021, the Group announced the successful resolution of its FY16 R&D claim and its appeal to the AAT. Under the settlement agreement, ISA has retracted the adverse findings regarding R&D activities that were previously deemed ineligible and has confirmed the majority are now found to be eligible R&D activities. The revised findings were that \$1,509,730 of the activities were deemed eligible and \$18,004 were deemed ineligible.

The Australian Tax Office (ATO) is reassessing Adslot's FY16 tax return, which Adslot expects will result in a tax refund to Adslot of approximately \$1.5m in the March 2022 quarter (this amount was previously deducted from the tax refund relating to Adslot's FY2019 R&D Tax Incentive claim). The one-off provision of \$1,527,734 was reversed and the ineligible activities \$18,004 was written off in December 2021.

The \$1,109,959 for FY21 R&D claim has been submitted to AusIndustry in December 2021 and is expected to be paid the current in March 2022 quarter. \$480,491 has been accrued year to date for FY22 R&D claim.

Fair value of receivables

Fair value of receivables at period end is measured to be the same as receivables net of the allowance for impairment.

Note 6: Intangible Assets

Period ended 31 December 2021

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
	\$	\$	\$	\$	\$
Opening net book amount	7,493,878	38,267	-	5,161,939	12,694,084
Acquisitions	1,274,748	-	-	-	1,274,748
Amortisation	(1,506,625)	-	-	-	(1,506,625)
Carrying amount at 31 December 2021	7,262,001	38,267	-	5,161,939	12,462,207

At 31 December 2021

Cost	22,189,462	38,267	29,045,251	15,161,939	66,434,919
Accumulated amortisation and impairment	(14,927,461)	-	(29,045,251)	(10,000,000)	(53,972,712)
Carrying amount at 31 December 2021	7,262,001	38,267	-	5,161,939	12,462,207

Period ended 30 June 2021

	Internally Developed Software	Domain Name	Intellectual Property	Goodwill	Total
	\$	\$	\$	\$	\$
Opening net book amount	7,984,734	38,267	-	5,161,939	13,184,940
Acquisitions	2,401,649	-	-	-	2,401,649
Amortisation	(2,892,505)	-	-	-	(2,892,505)
Carrying amount at 30 June 2021	7,493,878	38,267	-	5,161,939	12,694,084

At 30 June 2021

Cost	20,914,713	38,267	29,045,251	15,161,939	65,160,170
Accumulated amortisation and impairment	(13,420,835)	-	(29,045,251)	(10,000,000)	(52,466,086)
Carrying amount at 30 June 2021	7,493,878	38,267	-	5,161,939	12,694,084

Note 7: Property, Plant & Equipment

Period ended 31 December 2021

	Right of Use Assets \$	Plant and Equipment \$	Computer Equipment \$	Total \$
Carrying amount at 01 July 2021	1,765,514	2,232	13,216	1,780,962
Additions	-	-	28,587	28,587
Disposals/write offs	-	-	(1,439)	(1,439)
Lease modifications	(401)	-	-	(401)
Depreciation/amortisation expense	(289,932)	(910)	(8,110)	(298,952)
Net foreign exchange differences	-	21	270	291
Carrying amount at 31 December 2021	1,475,181	1,343	32,524	1,509,048

Note 8: Other Liabilities

	31 December 2021 \$	30 June 2021 \$
Current: Contract liabilities	357,055	469,167
Current: Short term loan (i)	-	171,974
Total other liabilities	357,055	641,141

- (i) The Group's US subsidiary Adslot Inc applied for and received two tranches of Paycheck Protection Program loan through HSBC USA. They are no fee loans provided by the US Federal Government for businesses impacted by COVID-19. The loans are for a two-year period, at 1.00% fixed interest rate and the loan payments deferred for the first six months. No collateral or guarantees were required. The full loan amounts are available for forgiveness provided the loans were utilised for allowable expenditure.

The Group applied and received full forgiveness on the first tranche of the loan \$158,258 in the June 2021 quarter. The Group also received full forgiveness of the second tranche in the December 2021 quarter. The June 2021 figure \$171,974 represents the balance of the second tranche at respective balance sheet date.

The proceeds from borrowings \$177,236 disclosed in the Consolidated Statement of Cash Flows is at historical exchange rate at the day of the receipt of loan. The amounts forgiven were recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as grant income.

Note 9: Equity Securities Issued

	December 2021	December 2020
Issues of Ordinary Shares during the half-year	\$	\$
New Ordinary Shares issued – value \$	-	3,439,053
Treasury Shares movement – value \$	-	-
Total Ordinary Shares issued – value \$	-	3,439,053
New Ordinary Shares issued – number	-	126,689,656
Treasury Shares movement – number	-	-
Ordinary Shares issued – number	-	126,689,656

Note 10: Contributed Equity

	Dec 2021 Number	Jun 2021 Number	Dec 2021 \$	Jun 2021 \$
Ordinary Shares – Fully Paid	1,981,875,995	1,981,875,995	155,670,845	155,670,845

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the numbers of shares.

At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in Paid-Up Capital

Date	Details	Number of shares	Issue Price - \$	Costs - \$	Value- \$
01-Jul-20	Balance (including Treasury shares)	1,844,006,269		(3,342,619)	151,878,828
17-Dec-20	Share Placement	126,689,656	0.029	(241,434)	3,432,566
02-Feb-21	Share Placement	11,310,345	0.029	(19,082)	308,918
30-Jun-21		1,982,006,270		(3,603,135)	155,620,312
	Less: Treasury shares	(130,275)		-	(12,467)
30-Jun-21	Balance	1,981,875,995		(3,603,135)	155,607,845
01-Jul-21	Balance (including Treasury shares)	1,982,006,270		(3,603,135)	155,620,312
31-Dec-21		1,982,006,270		(3,603,135)	155,620,312
	Less: Treasury shares	(130,275)		-	(12,467)
31-Dec-21	Balance	1,981,875,995		(3,603,135)	155,607,845

Note 11: Events Subsequent to Reporting date

Following receipt of unsolicited interest, the board has decided to commence a strategic review process with the objective of maximising shareholder value. This process will involve an assessment of the Group's strategic options and the alternative strategies available to unlock and enhance value for shareholders.

The review may conclude that the Group's current mix of products delivers the best value for shareholders and there is no certainty that the strategic review will lead to any particular outcome or transaction.

The Group will continue to keep shareholders informed in accordance with its continuous disclosure obligations.

Other than the strategic review, there have not been any events subsequent to the reporting date that have a significant impact on the financial statements or are expected to have a significant impact on future financial statements.

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, AASB 134 interim financial reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and

- (b) there are reasonable grounds to believe that Adslot Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors.



Andrew Barlow
Chairman

Melbourne
24 February 2022

Auditor's Independence Declaration

To the Directors of Adslot Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Adslot Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance

Melbourne, 24 February 2022

Independent Auditor's Review Report

To the Members of Adslot Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Adslot Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Adslot Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Adslot Limited's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 (b) in the financial statements, which indicates that the Group incurred a net loss of \$1.2 million during the half year ended 31 December 2021, and management anticipate incurring further net losses from operations until such time as sufficient revenue growth is achieved. As stated in Note 1 (b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance
Melbourne, 24 February 2022