

ASX Announcement

31 October 2022

## Q1 FY23 Activity Report

- Adslot Media Update:
  - \$31.57M in TTV traded over *Adslot Media* platform during September 2022 quarter
  - \$6.93M of TTV is currently monetised (+11% QoQ) with the remainder expected to transition to SaaS / Fixed fee in calendar 2023.
  - October 2022 TTV (to date) up 51% when compared to first month of prior quarter
  - Significant improvement in December quarter pipeline across multiple markets
  - Trading commenced on IPG / Kinesso Health & Wellness Marketplace in US
  - Re-commencement of trading on GroupM UK partner marketplace
  - Commencement of *Adslot Media* trading in German market
  - Integrated *Symphony* – *Adslot Media* solution in Australia expected to generate substantial growth in TTV during December 2022 quarter
- Symphony Update:
  - Annualised value of media managed on the *Symphony* platform was \$6.87B per annum
  - Symphony license fees up 15% vs PCP due to market growth and positive FX impact on USD denominated contracts
- Cash Position
  - Cash balance of \$4.38M at end of September 2022 quarter
  - FY22 R&D claim of \$1.23M successfully registered with payment expected in December 2022 quarter
  - \$1.5M in annualised cost reductions actioned with full impact from the December 2022 quarter

Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the September 2022 quarter.

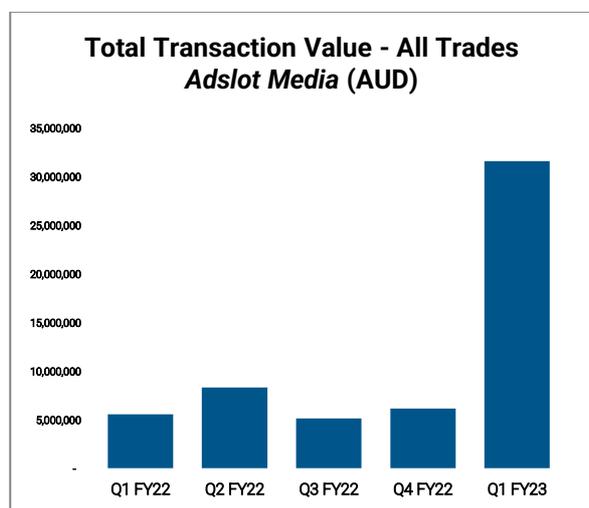
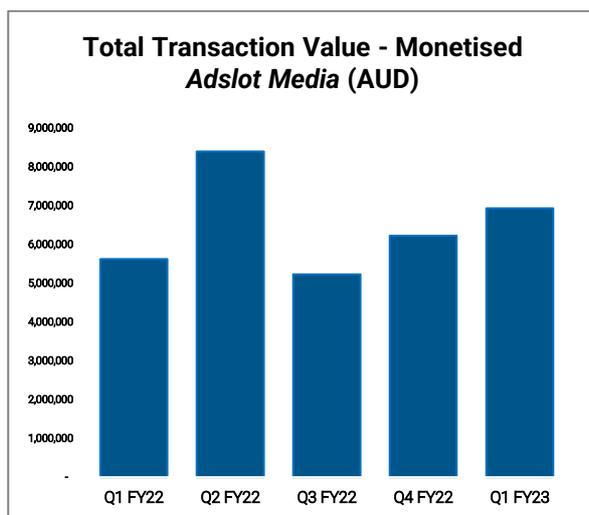
### *Adslot Media* Update

#### Trading Activity: Adslot Media

Total Transaction Value (TTV) for the September 2022 quarter was **\$31.57M**, of which \$24.74M related to trading activity between *Adslot Media* contracted agencies and publishers (or other trading entities) with which the Company has yet to finalise a commercial model and which therefore was not monetised.

TTV which was monetised during the September 2022 quarter was **\$6.93M** an increase of 11% compared to the June 2022 quarter (Q-on-Q) and an increase of 23% on the prior corresponding period (September 2021 quarter).

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## Composition of TTV

As the Company has previously discussed, it has seen an evolution in its commercial models for *Adslot Media* that now sees two primary revenues streams from TTV;

### *TTV that generates % Fees*

- % fees generated from the sell (publisher) or buy (agency) side;
- This is the traditional model and has represented vast majority of trading to date;
- This model will continue to be used for the majority of trading for key opportunities (ie. IPG/ Kinesso and GroupM UK);
- Fees generally range from 5% to 15%, but can operate at sub-5% for certain use-cases such as integrated trading between *Symphony* and *Adslot Media*;

### *TTV that generates SaaS Fees (Recurring Subscription Revenue)*

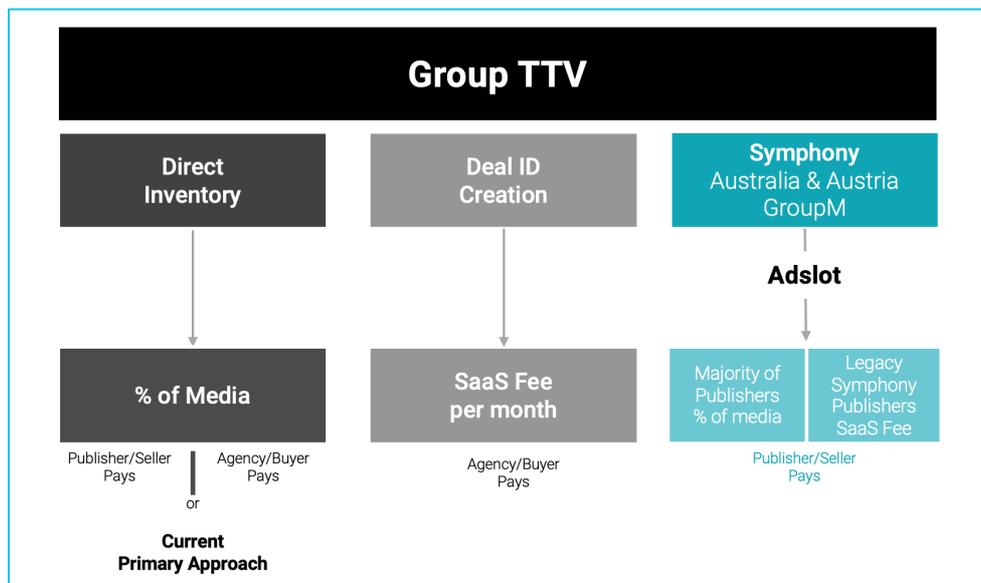
- Fixed recurring subscription revenue generated from either the buy or sell side;
- Now emerging as a commercial model for certain product use-cases;

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- Lower monthly SaaS fees generated for integrated *Symphony - Adslot Media* trading in markets like Australia and Austria with legacy *Symphony* publisher pricing; and
- Higher SaaS fees potentially generated from agency use of new trading features such as Deal ID (note % fees remain for traditional trading conducted concurrently).

For the September 2022 quarter, TTV monetised under a % fee was **\$6.37M** and TTV monetised under a SaaS fee was **\$0.563M**. During the quarter, there was a total of **\$24.74M** in TTV which the Company did not monetise, but intends to monetise future TTV of this kind in 2023. This as-yet unmonetized TTV related to trading in APAC and EMEA, and it is anticipated that a majority of this TTV will move to a SaaS fee model in 2H FY2023, with the remainder moving to a % fee model over the shorter term.

For the month of October 2022 (to date) total TTV is **\$10.6M** an increase of 51% when compared to the first month of the September 2022 quarter. TTV monetised for October 2022 (to date) is **\$4.40M**. The Company notes that during October approximately 41% of total TTV has been monetised compared to 22% in the September 2022 quarter.



## IPG / Kinesso

As previously announced, trading on the IPG / Kinesso Health & Wellness (H&W) marketplace commenced in July 2022.

- Initial trading activity conducted on behalf of key client, Johnson & Johnson;
- Adoption of *Adslot Media* platform has been identified as a key strategic priority by agency leadership;
- Activation activities now concluded with numerous account teams across IPG group including Kinesso, Matterkind and various agencies of record (AORs); and
- Key publishers now onboarded.

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## GroupM UK

As previously announced, trading on GroupM's Premium Supply Marketplace in the United Kingdom recommenced during the September 2022 quarter.

- Trading activity during the quarter was on behalf of leading advertiser Tesco;
- Planning is currently underway for substantial pre-Christmas campaign activity on the platform; and
- Based on current client discussions, the Company anticipates further significant growth in activation in new advertisers and trading from January 2023.

## German Market Launch

The Company is pleased to confirm that during the September 2022 quarter it successfully launched the *Adslot Media* platform in the German market following several quarters of analysis and pre-activation activities:

- Initial trading was via the Interpublic Group (IPG) agencies;
- A total of three publishers were active on initial trades;
- Client response to initial activity has been very positive with repeat trading occurring;
- While TTV value to date has been modest (approx. \$500k transacted), this is expected to grow substantially as additional supply is added to the German marketplace; and
- The Company believes that the German market, with its focus on direct trading, is particularly well suited to the *Adslot Media* proposition.

## Symphony – Adslot Media Integration (Australia)

Following the Company's launch of the integrated *Symphony* and *Adslot Media* platforms to the Australian market in the June quarter:

- Australia is now the second market for the integrated *Symphony – Adslot Media* solution following a long-standing deployment in Austria;
- The integrated solution enables existing *Symphony* users to access *Adslot Media* functionality within the existing *Symphony* workflow;
- As of October 2022, a total of 12 prominent Australian publishers are active on the platform with either SaaS or % fee models;
- Based on publisher coverage and established trading activity, monetised TTV from the integrated platform in Australia is expected to grow substantially in the December 2022 quarter.

## Adslot Media Trading Outlook

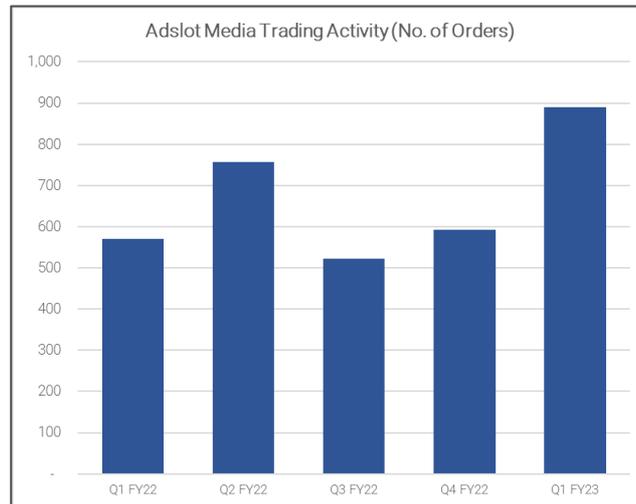
The Company expects to see strong growth in trading on the *Adslot Media* platform over the December 2022 quarter and beyond. This growth in trading will be driven by:

- Growth in integrated *Symphony – Adslot Media* trading in Australia from known agencies and publishers;
- Activation of additional key advertisers and brands on the IPG / Kinesso Health & Wellness marketplace in the US;
- Pre-Christmas trading from known advertisers in the UK via the GroupM marketplace;
- Further trading via IPG / Orion in the US market; and
- Continued growth in trading from the German market as additional publishers are activated.

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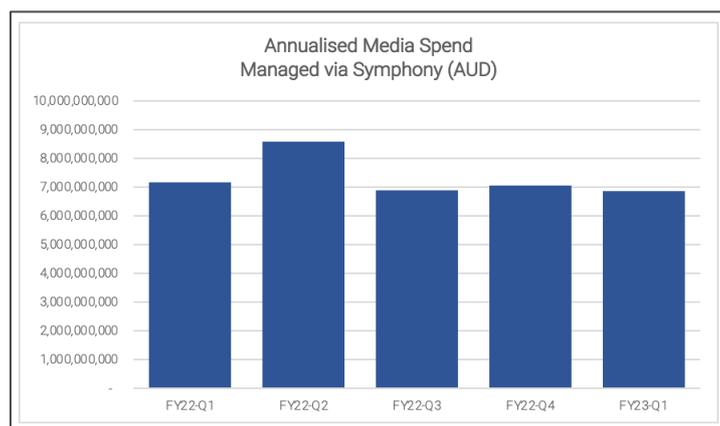
## Volume of Trades

There were **890** trades in the September 2022 quarter, representing a 50% increase quarter-on-quarter, and a 56% increase when compared to the prior corresponding period.



## Symphony Update

Total annualised media spend managed by *Symphony* for the March 2022 quarter was **\$6.87 Billion**, a decrease of 3% when compared to the June 2022 quarter and a decrease of 4% when compared to the prior corresponding period (September 2021 quarter). These modest declines in annualised media spend managed reflect the trading activity of *Symphony* clients and can be impacted by seasonality and changes in foreign exchange rates.



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

## Strategic Review

### East Wind Advisors

In June 2022, the Company updated the market on its previously announced strategic review and in particular noted that following a review conducted by East Wind Advisors:

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- Our strategic partner outreach with East Wind Advisors has progressed at pace and is now accelerating;
- Strong interest has been generated with parties given a number of strategic imperatives:
  - 3<sup>rd</sup> party cookie deprecation;
  - the need for automation in media trading;
  - trends for greater direct trading; and,
  - competition amongst various players to control the media billing process;
- Discussions continue to develop with a number of interested parties although no formal proposals have yet been received by the Company; and
- The Company expects the process to accelerate during the December quarter, and will update the market as required, in line with its continuous disclosure obligations. Further, the Company notes that there is no certainty that these discussions will result in a transaction.

## Quarterly Cashflow Commentary

Cash receipts from customers were \$3.92M for the September 2022 quarter, vs the previous quarter's receipts of \$3.99M. Cash receipts from customers represented a 9% increase (\$0.33M higher) on the September 2021 quarter (\$3.59M).

Net cash outflows from operating activities for the quarter were \$0.78M, a positive \$1.10M reduction (59%) on the previous quarter (June 2022: net cash outflow \$1.88M).

In the September 2022 quarter, total salary costs were \$2.72M, a reduction of \$0.51M (16%) on the previous quarter (\$3.23M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter of \$5.65M represented a reduction of \$1.28M or 18% on the previous quarter (June 2022: \$6.93M). While some of this outflow reduction can be attributable to cashflow timing, the remaining reductions are driven by cash management and cost reduction strategies implemented between June and August 2022.

At the investor presentation in August, the company disclosed its plans to maximise cash runway by targeted cost reductions by way of:

- non-headcount reductions including consultants, 3rd party technology vendors and travel; and
- headcount reductions including roles across product, development and sales.

Total annualised cost reductions of \$1.5M were implemented, ensuring no negative impact to key commercial projects. The full cashflow benefit from these cost reductions will be realised in the December 2022 quarter.

The operating cash outflow included related party costs of \$0.22M for directors' remuneration.

Cash at the end of the September 2022 quarter was \$4.38M.

The FY2022 R&D claim (\$1.23M) has been successfully registered with Innovation and Science Australia in early October 2022 and is expected to be paid in the current December 2022 quarter.

- END -

For further enquiries, please contact:

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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")**

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,916	3,916
1.2 Payments for		
(a) staff costs	(1,882)	(1,882)
(b) research and development	-	-
(c) publishers	(2,015)	(2,015)
(d) other cost of sales	(326)	(326)
(e) advertising and marketing	(9)	(9)
(f) other working capital/overheads	(439)	(439)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(23)	(23)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(776)</b>	<b>(776)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(840)	(840)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(840)</b>	<b>(840)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(54)	(54)
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)	(116)	(116)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(170)</b>	<b>(170)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,952	5,952
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(776)	(776)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(840)	(840)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(170)	(170)
4.5	Effect of movement in exchange rates on cash held	218	218
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,384</b>	<b>4,384</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,958	5,531
5.2	Call deposits	426	421
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,384</b>	<b>5,952</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	219
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(776)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,384
8.3 Unused finance facilities available at quarter end (item 7.5)	-
<b>8.4 Total available funding (item 8.2 + item 8.3)</b>	<b>4,384</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>5.6</b>
<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 October 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.