

ASX Announcement

31 January 2023

Q2 FY23 Activity Report

- Adslot Media Update:
 - Record \$33.1M in TTV traded over *Adslot Media* platform in December 2022 quarter
 - Monetised TTV increased by +95% from \$6.9M in Sep '22 Qtr to \$13.5M in Dec '22 Qtr
 - Proportion of TTV that was monetised increased to 41% of TTV in the Dec '22 Qtr
 - Record volume of trades on the *Adslot Media* platform
 - ABS-CBN selected *Adslot Media* to automate all direct order activity
 - Sales pipeline for 2023 activity continues to grow in key markets
- Symphony Update:
 - Annualised value of media managed on the *Symphony* platform increased 22% QoQ to \$8.4B per annum
 - Symphony License Fees up 11% vs PCP
- Cash Position
 - Cash balance of \$3.92M at end of December 2022 quarter
 - FY22 R&D claim of \$1.23M received in November 2022

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

Adslot Media Update

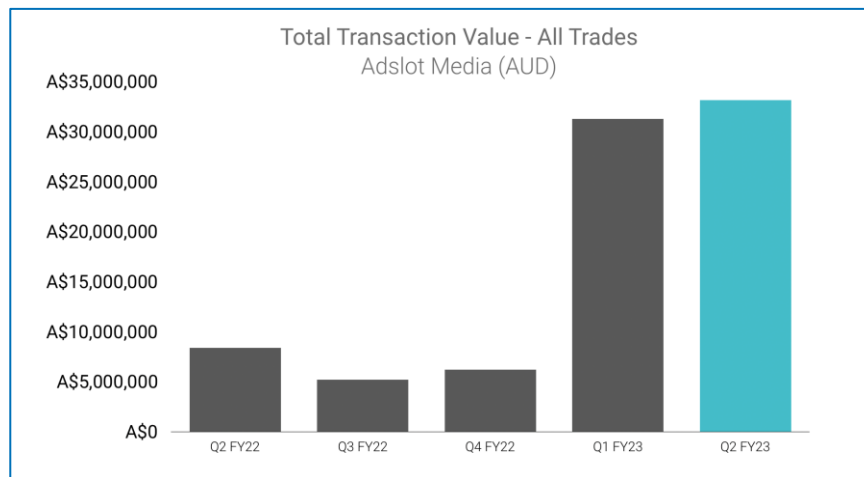
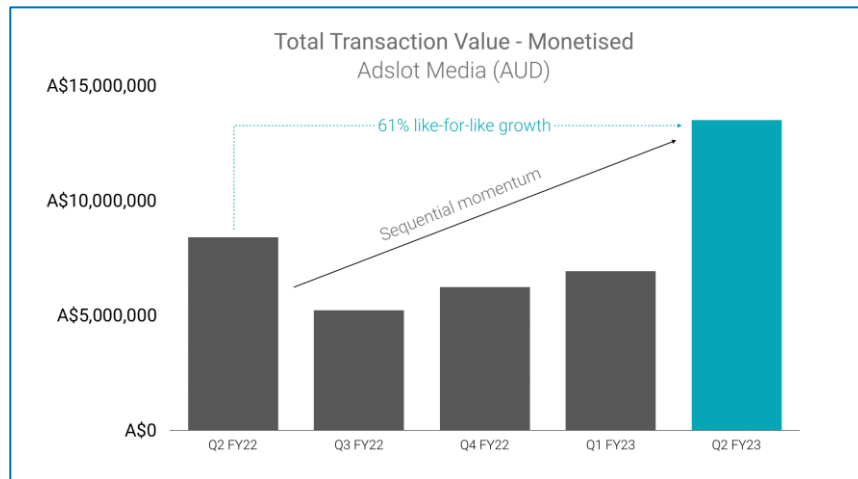
Trading Activity: Adslot Media

Both TTV and Monetised TTV for the December quarter represented record trading results for the *Adslot Media* platform.

TTV that was monetised during the December 2022 quarter was **\$13.5M**, an increase of 95% compared to the September 2022 quarter and an increase of 61% on the prior corresponding period (December 2021 quarter).

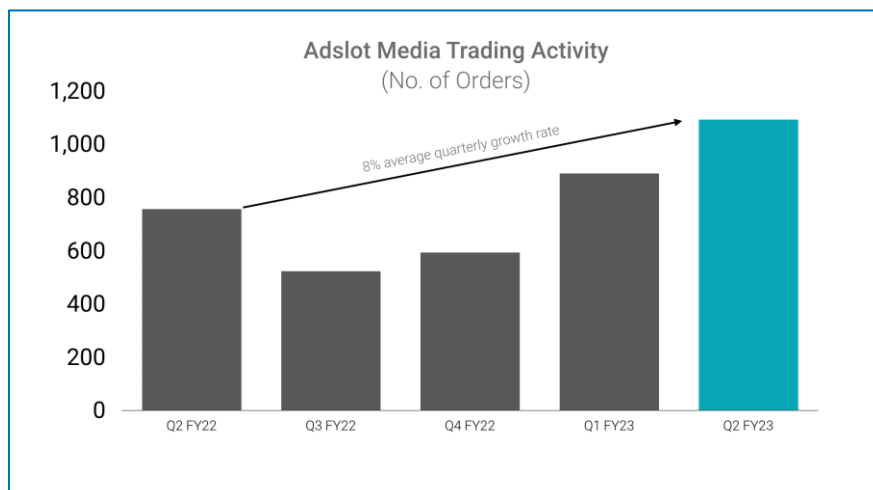
Total Transaction Value (TTV) for the December 2022 quarter was **\$33.1M**, of which \$19.7M related to trading activity between *Adslot Media* contracted agencies and publishers (or other trading entities) with which the Company has yet to finalise a commercial model and therefore was not monetised.

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Volume of Trades

There were **1,092** trades in the December 2022 quarter, representing a 23% increase quarter-on-quarter, and a 44% increase when compared to the prior corresponding period. This represents a record volume of trades on the *Adslot Media* platform.



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Composition of TTV

For the December 2022 quarter, TTV monetised under a % fee was **\$9.3M** and TTV monetised under a SaaS fee was **\$4.2M**. During the quarter, there was a total of **\$19.7M** in TTV which the Company did not monetise, but intends to monetise future TTV of this kind in 2023. This as-yet unmonetised TTV is primarily related to trading in APAC, and it is anticipated that a majority of this TTV will move to a SaaS fee model in 2H FY2023.

ABS-CBN Philippines

The Company is pleased to announce that it has entered into an agreement with ABS-CBN, the largest entertainment and media conglomerate in the Philippines, for use of the *Adslot Media* platform to automate direct sales. This agreement will see ABS-CBN manage direct trading with key agencies, as well as over 800 direct advertiser clients via *Adslot Media*. No incremental development work is required for this opportunity and use of the platform has commenced in January 2023. Trading activity will be monetised under a % fee model.

In addition to over 18.8M users across 6 properties in the Philippines, ABS-CBN has a significant overseas presence with 1.5M users in the US alone. Inventory for these offshore markets will also be made available for purchase via the *Adslot Media* platform.

Symphony – Adslot Media Integration (Australia)

During the December 2022 quarter, the Company continued to make significant progress with the activation of its integrated *Symphony* and *Adslot Media* platforms in the Australian market. This integrated solution enables existing *Symphony* users to access *Adslot Media* functionality within the existing *Symphony* workflow.

The Company now has agreements (either SaaS or % fee models) in place with a significant majority of the largest publishers in the Australian market. The Company anticipates executing agreements with outstanding large publishers during the March and June 2023 quarters which will further grow monetised TTV from the integrated solution. Further, the Company anticipates activating additional large buyers within the Australian marketplace during the second half of FY2023.

IPG / Kinesso

Despite significant training and onboarding activities over the first half of FY2023, the anticipated strong growth in trading on the IPG / Kinesso Health & Wellness marketplaces did not materialise in the December 2022 quarter. The Company does, however, maintain a positive outlook on the future of this marketplace:

- All key activation activities including training, publisher onboarding and product customisation were completed in Calendar Year 2022;
- Meetings with agency leadership have re-iterated the strategic importance of this marketplace and the type of media trading it enables as their client relationships evolve toward buying quality media;
- Adoption of the *Adslot Media* platform will be the subject of a focused effort by agency teams in 2023; and
- Outreach from client teams in January 2023 re trading opportunities has confirmed this focus.

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GroupM UK

Following the recommencement of trading on GroupM's Premium Supply Marketplace in the United Kingdom during September 2022, continued trading activity occurred during the December 2022 quarter.

- The majority of trading activity during the quarter was on behalf of leading advertiser Tesco;
- As previously indicated, the Company anticipates growth in activation of new advertisers and trading during the March 2023 quarter.

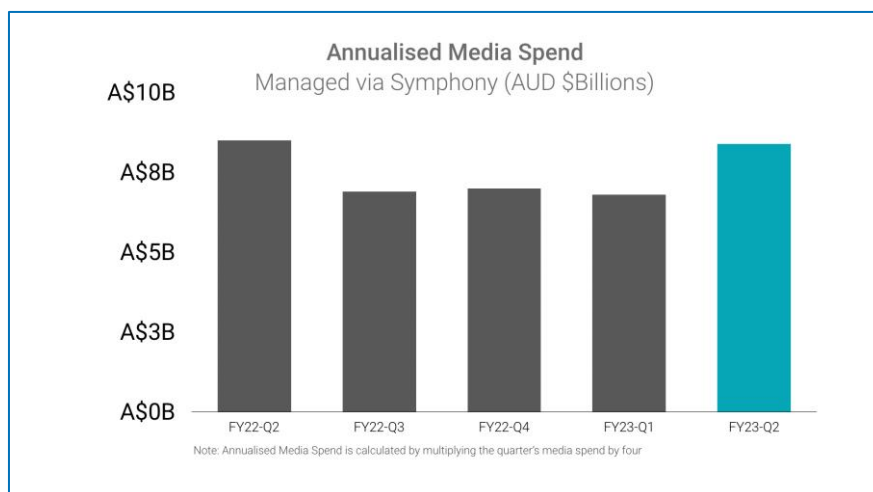
Adslot Media Trading Outlook

Notwithstanding the historical seasonal weakness of the March quarter, the Company expects to see continued strong growth in trading on the *Adslot Media* platform over the March 2023 quarter and beyond. This growth in trading is expected to be driven by:

- Activation of additional publishers and new demand sources to the integrated *Symphony – Adslot Media* trading in Australia;
- Greater adoption of the IPG / Kinesso Health & Wellness marketplace in the US by large advertiser clients;
- Activation of new advertisers in the UK via the GroupM marketplace;
- Continued trading via IPG / Orion in the US market; and
- Activation of additional large publishers in the German market which was launched in late 2022.

Symphony Update

Total annualised media spend managed by *Symphony* grew 22% from \$6.9B per annum in September 2022 quarter, to **\$8.4 Billion** in the December 2022 quarter.



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Corporate Development

As the Company has previously disclosed, its US based corporate development efforts have been focused on unlocking maximum shareholder value by exploring a number of potential transactions. Specifically, these have included;

- Strategic investment in the business by an industry player or potential technology or commercial partner;
- The sale of certain assets or business units; or
- A potential sale or merger of the Company as a whole.

This process has evolved due to broader market conditions and the changing investor climate, and to date has involved discussions and exploration with multiple large US based industry players. These discussions have confirmed the strategic value of the Company's products and positioning and raised the Company's industry profile. Several strategic partnership and commercial discussions are underway as a result of this process.

Discussions continue with multiple parties regarding both strategic investment and potential acquisition of the Company, although at this stage no formal proposal has been received. The Company is continuing to assess options that maximise shareholder value and will continue to update the market in line with its disclosure obligations.

The Company notes that there is no certainty that these discussions will result in a transaction.

Quarterly Cashflow Commentary

In the December 2022 quarter, cash receipts from customers at \$4.12M were \$0.20M or 5% higher than the previous quarter's receipts of \$3.92M, and 10% or \$0.39M higher than the December 2021 quarter collection of \$3.73M.

Net cash outflows from operating activities for the December quarter were \$0.34M, a 56% reduction of \$0.43M on the previous September 2022 quarter net cash outflow of \$0.78M.

In the December 2022 quarter, total salary costs were \$2.69M, flat against the previous quarter (September 2022: \$2.72M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

During the December 2022 quarter, the Company received the FY2022 R&D claim of \$1.23M. \$0.32M of the receipt is categorised under Government grants and tax incentives within cash flows from operating activities. The balance of \$0.91M is categorised under intellectual property within cash flows from investing activities.

Outgoing cash payments during the quarter at \$5.71M is marginally higher on the previous quarter (September 2022: \$5.65M). This increase is mainly due to marginally higher publisher payouts. Other outflows remain low, driven by cash management and cost reduction strategies implemented between June and August 2022.

The operating cash outflow included related party costs of \$0.23M for directors' remuneration.

Cash at the end of the December 2022 quarter was \$3.92M.

- END -

For further enquiries, please contact:

Ben Dixon
Chief Executive Officer
Adslot Limited
investor.relations@adslot.com

Tom Triscari
Interim Chief Financial Officer
Adslot Limited
investor.relations@adslot.com

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 2022

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	4,119	8,035
1.2 Payments for		
(a) staff costs	(1,902)	(3,784)
(b) research and development	-	-
(c) publishers	(2,102)	(4,117)
(d) other cost of sales	(332)	(658)
(e) advertising and marketing	(4)	(13)
(f) other working capital/overheads	(421)	(860)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	5
1.5 Interest and other costs of finance paid	(22)	(45)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	319	319
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(342)	(1,118)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(3)
(d) investments	-	-
(e) intellectual property	(792)	(1,632)
(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 (R&D Grant)	914	914
2.6	Net cash from / (used in) investing activities	119	(721)

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	-	(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)	(132)	(248)
3.10	Net cash from / (used in) financing activities	(132)	(302)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,384	5,952
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(342)	(1,118)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	119	(721)

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

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)	(132)	(302)
4.5	Effect of movement in exchange rates on cash held	(106)	112
4.6	Cash and cash equivalents at end of period	3,923	3,923

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	3,463	3,958
5.2	Call deposits	460	426
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)	3,923	4,384

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	234
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. 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)	(342)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,923
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,923
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	11.5
<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 2023

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.