

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

**Half-Year Financial Report
31 December 2022**

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 2022 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 2022
APPENDIX 4D (Rule 4.2A.3)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2022	December 2021	Movement	
	\$	(Restated) \$	\$	%
Total revenue from continuing operations	4,632,558	4,385,671	246,887	6%
Net loss attributable to members of the parent entity after tax	(8,038,513)	(1,460,299)	(6,578,214)	(450%)
Net loss attributable to members of the parent entity	(8,038,513)	(1,460,299)	(6,578,214)	(450%)

Dividends

The Group has not proposed or declared to pay dividends.

Earnings Per Share	December 2022	December 2021 (Restated)
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	2,204,348,381	1,981,875,995
Basic loss per share (cents)	(0.36)	(0.07)
Diluted loss per share (cents)	(0.36)	(0.07)
Net Tangible Assets per share	December 2022	June 2022
Number of ordinary shares on issue used in the calculation of net tangible assets per share	2,204,348,381	2,019,372,464
Net tangible assets per share (cents)	0.09	0.22

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 2022.

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

Review of Operations

Group results for the six months to 31 December 2022, benchmarked against the corresponding six-month period in 2021, were:

	6 months to December 2022	6 months to December 2021	Movement	
	\$	(Restated) \$	\$	%
Trading technology revenue	3,918,935	3,588,434	330,501	9%
Total revenue and other income	4,776,238	4,678,246	97,992	2%
EBITDA profit/ (loss) ³	(6,165,224)	479,595	(6,644,819)	(1386%)
Adjusted EBITDA (loss) ¹	(1,003,285)	(1,030,135)	26,850	3%
NPAT (loss)	(8,038,513)	(1,460,299)	(6,578,214)	(450%)
Adjusted NPAT (loss) ¹	(2,876,574)	(2,970,029)	93,455	3%

¹ Adjusted EBITDA (loss) and adjusted NPAT (loss): Adding back impairment of Goodwill of \$ 5,161,939 (refer note 7 for further information) and excluding the reversal of one-off Provision for R&D Claim for Financial Year 2016 in December 2021 of \$1,527,734 from EBITDA and NPAT. Original provision was made in December 2019.

² See note 2 regarding restatement.

³ EBITDA is calculated by adding back depreciation of \$1,721,606, net interest of \$38,323 and income tax expense of \$113,360.

Revenue

The first half of the 2023 Financial Year saw continuing improvement in key revenue segments. Foremost amongst these segments is Trading Technology revenue which includes Trading Fees, primarily derived from the Adslot Media platform, and License Fees, primarily derived from the Symphony Platform.

Revenue from Trading Technology for the six months to 31 December 2022 was \$3.9 million; a \$331k (+9%) increase on the prior corresponding period (pcp) to 31 December 2021. This represents the fifth consecutive half-year of growth in Trading technology revenue. This result was primarily driven by 12% growth in licence fees, offset by 3% decline on trading fees. Trading fees declined due to transitioning Symphony publisher in Australia through the integrated Symphony – Adslot Media offering.

Services related revenues for the period were \$707k, a reduction of 11% when compared to the prior corresponding period. Service revenues include one off fees for market activation and custom development and the reduction was primarily due to a lack of new market activations for Symphony during the period.

Grant Income for the six months to 31 December 2022 reduced by \$149k when compared to the prior corresponding period. This reduction was primarily due to the end of COVID-19 related stimulus, notably loan forgiveness under the US Paycheck Protection Program that the Group received in the prior year.

Total revenue and other income for the six months to 31 December 2022 at \$4.8 million is 2% increase compared to the pcp to \$4.7 million.

Symphony

Symphony licence fees at \$2.9 million increased 3% compared to the six months to 30 June 2022 and increased 13% compared to the pcp. Improvement in license fee revenues was primarily due to increased media buying activity in previously activated markets. The majority of active Symphony agreements feature tiered pricing structures that ensure higher license fees as markets increase the volume of media managed via the platform. The Group also benefited from foreign exchange movements vs the prior corresponding period as most Symphony contracts are US dollar denominated.

Adslot Media

Trading on the Adslot Media platform grew substantially in the first half of the 2023 Financial Year with the September and December quarters representing two quarters of consecutive growth. The Total Transaction Value (TTV) of media traded in the December quarter was \$33.1 million with \$13.5 million of that monetised. This represented an increase in TTV of 294% and monetised TTV of 61% when compared to the prior corresponding period.

Growth in TTV was driven by a number of factors including the recommencement of trading in the United Kingdom by GroupM, the launch of the German market in October 2022, and the growing adoption of the integrated Symphony – Adslot Media solution in Australia.

TTV represents the net value of media traded on the Adslot Media platform in a given period and is the driver of forward Adslot trading fees. Unlike TTV, trading fee revenue is recognised at the point in time at which the media runs and this may be several months following the point at which it was traded. As such, revenue for a given period will not represent the fees charged on all monetised TTV for that period. Adslot trading fees revenues were \$0.6 million for the period, a 3% increase compared to the pcp.

R&D Tax Incentive Claims

In November 2022 the Group received in full, the FY 22 R&D claim amounting to \$1.2million lodged.

Net profit and Cash Position

Employment costs were flat on pcp. Operating costs at \$5.8 million up by 1% on pcp mainly due to share-based expenses.

The Adjusted EBITDA loss and Adjusted NPAT loss reduced by 3% compared to the pcp.

The Group had a cash position of \$3.9 million at 31 December 2022.

Future Developments

The Group's primary focus remains the continued and escalating growth in trading fee revenues via use of the Adslot Media platform. The achievement of this growth is anticipated to come via growth and activation of already contracted clients rather than a reliance on sales efforts to new clients. This growth is expected to come via 3 primary use cases:

- Buy-side marketplaces in key markets;
- Use of Adslot Media for direct sales by large publishers; and,
- Adoption of the integrated Symphony – Adslot Media solution.

The Group has dedicated considerable effort to the launch of custom marketplaces for buy-side clients over the past 12 months. Most notably, this includes the Health & Wellness Marketplace for IPG / Kinesso in the US and the GroupM Supply marketplace in the UK. Trading in the UK recommenced in the December 2022 quarter and is expected to grow over 2023. Whilst activity for the IPG Health & Wellness marketplace did not eventuate as anticipated in the first half of the 2023 Financial Year, the Group remains optimistic regarding adoption in 2023 following client discussions and increase in pre-trading activities. In addition, the Group has a positive outlook for its German marketplace which was launched in late 2022 and is primed to take advantage of a number of positive features of the German market.

The Group has long recognised the significant opportunity for use of the Adslot Media platform by large publishers to automate their direct sales efforts with agencies and independent media buyers. The Group recently announced a relationship with largest media conglomerate in the Philippines, ABS-CBN, to deploy Adslot Media to manage trading with certain agencies and over 800 direct advertiser clients. Further adoptions of this use case represent a large opportunity for trading fee revenue in 2023 and beyond.

During 2022, the Group launched its integrated Symphony – Adslot Media offering in the Australian market. This followed an initial pilot in the Austrian market. The Group anticipates increased trading via this platform as new supply sources are monetised and additional potential buyers are activated in 2023. The Group also continues to explore additional markets for potential deployment of this offering.

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 2022 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
28 February 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2022

	Note	December 2022 \$	December 2021 (Restated) \$
Total revenue from continuing operations	4	4,632,558	4,385,671
Other income	4	143,680	292,575
Total revenue and other income		4,776,238	4,678,246
Hosting & other related technology costs		(556,917)	(613,073)
Employee benefits expense	5	(3,858,405)	(3,844,913)
Other operating expenses	5	(1,052,933)	(1,051,440)
Impairment of receivables		(2,055)	(27,488)
Share based payment expense	2	(302,810)	(188,652)
Depreciation and amortisation expenses	5	(1,721,606)	(1,805,577)
Impairment of Goodwill	7	(5,161,939)	-
Provision for R&D Claim for financial year 2015/2016		-	1,527,734
Interest Expense		(44,726)	(42,144)
Total expenses		(12,701,391)	(6,045,553)
Loss before income tax expense		(7,925,153)	(1,367,307)
Income tax expense		(113,360)	(92,992)
Loss after income tax expense		(8,038,513)	(1,460,299)
Net loss attributable to members of the parent entity		(8,038,513)	(1,460,299)
Other comprehensive income:			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign exchange translation		(41,462)	27,357
Total other comprehensive income		(41,462)	27,357
Total comprehensive loss for the half-year attributable to members		(8,079,975)	(1,432,942)
Earnings per share			
Basic earnings per share (cents)		(0.36)	(0.07)
Diluted earnings per share (cents)		(0.36)	(0.07)

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 2022

	Notes	December 2022	June 2022
		\$	\$
Current assets			
Cash and cash equivalents		3,922,635	5,951,807
Trade and other receivables	6	5,242,209	4,552,666
Prepayments		283,912	294,480
Total current assets		9,448,756	10,798,953
Non-current assets			
Property, plant and equipment	8	1,946,786	2,237,912
Intangible assets	7	6,917,763	12,167,061
Total non-current assets		8,864,549	14,404,973
Total assets		18,313,305	25,203,926
Current liabilities			
Trade and other payables		5,876,811	4,686,011
Other liabilities	9	355,519	370,979
Lease liability		566,103	495,488
Provisions		560,371	670,717
Total current liabilities		7,358,804	6,223,195
Non-current liabilities			
Lease liability		1,351,684	1,659,944
Provisions		742,424	683,233
Total non-current liabilities		2,094,108	2,343,177
Total liabilities		9,452,912	8,566,372
Net assets		8,860,393	16,637,554
Equity			
Issued capital	11	159,254,812	159,242,345
Reserves		1,256,637	1,203,847
Accumulated losses		(151,651,056)	(143,808,638)
Total equity		8,860,393	16,637,554

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 2022**

31 December 2022

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022 reported		159,242,345	1,203,847	(143,808,638)	16,637,554
Movement in foreign exchange translation reserve		-	(41,462)	-	(41,462)
Other comprehensive income/(loss)		-	(41,462)	-	(41,461)
Loss attributable to members of the Group		-	-	(8,038,513)	(8,038,513)
Total comprehensive income/(loss)		-	(41,462)	(8,038,513)	(8,079,975)
Transactions with equity holders in their capacity as equity holders					
Cancellation of Treasury shares	10	12,467	(12,467)	-	-
Vested options lapsed or expired		-	(196,095)	196,095	-
Increase/(decrease) in employees share based payments		-	302,814	-	302,814
		12,467	94,252	196,095	302,814
Balance 31 December 2022		159,254,812	1,256,637	(151,651,056)	8,860,393

31 December 2021**(Restated)**

	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		-	27,357	-	-
Other comprehensive income/(loss)		-	27,357	-	27,357
Loss attributable to members of the Group		-	-	(1,460,299)	(1,460,299)
Total comprehensive income/(loss)		-	27,357	(1,460,299)	(1,432,942)
Transactions with equity holders in their capacity as equity holders					
Vested options lapsed or expired		-	(266,790)	266,790	-
Increase in employees share based payments		-	188,652	-	188,652
		-	(78,138)	266,790	188,652
Balance 31 December 2021		155,607,845	1,422,478	(140,998,811)	16,031,512

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 2022

	Note	December 2022	December 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers and other debtors		8,035,355	7,315,758
Interest received		5,246	1,344
Government grants		318,834	177,236
Payments to suppliers and employees		(9,431,901)	(8,828,846)
Interest paid		(45,706)	(43,282)
Net cash inflows/(outflows) from operating activities		(1,118,172)	(1,377,790)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,739)	(30,256)
Payment for intangible assets		(1,631,457)	(1,626,338)
Government grants – R&D Incentive		913,537	-
Net cash outflows from investing activities		(720,659)	(1,656,594)
Cash flows from financing activities			
Proceeds from borrowings		-	(177,236)
Payments of equity raising costs		(54,189)	(7,585)
Payments for leased assets (principal component)		(248,527)	(306,639)
Net cash inflows/(outflows) from financing activities		(302,716)	(491,460)
Net increase/(decrease) in cash held		(2,141,547)	(3,525,844)
Cash at the beginning of the half-year		5,951,807	6,826,853
Effect of exchange rate changes on cash		112,375	109,953
Cash at the end of the half-year		3,922,635	3,410,962

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 2022 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 2022 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 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New standards and interpretations issued

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. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

b) Going Concern

The half year financial report has been prepared on a going concern basis. This contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

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

The Group incurred a net loss of \$8.0 million during the half year ended 31 December 2022 which included a non-cash impairment of Goodwill amounting to \$5.2 million.

The net cash outflow of \$2.1 million in the period under review included outflows from operating activities of \$1.1 million, investing activities of \$0.7 million and financing activities of \$0.3 million. Management anticipates incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

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 \$3.9 million at 31 December 2022;
- the Group anticipates receipt of FY23 R&D claim in the first half of FY24;
- Symphony licence fees are largely recurring and predictable;
- ongoing cost management initiatives;
- the opportunity to implement further cost reductions;
- the Group has a proven track record of successfully raising capital from existing and new investors if required; and
- the Group has retained East Wind Advisors in the US to complete a strategic review, the outcome of which may include identification of additional opportunities to support capital needs of the Group.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the half year financial report. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary.

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: Correction of Prior Period Error

Following a review of Share Based Expenses relating to expired options an error in accounting treatment was identified in June 22 and appropriate adjustments were made to the financial statements as at 30 June 2022. For comparison purposes the financial statements for the 6 months ended 31 December 2021 needs to be restated. Details of the restatement of the half year are as follows;

	31 December 2021 Previously stated \$	Adjustment \$	31 December 2021 Restated \$
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Share based expense/ (reversal of expense)	(78,138)	266,790	188,652
Total Expenses	5,778,763	266,790	6,045,553
Loss before income tax expense	(1,100,517)	266,790	(1,367,307)
Loss after income tax expense	(1,193,509)	266,790	(1,460,299)
Net loss attributable to members of the parent entity	(1,193,509)	266,790	(1,460,299)
Total comprehensive loss for the half-year attributable to members	(1,166,152)	266,790	(1,432,942)
Basic earnings per share (cents)	(0.06)	(0.01)	(0.07)
Diluted earnings per share (cents)	(0.06)	(0.01)	(0.07)
	31 December 2021 Previously stated \$	Adjustment \$	31 December 2021 Restated \$
Consolidated Statement of Changes in Equity			
<u>Reserves</u>			
Vested options lapsed or expired	-	(266,790)	(266,790)
Increase/(decrease) in employee share based payments reserve	(78,138)	266,790	188,652
	(78,138)	-	(78,138)
<u>Accumulated losses</u>			
Loss attributable to members of the Group	(1,193,509)	(266,790)	(1,460,299)
Total comprehensive income /(loss)	(1,193,509)	(266,790)	(1,460,299)
Vested options lapsed or expired	-	266,790	266,790
	-	266,790	266,790
<u>Total Equity</u>			
Loss attributable to members of the Group	(1,193,509)	(266,790)	(1,460,299)
Total comprehensive income /(loss)	(1,166,152)	(266,790)	(1,432,942)
Increase/(decrease) in employee share based payments reserve	(78,138)	266,790	188,652
	(78,138)	266,790	188,652

Note 3: 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 under a single operating entity which is Adslot:

	2022		2021	
	\$		\$	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	2,551,360	8,852,893	2,393,149	13,964,575
EMEA	848,622	3,618	888,228	2,436
The Americas	39,921	8,038	237,500	4,244
Other countries	1,336,335	-	1,159,369	-
Total	4,776,238	8,864,549	4,678,246	13,971,255

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 2022, one customer accounted for 10% or more of revenue from services rendered (2021: one).

Note 4: Revenue and Other Income

	December 2022	December 2021
	\$	\$
Revenue		
Revenue from Trading Technology	3,918,935	3,588,434
Revenue from Services	707,220	796,418
Total revenue from services rendered	4,626,155	4,384,852
Interest income	6,403	819
Total revenue from continuing operations	4,632,558	4,385,671
Other income		
Grant income (i)	143,680	292,575
Total other income	143,680	292,575
Total revenue and other income	4,776,238	4,678,246

- (i) In the half year to December 2021, grant income included US Paycheck Protection Program payment of \$177,236 and FY22 R&D grant accrued \$115,339 while in the period to December 2022, cash from government grant only includes FY23 R&D grant accrued \$143,680.

Note 5: Expenses

Loss before income tax includes the following specific expenses:

	December 2022	December 2021
	\$	\$
Other operating expenses		
Recruitment costs	10,602	38,951
Directors' fees	125,000	125,502
Marketing costs	8,058	5,454
Short term lease-rental premises	59,627	59,188
Rent outgoings	49,104	40,994
Listing & registrar fees	32,149	44,275
Legal fees	64,168	142,674
Travel expense	16,597	9,582
Consultancy fees	273,903	88,049
Audit and accountancy fees	125,924	116,780
Foreign exchange (gain)/loss	(103,560)	(30,363)
Insurance Expenses	115,140	97,032
Other expenses	276,221	295,318
Write off of R&D claim for Financial Year 2015/2016	-	18,004
Total operating expenses	1,052,933	1,051,440
Depreciation and amortisation		
Amortisation – Software development costs	1,428,029	1,506,625
Amortisation – Right of Use Assets	273,048	289,932
Depreciation – Computer & equipment	20,383	8,110
Depreciation – Plant and equipment	146	910
Total depreciation and amortisation	1,721,606	1,805,577

	December 2022	December 2021
	\$	(Restated)\$
Employee related expenses		
Employee benefits expense	3,858,405	3,844,913
Total capitalised development wages	1,631,457	1,626,338
Employee benefits included in Share based payment expense	236,574	163,683
Total employee benefits	5,726,436	5,634,934
Capitalised development wages (net of related grants)	1,340,671	1,274,748
Capitalised development wages included in the R&D grant	290,786	351,590
Total development wages	1,631,457	1,626,338
Defined contribution superannuation expense included in Employee benefit expense	418,444	417,174
Foreign currency (gain)/loss included in other expenses	(103,560)	(30,363)

Note 6: Trade & Other Receivables

	31 December 2022	30 June 2022
	\$	\$
Trade debtors	4,777,078	3,314,675
Less: Allowance for impairment	(2,126)	(27,667)
Trade debtors not impaired	4,774,952	3,287,008
Research and Development grant receivable	425,452	1,223,357
Other receivables	41,805	42,301
Total trade and other receivables	5,242,209	4,552,666

Trade and other receivables include \$4.7million trade & accrued receivables (\$3.3million, 30 June) of which \$3.2million are amounts collectible on behalf of publisher creditors (\$1.7million, 30 June)

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 7: Intangible Assets

Period ended 31 December 2022

	Internally Developed Software \$	Domain Name \$	Intellectual Property \$	Goodwill \$	Total \$
Opening net book amount	6,966,855	38,267	-	5,161,939	12,167,061
Acquisitions	1,340,671	-	-	-	1,340,671
Amortisation	(1,428,030)	-	-	-	(1,428,030)
Impairment loss recognized	-	-	-	(5,161,939)	(5,161,939)
Carrying amount at 31 December 2022	6,879,496	38,267	-	-	6,917,763

At 31 December 2022

Cost	24,446,593	38,267	16,191,496	15,161,939	55,838,295
Accumulated amortisation and impairment	(17,567,097)	-	(16,191,496)	(15,161,939)	(48,920,532)
Carrying amount at 31 December 2022	6,879,496	38,267	-	-	6,917,763

Period ended 30 June 2022

	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	2,487,327	-	-	-	2,487,327
Amortisation	(3,014,350)	-	-	-	(3,014,350)
Carrying amount at 30 June 2022	6,966,855	38,267	-	5,161,939	12,167,061

At 30 June 2022

Cost	23,105,922	38,267	16,191,496	15,161,939	54,497,624
Accumulated amortisation and impairment	(16,139,067)	-	(16,191,496)	(10,000,000)	(42,330,563)
Carrying amount at 30 June 2022	6,966,855	38,267	-	5,161,939	12,167,061

Goodwill

The Goodwill balance relating to the acquisition of Facilitate has an attributed fair value of \$0 (\$5.2 million, 30 June) and has been impaired in full.

(a) Cash Generating Units (CGUs)

For the purpose of impairment testing, goodwill has been allocated to a group of CGUs (Adslot and Symphony CGU's) that is expected to benefit from the acquisition. A summary of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

	31 December 2022	30 June 2022
	\$	\$
Combined CGU	-	5,161,939

(b) Impairment testing and key assumptions

The Group tests whether goodwill and other intangible assets have suffered any impairment in accordance with the Group's accounting policies. In addition, directors have considered the impact on accounting policies, judgements and estimates in light of the ongoing post COVID-19 recovery.

The recoverable amounts of assets and CGU were previously determined using a fair value less costs to sell using a market-based approach. During the period, the directors' reassessed the use of fair value using a market-based approach and deemed that a *value in use* method is more appropriate.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs).

The directors have assessed the fair value having regard to a *value in use* approach and have determined an impairment of \$ 5.2 million. The recoverable amount of the CGUs has been measured at \$8.8 million. The impairment has been recognised as a result of delays in realising the synergies expected at the acquisition of Facilitate.

The most significant judgements and key assumptions pertaining to the calculation are:

Discount rate	The discount rates reflect appropriate adjustments relating to market risk and specific risk factors. The post-tax discount rate for the Combined CGU is 17.1%
Growth Rate	The growth rates reflect the short term (18 month) forecasted revenue by revenue stream averaging 22%. Medium-term growth rates are linked to industry growth rates and historical growth rates, and average 11%.
Terminal Growth Rate	The long-term growth rate for the CGU is 2.5%
Cash Flow Forecasts	Cash flow calculations use cash flow projections based on the financial forecast approved by management covering a 5 ½ year period.
Capital expenditure	Capital expenditure to maintain and enhance the existing technologies has been projected for the forecast period at an average of \$1.7 million per annum.

Note 8: Property, Plant & Equipment

Period ended 31 December 2022

	Right of Use Assets \$	Plant and Equipment \$	Computer Equipment \$	Total \$
Carrying amount at 01 July 2022	2,151,908	618	85,386	2,237,912
Additions	-	-	2,739	2,739
Lease modifications	(401)	-	-	(401)
Depreciation/amortisation expense	(273,048)	(146)	(20,383)	(293,577)
Net foreign exchange differences	-	-	113	113
Carrying amount at 31 December 2022	1,878,459	472	67,855	1,946,786

Note 9: Other Liabilities

	31 December 2022 \$	30 June 2022 \$
Current: Contract liabilities	355,519	370,979
Total other liabilities	355,519	370,979

Note 10: Equity Securities Issued

	December 2022 \$	December 2021 \$
Issues of Ordinary Shares during the half-year		
New Ordinary Shares issued – value \$	-	-
Treasury Shares movement – value \$	12,467	-
Total Ordinary Shares issued – value \$	12,467	-
New Ordinary Shares issued – number	-	-
Treasury Shares movement – number	(130,275)	-
Ordinary Shares issued – number	(130,275)	-

At 30 June 22 the Group held in Trust 130,275 treasury shares. Treasury shares are shares in Adslot Ltd that are held by the Adslot Employee Share Trust, which administered the Adslot Employee Share Ownership Plan (ESOP). The Employee Share Ownership Plan (ESOP) was discontinued, and the balance of shares held by the Trust was an excess balance. At the company Annual General Meeting held on 16 November 2022, it was resolved to cancel these fully paid treasury shares.

Note 11: Contributed Equity

	Dec 2022 Number	Jun 2022 Number	Dec 2022 \$	Jun 2022 \$
Ordinary Shares – Fully Paid (Including treasury shares)	2,204,348,381	2,204,478,656	159,254,812	159,242,345

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-21	Balance (including Treasury shares)	1,982,006,270		(3,603,135)	155,620,312
20-Apr-22	Share Placement	105,882,353	\$0.017	(39,008)	1,760,992
10-May-22	Rights Issue	116,590,033	\$0.017	(108,523)	1,873,508
30-Jun-22		2,204,478,656		(3,750,666)	159,254,812
	Less: Treasury shares	(130,275)		-	(12,467)
30-Jun-22	Balance	2,204,348,381		(3,750,666)	159,242,345
01-Jul-22	Balance (including Treasury shares)	2,204,478,656		(3,750,666)	159,254,812
31-Dec-22		2,204,478,656		(3,750,666)	159,254,812
	Less: Treasury shares cancelled	(130,275)		-	-
31-Dec-22	Balance	2,204,348,381		(3,750,666)	159,254,812

Note 12: Events Subsequent to Reporting Date

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 2022 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
28 February 2023

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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 2022, 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, 28 February 2023

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Independent Auditor's Review Report

To the Members of Adslot Limited

Report on 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 2022, 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 the Group's financial position as at 31 December 2022 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.

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Material uncertainty related to going concern

We draw attention to Note 1 (b) in the financial report, which indicates that the Group incurred a net loss of \$8.0 million during the half year ended 31 December 2022, including a non-cash impairment of goodwill of \$5.2 million, and net operating cash outflow of \$1.1 million and total cash outflows of \$2.1 million for the period then ended. 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 significant doubt on the Group's ability to continue as a going concern. Our conclusion 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 2022 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, 28 February 2023