

ASX Announcement

31 March 2023

Cost Reductions and Update on Strategic Review

Adslot Ltd (ASX:ADS) (“the Company”) announces that it has instituted a series of cost reductions to reduce cash burn and set the Company on a sustainable path to profitability. These cost reductions will re-focus the Company’s efforts on activation of already contracted clients. The reductions do not impact the Company’s ability to successfully execute on key commercial projects that are currently underway.

The Company has conducted analysis of normalised cash burn over the past 5 years.* The Company notes that **normalised cash burn in CY 2017 was approximately \$9.7M**. Due to revenue growth and a focus on cost management, this **normalised cash burn fell to \$6.1M in CY2022**. In June of 2022, the Company announced a series of cost reductions, the full effect of which was felt in the December 2022 quarter. Following these reductions, the **annualised cash burn (normalised) for the December 2022 quarter was \$4.0M**.

Given the current investment climate, the Company has decided to action a further series of cost reductions with the intent of **reducing the Company’s normalised cash burn, based on FY2022 revenues, to approximately \$2.0M**. These cost reductions include the following areas of focus:

- A reduction in office lease costs to reflect the virtual work environment now favoured by development resources. The Company will maintain office space on a reduced basis for non-development related staff, and expects these reductions to be implemented by July 2023;
- A reduction in Operating expenses including software licensing costs;
- Immediate headcount cost reductions based on a re-organisation of currently vacant roles and recent staff attrition; and,
- Limited redundancies of development and sales resources which have been actioned in March 2023.

In addition, the non-executive directors of the Company have agreed to defer all director’s fees payments until 30 June 2023, after which time it will reassess whether continued deferrals are appropriate.

Adslot CEO, Ben Dixon, said, “These cost reductions are the latest in a continuing focus on cost within the Adslot business. Critically, this reduction in cost positions us well on a pathway to profitability. The next step is to grow revenues to bridge the remaining gap, and the Company is well positioned to do this following record trading on the *Adslot Media* platform in the September and December 2022 quarters, and the ongoing activation of already contracted clients in the US, UK and Europe.”

Update on Strategic Review:

On April 4, 2022 the Company announced that it had engaged East Wind Partners to assist with US-based corporate development activities related to the Company’s strategic review. In the subsequent period, the Company has met with numerous industry players and this has led to a number of important partnership opportunities, most notably the Company’s recently announced relationship with leading US ad tech business Operative.

However, given the prevailing investment climate and the Company’s current market capitalisation, the board has determined that, at the present time, a sale of the Company, either entirely or some of its key assets, is unlikely to be in the best interests of shareholders. As such the Company will conclude its engagement with East Wind effective mid-April 2023. The Company notes that discussions continue with a number of parties in the US on a range of matters, including partnership and potential strategic investment, and the Company will continue to manage these discussions directly.

Adslot.

The board continues to believe that the current market capitalisation does not represent a fair value of the business and will continue to explore options to maximise shareholder value.

** This normalisation removes the cash impact of payments from advertisers for media related costs above the Adslot Media fees and the subsequent remittance of these amounts to publishers. In addition, this normalisation aligns the receipt of R&D grant proceeds to the year in which the costs were incurred, thereby removing any impact from the timing of grant payments.*

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.

This announcement is authorised for release by the Board of Adslot Limited.

- END -

For further enquiries, please contact:

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