

ASX Announcement

31 July 2023

Q4 FY23 Activity Report

Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the June 2023 quarter.

1. Results at a Glance

1.1 Adslot Media Update:

- Record quarter for both TTV and monetised TTV
- TTV from all sources of \$46.52M, up 53% when compared to the March 2023 quarter
- Rapid growth in monetised TTV to \$16.19M, up 42% compared to the March 2023 quarter and up 160% on the prior corresponding period (PCP)
- Annual TTV for the 2023 Financial Year of \$141.67M with \$47.98M of that monetised
- Trading in the APAC region the strongest contributor to TTV

1.2 Symphony Update:

- Annualised value of media managed on the *Symphony* platform was \$6.80B per annum, an increase of 21% when compared to the March 2023 quarter

1.3 Cash Position

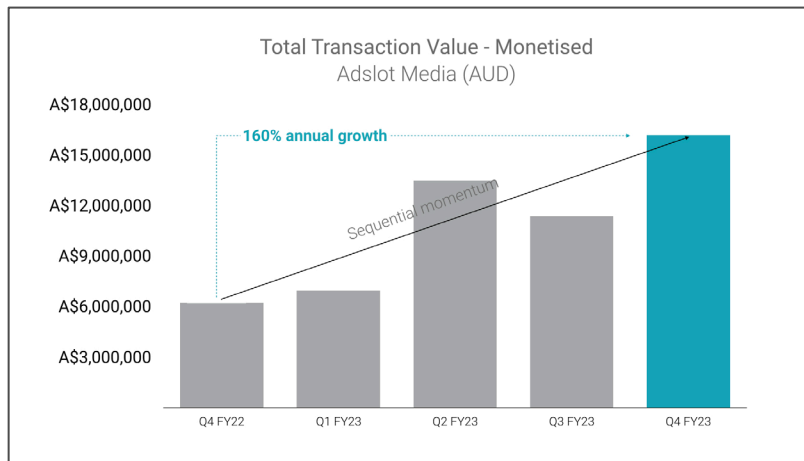
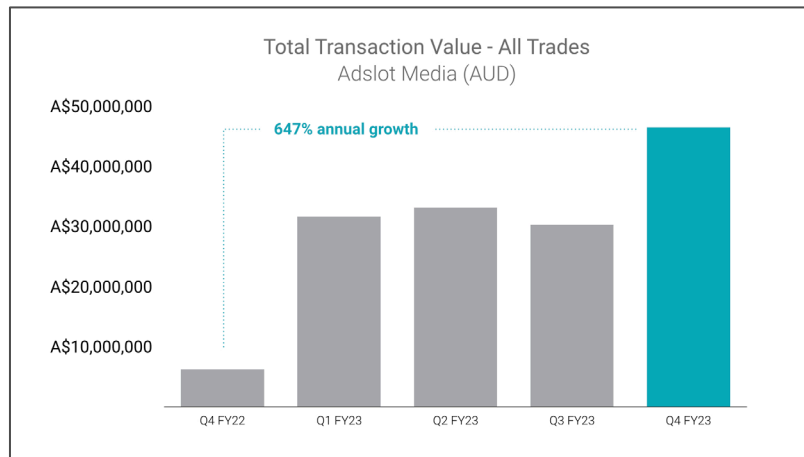
- Announcement of \$4.25M capital raise in June 2023
- Cash balance of \$2.87M at end of June 2023 quarter
- \$3.15M subsequently collected from capital raise in July 2023
- Buyback of Unmarketable Parcels to be undertaken

2. Adslot Media Update

2.1 Trading Activity: Adslot Media

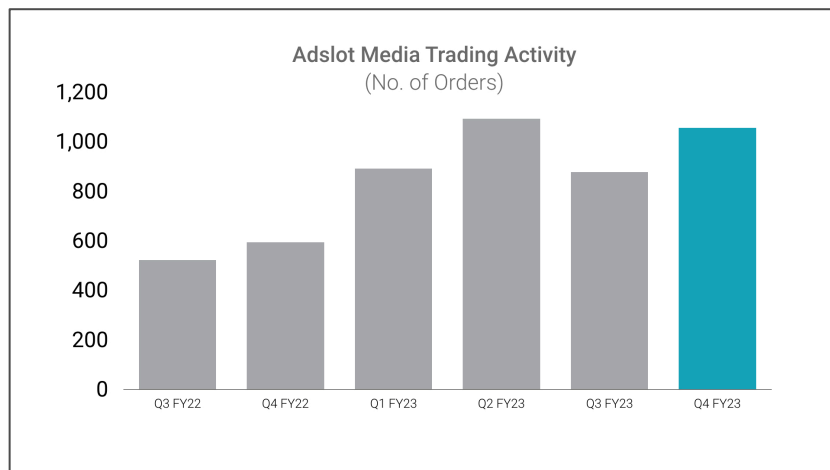
Total Transaction Value (TTV) for the June 2023 quarter was **\$46.52M**, of which \$30.33M related to trading activity between *Adslot Media* and contracted agencies, publishers, or other digital advertising trading entities with which the Company has yet to finalise commercial arrangements.

TTV that was monetised during the June 2023 quarter was **\$16.19M**, an **increase of 42%** compared to the March 2023 quarter and **an increase of 160%** on the June 2022 quarter.



2.2 Volume of Trades

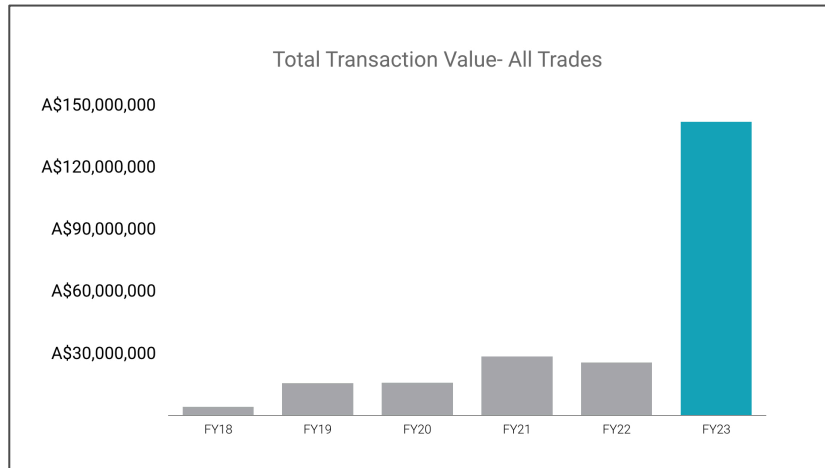
There were **1,055** trades in the June 2023 quarter, representing a **78% increase** when compared to the prior corresponding period, and a **20% increase** quarter-on-quarter.



2.3 FY23 TTV Analysis

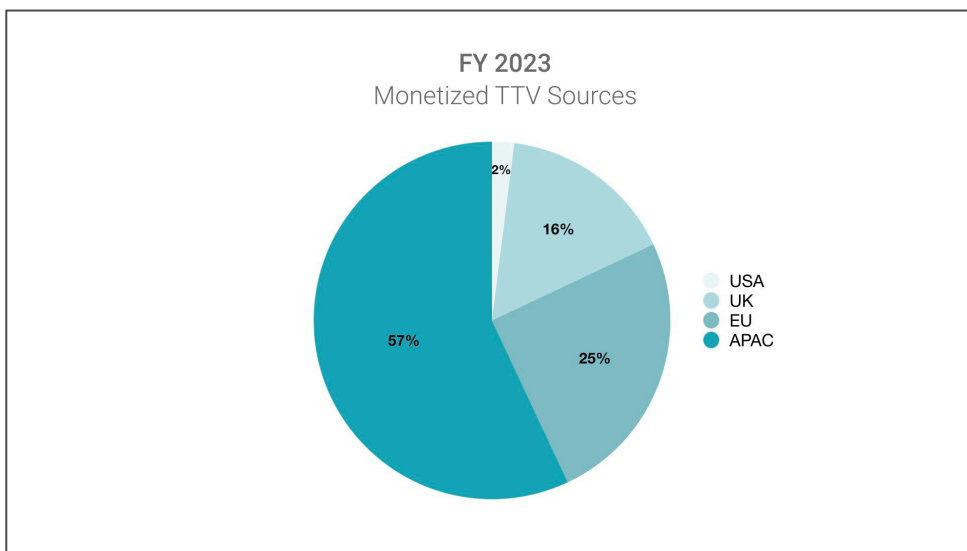
The Company is pleased to provide additional analysis on TTV for the 2023 Financial Year.

TTV for the 2023 Financial Year was \$141.67M representing an increase of 246% when compared to the 2022 Financial Year. Monetised TTV for the 2023 year was \$47.98M.



The largest contributor to monetised TTV during the 2023 Financial Year was trading in the APAC region. This was driven by the successful launch of the integrated *Symphony – Adslot Media* solution in the Australian market in the September 2023 quarter followed by the Philippines in the June 2023 quarter. Trading from the US market remained modest due to continued delays in the activation of previously completed custom marketplaces for IPG.

The Company expects the geographical composition of TTV to change as key commercial projects in the US, UK and Europe are activated over the coming financial year.



Note, allocations of TTV to geographic regions are based on the location of the media buyer. The Company does manage extensive trading between buyers in one geographical location and publishers in another, notably between buyers in the UK and US based publishers.

2.4. Key Commercial Projects

The Company is pleased to provide an update on the following key commercial projects:

- Australian Marketplace
 - June 2023 quarter saw strong growth in trading on the Australian marketplace
 - Commercial agreements are now in place with most of the largest publishers
 - Further growth in trading will be driven by incremental demand sources being added in coming quarters
 - Ongoing discussions with the largest independent agency groups regarding joining the marketplace
 - The Company continues to explore options to drive higher monetisation rates, including the development of incremental features for certain agency trading partners.

- IPG / Kinesso Marketplaces
 - Recommencement of trading for Orion (IPG barter trading group) in the June 2023 quarter on behalf of client BMW
 - Further training activities conducted on behalf of multiple Orion account teams over the quarter
 - Client requested development to enable support of Orion trading within the previously built custom marketplaces is now underway. This development will facilitate trading on previously purpose-built Health & Wellness (Pharma)
 - Previously disclosed re-organisation within IPG / Kinesso was largely completed during the June 2023 quarter. As expected, responsibility for use and management of the Adslot Media platform is shifting from trading desk to account teams at individual agencies
 - Discussions continue with IPG regarding the use of the Adslot Media platform to automate direct trading across the wider agency group.

- UK Market
 - As previously disclosed, usage of the Premium Supply Marketplace (via *Adslot Media*) in the UK has moved from a centralised GroupM buying unit to individual GroupM agencies which hold and manage the advertiser relationships
 - During the June 2023 quarter, the Company undertook extensive training and onboarding activities with GroupM agencies Mindshare and Mediacom, across multiple UK locations. Whilst expected trading activities did not eventuate, the Company expects this to take place in the September quarter with an initial focus on Diversity, Equity and Inclusion (DE&I) publishers
 - Beyond DE&I publishers, the Company is working with GroupM agencies to finalise a workflow for wider trading in the UK market supporting all direct publisher trading. This is expected to be complete within the September 2023 quarter.
 - The Company continues to pursue other opportunities with buyers and sellers in the UK market. During the June quarter the Company signed an agreement with Ireland's largest independent media sales organization Digitize.ie as well as onboarding new publishers AMS Media, Crafted Media Group, and TBD Media.

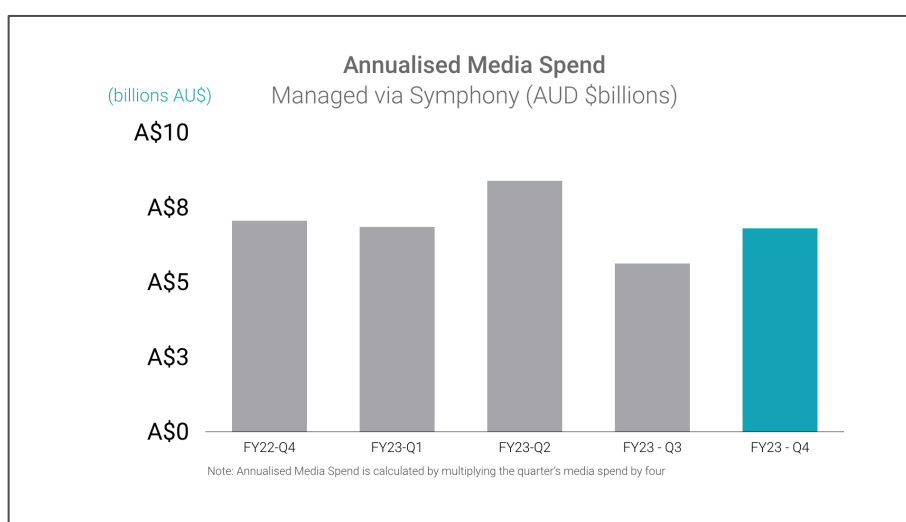
- German Marketplace

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- *Adslot Media* marketplace launched in Germany in late 2022, with the market well suited to *Adslot Media* proposition given centralised publisher market and low adoption of programmatic media compared to other large markets
- Activation activities are now underway with two leading agency groups, IPG and Publicis, with the latter commencing in the June 2023 quarter
- Commercial discussions continue with a third agency group
- Initial focus for trading activity is Connected Television (CTV) inventory not currently available via programmatic media systems
- Strong growth in publisher sales activities with discussions now underway with multiple tier 1 publishers and sales houses across Germany
- The Company continues to believe that the German market represents a strong opportunity for trading growth with multiple agencies onboard, growing publisher side commitment and a valuable use case in enabling trading of CTV inventory.
- Operative
 - Leading provider of order management software to both the linear TV (ie traditional TV) and digital markets with over US\$60B of Linear TV inventory managed on Operative systems in the US market
 - Partnership signed in March 2023 to joint market an integrated solution for large TV clients of Operative
 - White-labelled *Adslot Media* platform to form front-end of joint solution and be integrated with Operative's new AOS platform
 - Technical integration requirements for launch product now identified
 - Discussions underway with joint clients of both companies in the US and APAC markets to identify potential launch customers for integrated solution
 - Extension of initial 180-day term being contemplated to ensure time to complete commercial discussions.

3. Symphony Update

Total annualised media spend managed by *Symphony* grew to **\$6.8 Billion** per annum in June 2023 quarter, from \$5.63 Billion in the March 2023 quarter, an **increase of 21%**. This growth was in line with expected seasonality.



4. Corporate Update

4.1 June 2023 Capital Raise

On June 9, 2023, the Company announced its intention to raise \$4.25M (less costs) via a placement of \$1.1M and a fully underwritten entitlement offer of \$3.15M. The equity raise was underwritten by Canaccord Genuity (Australia) Limited and several of Adslot's directors acted as sub-underwriters of the entitlement offer as well as taking up their full entitlements. The entitlement offer was successfully closed on June 29, 2023, with all funds received by early July 2023.

In conjunction with the Company's recently announced cost reductions, the successful conclusion of this process will ensure Adslot has sufficient capital to execute upon its strategy as it progresses towards cash flow break-even and profitability.

4.2 Unmarketable Parcel Buyback

On July 31, 2023, the Company announced its intention to conduct a buyback of unmarketable parcels (UMPs). The proposed Buy Back will allow UMP Holders to sell their shares in the Company in accordance with the Company's constitution without incurring brokerage and other expenses. A 'buy back' approach also allows eligible UMP Holders to receive the proceeds from the sale of their shares on a timelier basis than if a 'share sale facility' approach was used to dispose of shares.

The Buy Back will also assist in reducing the Company's share registry and other administrative costs associated with maintaining a large number of small shareholders. Of the Company's 2,665 current shareholders, approximately 73.2% hold Unmarketable Parcels.

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4.3 Quarterly Cashflow Commentary

In the June 2023 quarter, cash receipts from customers were \$2.81M, \$2.31M (or 45%) lower on the previous quarter's receipts of \$5.12M, and 30% or \$1.18M lower than the June 2022 quarter collection of \$3.99M.

Net cash outflows from operating activities for the quarter were \$0.55M, a \$0.62M increase on previous quarter (March 2023: net cash inflow \$0.07M).

In the June 2023 quarter, total salary costs were \$2.40M, being \$0.35M (or 13%) lower than the previous quarter (March 2023: \$2.75M) and \$0.83M (or 26%) lower than the prior corresponding period (June 2022: \$3.23M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$4.25M is \$1.75M or 29% lower than the previous quarter (March 2023: \$6.0M). This decrease is mainly due to \$1.65M lower publisher payouts driven by lower collections and \$0.29M lower employment cost. Other outflows remain low driven by cash management and cost reduction strategies announced in August 2022 and March 2023. Ongoing cash outflows for the June 2023 quarter excluding publisher payments at \$3.53M are 24% or \$1.12M lower than June 2022 quarter. This represents an approximate annualised cost savings of \$4.47M.

The operating cash outflow included related party costs of \$0.13M for executive directors' remuneration. The non-executive directors of the Company agreed to defer all director's fee payments from 1 March 2023 until 30 June 2023.

Cash at the end of the June 2023 quarter was \$2.87M with a further \$3.15M collected from the capital raise in early July 2023.

- 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.

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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 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,810	15,968
1.2 Payments for		
(a) staff costs	(1,652)	(7,380)
(b) research and development	-	-
(c) publishers	(727)	(7,220)
(d) other cost of sales	(278)	(1,299)
(e) advertising and marketing	(0)	(14)
(f) other working capital/overheads	(686)	(1,898)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	9
1.5 Interest and other costs of finance paid	(21)	(87)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	319
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(551)	(1,602)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(5)
(d) investments	-	-
(e) intellectual property	(748)	(3,189)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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
2.6	Net cash from / (used in) investing activities	(750)	(2,280)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,100	1,100
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	(4)	(58)
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)	(138)	(523)
3.10	Net cash from / (used in) financing activities	958	519

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,208	5,952
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(551)	(1,602)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(750)	(2,280)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	958	519
4.5	Effect of movement in exchange rates on cash held	10	286
4.6	Cash and cash equivalents at end of period	2,875	2,875

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	2,413	2,747
5.2	Call deposits	462	461
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)	2,875	3,208

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	133
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(551)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,875
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,875
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.2
<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 July 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.