

ASX Announcement

31 January 2023

Q2 FY24 ACTIVITY REPORT

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

Key Developments

- Quarterly Total Transaction Value (TTV) of \$49.84m.
 - 50% increase vs Prior Corresponding Period (PCP).
 - Record volume of number trades on *Adslot Media* platform.
 - TTV from focus UK market up 134% Quarter on Quarter (QoQ).
 - TTV (Last 12 months) up 330% vs FY22 and 763% vs FY20.
- Monetised TTV (MTTV) continues to grow, up 15% QoQ and 13% vs PCP.
- Progress on key *Adslot Media* commercial projects.
- Annualised value of media managed on the *Symphony* platform up 12% QoQ.
- Normalised cash burn rate \$3.19M per annum.
- Cash at end of December 2023 quarter was \$3.11M.

Quarterly Total Transaction Value: Adslot Media

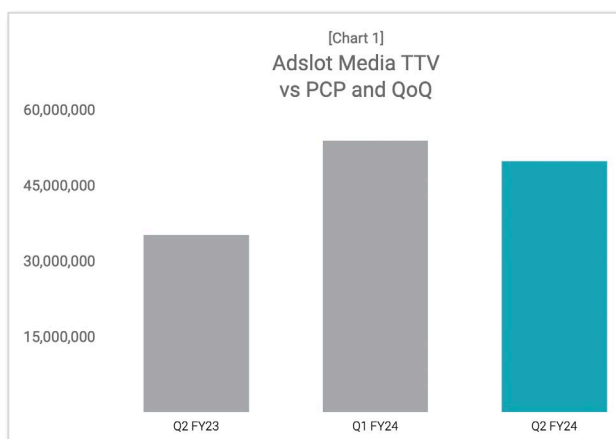
TTV is the value of all media traded on the *Adslot Media* platform, including both those transactions for which fees are charged and those that are provided under trial/test, 'freemium' and other interim commercial arrangements, primarily in the Australian market.

Record volume of transactions: 1,255 up 15% vs PCP, a second consecutive record quarter.

Larger transactions, with the average value of trades increasing by 23% vs PCP.

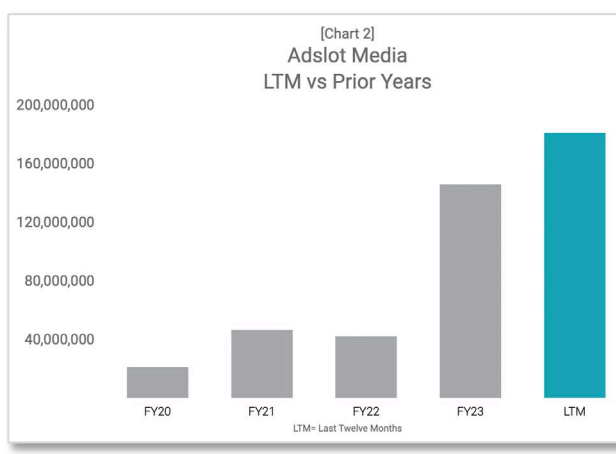
TTV for the quarter was **\$49.84M** and **increase of 50%** vs PCP. See Chart 1.

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Year on Year Total Transaction Value Growth: Adslot Media

Last Twelve Months [LTM] TTV is up 330% vs FY22 and 763% vs FY20*. See Chart 2.



*LTM comparisons with prior years include transactions previously managed by Symphony and which are now transacted via Adslot Media.

Monetised TTV: Adslot Media

MTTV refers to those transactions traded on the *Adslot Media* platform for which fees are generated.

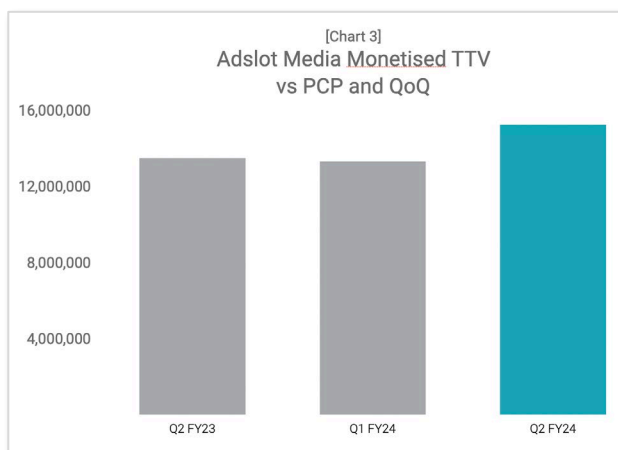
MTTV for the quarter was **\$15.24M**, an **increase of 13%**, compared to the December 2022 quarter and an **increase of 15%** on the September 2023 quarter. See Chart 3.

The higher levels of MTTV were driven by the high margin focus market of the United Kingdom, where TTV **increased 134%** QoQ.

In addition to media traded, the December 2023 quarter saw the recommencement of previously traded but paused campaign activity in the US for IPG / Orion (not reflected in TTV totals).

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The company remains focused on increasing take rates for Australian based TTV, where trial and other freemium arrangements, have resulted in lower levels of monetisation to date. This commercial approach has been deemed critical to drive very high overall platform participation in that market and to generate revenues from MTTV.



Operational Developments

We continue to make progress on key commercial projects. See Table 1 below.

Table 1: Progress on Key Commercial Projects		
KEY PROJECT	DEC 2023 QUARTER HIGHLIGHTS	UPCOMING ACTIVITIES
UK Market	<ul style="list-style-type: none"> Strong improvement in TTV performance. Commitment for transition of all direct trading for large automotive advertiser to Adslot Media platform. 	<ul style="list-style-type: none"> Expansion of trading for large specialist mobile agency across new geographies and verticals. Further growth in trading driven by wider activation of GroupM marketplaces.
German Market (incl CTV & Video*)	<ul style="list-style-type: none"> Successful release of first phase of enhanced workflow for CTV trading. Additional publishers added including opportunities for direct marketplaces for non-CTV trading. 	<ul style="list-style-type: none"> Second phase of enhanced CTV workflow to drive trading from key CTV advertisers via two committed agency groups.
US Market (IPG / Orion)	<ul style="list-style-type: none"> Reactivation of US campaign activity on behalf of Orion clients. Discussions underway re extension to UK market. 	<ul style="list-style-type: none"> Anticipated growth in Orion trading via current marketplace and proposed client-specific workflow solution.

Table 1: Progress on Key Commercial Projects		
KEY PROJECT	DEC 2023 QUARTER HIGHLIGHTS	UPCOMING ACTIVITIES
Australian Market	<ul style="list-style-type: none"> Continued strong TTV performance in AU market. Discussions underway with complimentary technology providers re privacy compliant data solutions. Onboarding of 50+ independent media agencies. 	<ul style="list-style-type: none"> Further growth in trading via activation of previously onboarded independent agencies.
Cookie Deprecation	<ul style="list-style-type: none"> Strategic plan to maximise opportunity from decline of 3rd party cookie has been activated. Initial product offering architected and in development. 	<ul style="list-style-type: none"> Launch of new solution to capitalise on cookie deprecation in March 2023 quarter, commencing in US market with pilot clients identified.

* **CTV & Video** includes "Connected Television (CTV)" advertising, i.e., video ads delivered via a streaming service (e.g. Netflix, Hulu, Apple TV+, Disney+, Amazon Prime, Stan, Binge, Kayo, etc.) to a smart TV set (e.g. Apple TV, Chromecast, etc.), with the ads appearing during a viewer's movie, TV show or other video content. It also includes "Over The Top" (OTT) advertising streamed to other devices, such as laptops, tablets (e.g. iPads), smart phones (e.g. iPhone), etc.

Symphony

The annualised value of media managed by the *Symphony* platform was \$7.12B, an increase of **12%** on the prior quarter.

The Company remains in discussions with multiple agency groups re potential *Symphony* developments, which if successful would grow *Symphony* license fees over the coming 12 months.

Annualised Cash Burn Rate

Normalised cash burn rate as of the March 2024 quarter is \$3.19M per annum.

Normalised cash burn excludes publisher collections and payments not related to Adslot fees and aligns R&D grant receipts to the year in the claim was made (not collected).

Cash Balance as of 31st December 2023

Cash on hand at the end of the December was \$3.11M

See supplementary information at the conclusion of this release.

Cookie Depreciation a key Driver of Growth

Cookies allow advertisers to identify and target individuals.

Increasing regulatory action, particularly in Europe and California, has seen increasing limitations on the use of cookies set and managed by parties other than advertisers and publishers directly (3rd Party Cookies). These restrictions, culminating in Google's impending depreciation of 3rd party cookies is resulting in the greatest challenge to the global online advertising industry since its inception.

The Company is determined to take advantage of the significant opportunities presented by the impending decline of 3rd party cookies.

Over the past 6 months the Company has explored ways in which its existing product suite can be utilised to solve the problems that arise for advertisers from this. We are currently validating potential solutions with clients in large markets around the world, and as is mentioned in Table 1, we will provide an update over the coming quarter.

Supplementary Information: Quarterly Cashflow Commentary

The December 2023 quarter, cash receipts from customers were \$3.49M, \$0.33M or 9% lower on the previous quarter's receipts of \$3.82M and 15% or \$0.63M lower than the December 2022 quarter collection of \$4.12M.

Net cash outflows from operating activities for the quarter were \$1.0M, an increase of 353% or \$0.78M on the previous quarter (September 2023: net cash outflow \$0.22M).

In the December 2023 quarter, total salary costs were \$2.43M, \$0.05M up on the previous quarter (September 2023: \$2.38M) and \$0.26M or 10% lower than the prior corresponding period (December 2022: \$2.69M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries). \$0.11M once-off redundancy payments was also included in the December quarter salary costs.

Outgoing cash payments during the quarter at \$5.62M is \$0.68M or 14% higher than the previous quarter (September 2023: \$4.93M). This increase is mainly due to \$0.47M higher publisher payouts. Additionally Other Working Capital related outflows at \$0.65M is \$0.16M higher than the September 2023 quarter driven by Cookie Deprecation Project consulting fees (\$0.19M up on September quarter 2023) & \$0.11M annual insurance payments.

Ongoing cash outflows for the December 2023 quarter excluding publisher payments at \$3.57M are 1% or \$0.04M lower than the December 2022 quarter. Ongoing cash outflows for the December 2023 quarter excluding publisher payments & costs related to the Company's Cookie Deprecation Project at \$3.28M are 9% or \$0.33M lower than the December 2022 quarter. This represents approximate annualized cost savings of \$1.32M.

The operating cash outflow included related party costs of \$0.11M for directors' remuneration. The non-executive directors of the Company have agreed to defer all director's fee payments from 1 March 2023 until 31 January 2024, after which time it will reassess whether continued deferrals are appropriate.

The FY23 R&D claim (\$0.98M) was fully paid in the December 2023 quarter.

Cash at the end of the December 2023 quarter was \$3.11M.

- END -

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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")

31 December 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	3,493	7,312
1.2 Payments for		
(a) staff costs	(1,767)	(3,399)
(b) research and development	-	-
(c) publishers	(2,048)	(3,630)
(d) other cost of sales	(323)	(631)
(e) advertising and marketing	(1)	(10)
(f) other working capital/overheads	(649)	(1,144)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	45	52
1.5 Interest and other costs of finance paid	(17)	(37)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	272	272
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(995)	(1,215)
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	(665)	(1,412)
(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)	703	703
2.6	Net cash from / (used in) investing activities	35	(712)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,154
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	0
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(501)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9a	Other (Unmarketable parcel buyback)	-	(210)
3.9b	Other (Leased assets)	(144)	(284)
3.10	Net cash from / (used in) financing activities	(147)	2,159

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,250	2,875
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(995)	(1,215)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	35	(712)

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

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)	(147)	2,159
4.5	Effect of movement in exchange rates on cash held	(29)	7
4.6	Cash and cash equivalents at end of period	3,114	3,114

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	1,434	3,785
5.2	Call deposits	1,680	465
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)	3,114	4,250

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	110
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

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.</i>		
<i>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)	(995)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,114
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,114
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.1
<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 2024

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.