

ASX Announcement

31 January 2025

QUARTERLY ACTIVITY REPORT DECEMBER QUARTER (Q2 FY25)

Adslot Ltd (ASX: ADS) is pleased to provide its activity report on trading for the Quarter ended 31 December 2024 (Q2 FY25).


Market Update Highlights

- Momentum and progress continues to build with *StoreFront* digital advertising sales solution, with contracts being implemented with Hearst (UK), Rakuten Viber (Global), Sonnant (USA) and Country & Town House (UK), and a substantial sales pipeline of premium digital publishers seeking to adopt the platform in all of the key initial target markets of the UK, USA and Australia.
- Progress achieved in the European market with the implementation of the Springserve ad server integration project, and contract negotiations ongoing with leading Swiss / German media conglomerate Goldbach to distribute ad inventory to buyers exclusively through the *Adslot Open Marketplace*.
- Strategic initiatives underway to improve revenue performance of *Webfirm*, explore new market opportunities for *Media Auctions*, and consider larger distribution and reseller deals for the *Adslot Media* platform offerings.
- As previously reported the Strategic Review was completed in late October resulting in substantial cost reductions and operational restructuring in September and October 2024, including an approximate 40% reduction in Group monthly payroll cost from November onwards.

Financial Summary Q2 FY25

- Cash Receipts from Customers of \$1.98M
- Net Operating Cash Flow (\$0.63M)
- Cash at end of December 2024 quarter was \$1.49M.
- Quarterly Monetised Transaction Value ("MTV") of \$9.09M, an increase of 43% QoQ..

Adslot Group Business Units

Stable Businesses			Growth Businesses	
 Media Auctions	Symphony.	<u>webfirm</u>	Adslot Media.	Adslot StoreFront
<ul style="list-style-type: none"> Specialist enterprise auction-based platform that enables marketplaces to maximise value of advertising inventory. Major client is REA (ASX:REA) Realestate.com.au. Business model – Monthly SaaS fee, annual contracts. 	<ul style="list-style-type: none"> A global enterprise SaaS platform, providing digital media buying workflow solutions to the world's largest advertising agencies. Major client is GroupM in 8 countries including China. Business model – Monthly SaaS fee, annual contracts 	<ul style="list-style-type: none"> Digital marketing agency providing Website Development, SEO, Search and Social Media solutions to SMEs nationally. Business model – Fee for services, hosting fees. 	<ul style="list-style-type: none"> A global digital media marketplace for media buyers and sellers to trade premium advertising inventory on a targeted, forward guaranteed basis. <i>Bridge</i> feature for bulk digital audience data trading. Many sellers to many buyers marketplace. Business model - Percentage-based fee on advertising spend on the platform (TTV trading fees). 	<ul style="list-style-type: none"> Digital white label gateway for media companies to sell ad inventory and audience access to multiple media buyers. Enables publishers to increase revenue and efficiently manage sales process. Single seller to many buyers. Business model - Percentage-based fee on advertising spend via the gateway plus monthly and set-up fees

Sales & Marketing Highlights – Adslot Media Platform

The Adslot Media Platform is the core underlying Global marketplace platform that underpins the various Adslot solutions and use-cases to seamlessly enable major media companies and advertiser buyer agencies to trade digital ad inventory and audience targeting.

Adslot solutions and products connected to the platform include *StoreFront*, *Adslot Open Marketplace*, and *Partner Marketplaces*.

Adslot StoreFront – Progress in Q2

Progress during Q2 FY25 for *StoreFront* included:

- Discussions progressing with a number of leading publishers including Bloomberg, The Financial Times, Insider, The Telegraph (UK), Time Out, Conde Nast, Wall Street Journal, BBC Worldwide, Mirriad Advertising, a major Australian broadcaster, and various medium-sized digital media firms in the US market;
- Activated *StoreFront* for Hearst UK (Harper's Bazaar, Cosmopolitan, Elle, Country Living, Men's & Women's Health, Esquire);
- Activated Viber Rakuten *StoreFront*;
- Activated Sonnant *StoreFront*;
- Activated Country & Town House (UK) *StoreFront*;

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- Progressed discussions with major Australian TV broadcaster for launch of a Publisher *StoreFront*.
- Conclusion of technical product development of credit card gateway for campaign pre-payment and introduction of full support for native advertising creatives, with those features ready for activation in Q3 FY25.

Adslot Open Marketplace – Progress in Q2

Adslot Media operates the *Adslot Open Marketplace* which is the core long-standing platform of the Group and allows advertisers and their agencies to execute Direct-to-Publisher digital ad inventory trading. Many buyers to many sellers.

Progress during FY25 Q2 for *Adslot Open Marketplace* included:

- Finalising contract negotiations with Goldbach, a major Swiss / German diversified media group, to implement access to the *Adslot Media Platform* for multiple publishers including high-traffic media offerings;
- Completed the important Springserve ad-server integration to increase publisher ad inventory access in Germany.

Open Marketplace Trading Volumes

The total value of trading volumes of media traded across the platform is known as Total Trading Volume or “TTV”. Adslot charges a placement fee to Publishers on part of this volume known as Monetised Trading Value (“MTV”), which refers to those transactions traded on the *Adslot Media* platform for which fees are generated.

MTV is the key focus for commercial performance, and for the December Quarter was \$9.09M, an increase of 43% QoQ, and a decrease of 40% compared to PCP.

This decline of MTV over the past 12 months was experienced almost entirely in Australia, reflecting the weakness in the Australian advertising market, and structural reform taking place. However this only resulted in a loss of net revenue of 16% on trading performance due to the lower levels of monetization rates in the Australian market. MTV in the UK market in particular remains robust.

There is a mix shift as the ratio of MTV versus TTV is rising. TTV (including the non-monetised component) experienced a QoQ decline of 40%, and a 40% reduction on Prior Corresponding Period (PCP), again reflecting Australian advertising market conditions, and management actions to move away from non-monetised TTV. Also, TTV for prior years include transactions previously managed by Symphony and which are now transacted via Adslot Media.

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Sales & Marketing Highlights for Q2 – Other Business Units

Symphony

Symphony is a global enterprise SaaS platform, providing digital media buying workflow solutions to the world's largest digital media agencies including GroupM. *Symphony* operates on a different independent tech platform to *Adslot Media*.

The company continues to explore new business opportunities for the *Symphony* platform and is currently in advanced discussions with a new agency prospect.

Media Auctions

Adslot provides an enterprise auction-based platform for www.realestate.com.au (ASX:REA) as its sole customer. *Media Auctions* operates on a different independent tech platform to *Adslot Media*.

The company's strategy of identifying new prospects for the *Media Auctions* platform in other markets outside Australia is now underway.

Webfirm

Melbourne-based *Webfirm* is an independent digital marketing agency specialising in web design, social media, search traffic and online advertising optimisation, and content creation.

The *StoreFront* strategy and, more specifically, its focus on the SME market is expected to deliver material benefits to *Webfirm* given its focus on the same market. The implications for potential rebranding, increase of breadth to the portfolio of services offered and associated go to market strategies are all in the process of being explored with the future direction to be determined within Q3 FY25.

R&D Refund

The FY2024 R&D claim (\$0.88M) which was lodged in October 2024 was fully paid by the ATO in November 2024. Of this amount \$0.48M, was received in cash and \$0.40M was utilised to settle the R&D funding loan obtained in February 2024.

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Supplementary Information: Quarterly Cashflow Commentary

Net cash outflows from operating activities for the December 2024 quarter were \$0.64M, a substantial improvement on previous quarters and \$1.18M lower than the previous quarter (QoQ).

The reduction reflects a decline in cash receipts offset by cost saving initiatives implemented in the December Quarter and prior quarters.

Cash receipts from customers at \$1.98M were \$0.77M lower than the previous quarter. The December quarter is traditionally the lowest collection quarter and headline receipts was lower as a result of the recently negotiated fixed-price GroupM contract.

In the December 2024 quarter cost saving initiatives resulted total salary costs (cash basis) being reduced by \$0.63M to \$1.86M, which was lower than the previous quarter by 25.3%, and a \$0.57M reduction to the PCP.

The reduction primarily reflects lower staff numbers from late October. Total salary costs includes \$0.37M in once off employment termination payments and also includes capitalised development salaries (Intellectual Property) of \$0.29M.

Other working capital costs reduced by \$0.19M QoQ to \$0.25M due to cost savings initiatives. In addition, publisher payments reduced by \$1.04M QoQ to \$0.73M largely due to lower cash receipts.

Total outgoing cash payments during the quarter at \$3.20M are \$1.85M or 37% down QoQ. Ongoing cash outflows for the December 2024 quarter excluding publisher payments at \$2.47M are \$0.81M or 25% lower QoQ.

Ongoing cash outflows for the December 2024 quarter, excluding publisher payments, costs associated with the Br1dge division, and directors' fees, are \$1.15M or 36% lower than the PCP. This represents approximate annualized cost savings of \$4.59M.

On 7 October 2024, the Company announced the completion of the entitlement offer initially disclosed on 17 June 2024, successfully raising an additional \$0.54M (before costs). This amount was received in the December 2024 quarter.

There were \$0.02M related party payments in the December 2024 quarter, in relation to statutory payments on directors' remuneration. At the 2024 AGM held in November 2024, approval was received for the issue of Shares to Directors pursuant to Director Fees Plan instead of cash payments. \$0.07M worth of fees was paid via issue of ordinary shares in the December 2024 quarter.

Cash at the end of the December 2024 quarter was \$1.49M.

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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 2024

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	1,980	4,734
1.2 Payments for		
(a) staff costs	(1,567)	(3,624)
(b) research and development	-	-
(c) publishers	(734)	(2,505)
(d) other cost of sales	(261)	(565)
(e) advertising and marketing	(1)	(2)
(f) other working capital/overheads	(247)	(681)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	10
1.5 Interest and other costs of finance paid	(50)	(56)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	237	237
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(635)	(2,452)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	(293)	(724)
(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)	644	644
2.6	Net cash from / (used in) investing activities	351	(80)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	540	1,493
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	(61)	(135)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(401)	(401)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9a	Other (Unmarketable parcel buyback)	-	-
3.9b	Other (Leased assets)	(50)	(101)
3.10	Net cash from / (used in) financing activities	28	856

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,669	3,147
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(635)	(2,452)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	351	(80)

Appendix 4C
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)	28	856
4.5	Effect of movement in exchange rates on cash held	82	24
4.6	Cash and cash equivalents at end of period	1,495	1,495

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	1,254	1,429
5.2	Call deposits	241	240
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)	1,495	1,669

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	18
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)	(635)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,495
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,495
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.4
<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?	
○	
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 2025

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.