



29 July 2022

## ASX ANNOUNCEMENT Quarterly Activities Report

### Q2 2022 Highlights

- 65% projected operations & administrative costs reduced in Q2 to \$1.4M total for 2022, from \$4.04M in 2021
- 40% projected payroll cash expenditures reduced additional cuts in Q2, for the balance of 2022 to \$1.5M from \$2.5M in 2021
- 56% projected total expenses reduced for 2022 projected to \$2.9M from \$6.6M in 2021
- 60% projected reduction in 2022 of largest cost unit in Q2, server colocation moved to new data centers, reducing monthly fixed tech costs
- CEO & Chairman Ted Dhanik has elected to suspend cash compensation for the balance of 2022
- The Company boarded 15 new customers in Q2, including Zeta Global, a NASDAQ AdTech peer, up 15% from 13 new customers in Q1
- 4C - Staff costs improved 42% to \$340K in Q2 from \$587K in Q1
- 4C - Net Cash Used in Operating Activities was (\$709K) in Q2 2022
- Distribution of revenue significantly improved to less than 15% of total for any single customer, from 85% in Q2

colorTV Limited ('Company', 'colorTV' or 'CTV') trading update and commentary regarding Q2 2022 performance and activities.

Net cash [used in] operating activities was (\$709K); cash balance at the end of quarter was \$621K. One-time, extraordinary legal expenses in Q2 2022 totalled \$45K, which were comprised of trade creditor settlement (existing balance sheet liabilities) and attorney's fees.

Receipts from customers totalled \$650K. Staff costs improved 42% to \$340K. Administrative and corporate costs were \$649K. Ending cash balance was \$621K.

During the quarter there were payments of \$147,578 associated with executive and non-executive fees paid to Directors for the April 2022 quarter. This is outlined in section 6.1 of the Appendix 4C.

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## **60% Projected Reduction of Fixed Tech Expenses**

By Q2, tech infrastructure costs have been reduced by 60% due to data center moves. Management negotiated new contracts with new data centers to save over 60% in fixed tech infrastructure costs in Q2. The Company's engineering team moved thousands of servers owned by the Company to new data centers. This move was completed, and all systems are online. In addition, Management renegotiated all other categories of fixed and variable tech costs and the savings across all categories is about 60%.

## **65% Projected Reduction of All Operations & Admin Costs for 2022 and the Foreseable Future**

Management spent considerable time reviewing every single expense the Company had in 2021 and successfully terminated, renegotiated and reduced for an aggregate projected savings of 65%, down to \$1.4M from \$4.04M in 2021. Eliminated categories include Travel, Rent, Marketing and PR.

## **40% Projected Reduction of Payroll Cash Outflows for 2022**

Management projects 40% reduced payroll for 2022 and beyond, down to \$1.5M from \$2.5M in 2021. Payroll reduction includes elimination of redundant roles across the Company and a significant reduction in cash outflows for executive compensation.

## **56% Projected Reduction in Total Expenses for 2022**

Management projects a 56% reduction in total expenses for 2022 down to \$2.9M from \$6.6M in 2021. This includes all categories of expenses. Since the Company has mostly only fixed expenses, Management does not see this figure changing much in 2023.

## **Reduction of Executive Director Compensation for 2022**

CEO & Chairman Ted Dhanik has elected to suspend cash compensation for the balance of 2022, since Q2.

## **Revenue Distribution**

In August of 2021, the Company had negative revenue impact from the pausing of its largest customer, due to uneven revenue distribution. Since August 2021, Management has been onboarding new customers in several content categories to diversify the revenue mix and reduce significant dependencies on any single client. Today, no client is contributing more than 15% maximum of any day's total revenue. Management targets to break this down to half of this figure by the end of 2022.

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## CTV

In 2022, Management shifted the focus of the Company to primarily transact in CTV (connected television advertising). Additionally, the Company recently rebranded as 'ColorTV' consistent to its new primary focus, in connected television advertising.

## New Customers

### Q2 2022:

Zeta Global (Buyer)  
Outbrain (Buyer)  
Boldwin (Buyer)  
Vuukle (Publisher)  
Soundhound (Publisher)  
Ironsource (Publisher)  
Vlogbox (Publisher)  
Mobiuspace (Publisher)  
Sliide (Publisher)  
Wafour (Publisher)  
Bigo (Publisher)  
OtteraTV (Publisher)  
Gothamads (Buyer & Publisher)  
Adelement (Buyer & Publisher)  
Yeahmobi (Buyer & Publisher)

We encourage our Shareholders to register their details using the QR Code below to ensure they're kept up to date with the latest news and to be notified of any upcoming Shareholder presentations or events.



For further investor enquires please contact Viriathus Capital on 1300 509 924 or please email [investors@engageBDR.com](mailto:investors@engageBDR.com).

On behalf of the Board  
Ted Dhanik  
Co-Founder and Executive Chairman

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## Forward Looking Statements

Preliminary financial results published above are subject to audit, adjustment and closing, as they are estimates and figures may be rounded. Figures have not been audited, adjusted and are preliminary estimates. Statements made in this release which are forward-looking statements and are based on the Company's expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance," "~" and similar expressions are intended to identify forward-looking statements. These words are not the exclusive means of identifying such statements. Any forward-looking statement made by the Company in this announcement is based only on information currently available to the Company and its current intentions (which may change) and speaks only as of the date on which it is made. Forward-looking statements are subject to a range of risks and uncertainties, some of which are beyond the Company's control. Risks and uncertainties can include matters inherent in the business of the Company, its management, its activities generally, and the market in which it operates. As a result, actual results could materially differ from those in the forward-looking statements. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company does not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring, or as a result of new information, future developments or otherwise after the date of this release except as required by the listing rules of ASX, by law or by appropriate regulatory authorities.

## Appendix 4C

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

**Name of entity**

colorTV Limited

**ABN**

39 621 160 585

**Quarter ended ("current quarter")**

30/06/2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$AUD</b>	<b>Year to date (6 months) \$AUD</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	650,085	1,527,935
1.2 Payments for		
(a) Engineering / research & development	(312,029)	(618,759)
(b) Ad inventory costs of goods sold	(11,308)	(435,632)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(340,497)	(928,366)
(f) administration and corporate costs	(649,888)	(769,919)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(1,435)	(1,435)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
(a) prepaid ad inventory		
(b) legal & settlements	(44,518)	(73,444)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(709,590)</b>	<b>(1,301,437)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		

Consolidated statement of cash flows		Current quarter \$AUD	Year to date (6 months) \$AUD
	(e) intellectual property		
	(f) other non-current assets		
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 (provide details if material)		
2.6	<b>Net cash from / (used in) investing activities</b>		

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	99,048	623,918
3.2	Proceeds from issue of convertible debt securities	1,050,000	1,050,000
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
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 (provide details if material)		
	(a) finance lease obligations		(8,016)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>1,149,048</b>	<b>1,665,902</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	181,908	256,901
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(709,590)	(1,301,437)

Consolidated statement of cash flows		Current quarter \$AUD	Year to date (6 months) \$AUD
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,149,048	1,665,902
4.5	Effect of movement in exchange rates on cash held	-	
4.6	<b>Cash and cash equivalents at end of period</b>	<b>621,366</b>	<b>621,366</b>

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	621,366	181,908
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>621,366</b>	<b>181,908</b>

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	(147,578)
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>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	501,169	191,939
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		309,230
7.6	<p>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.</p> <p>Loan facility is actually a cash enhancement activity known as factoring. Advances are recorded against certain receivables balances which are factored under this facility. The credit risk associated with the transfer of trade receivables are retained with the Company.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(709,590)
8.2	Cash and cash equivalents at quarter end (item 4.6)	621,366
8.3	Unused finance facilities available at quarter end (item 7.5)	309,230
8.4	Total available funding (item 8.2 + item 8.3)	290,255
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.31
	<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?	
	Yes.	
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?	
	Yes, capital raising, highly likely to succeed based on numerous past successful raisings.	
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?	
	Yes, expected revenue growth.	
	<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.

Date: 1 August 2022.

Authorised by: The Board  
(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.