

ASX Announcement

26 April 2023

## Q3 FY23 Activity Report

- Adslot Media Update:
  - Total TTV of \$30.34M, up 480% on pcp
  - Monetised TTV of \$11.36M, up 117% on pcp
  - Strong start to June 2023 quarter with monetised TTV to date up 101% compared to the same point in the March 2023 quarter
  - Partnership with US based TV order management platform Operative signed
  - Commencement of trading from multiple sources for ABS-CBN in the Philippines
  - Agreement with UK mobile advertising specialist Ogury signed
- Symphony Update:
  - Annualised value of media managed on the *Symphony* platform was \$5.63B per annum
- Cash Position
  - Receipts from customers up 24% (vs prior quarter) to \$5.12M
  - Cash balance of \$3.2M at end of March 2023 quarter
  - Additional cost reductions of approximately \$2.1M implemented in March 2023

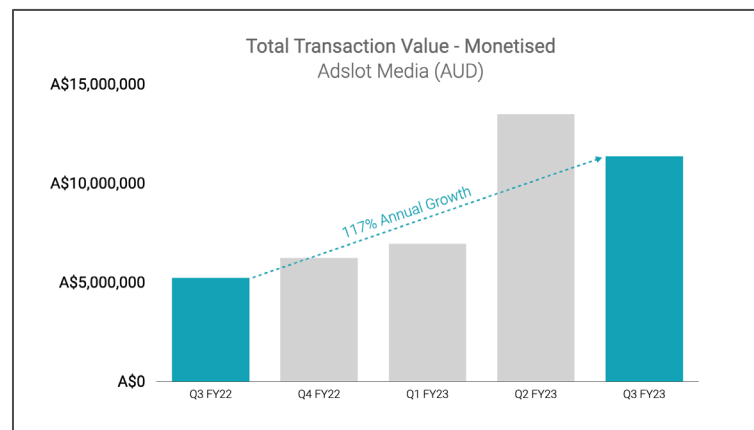
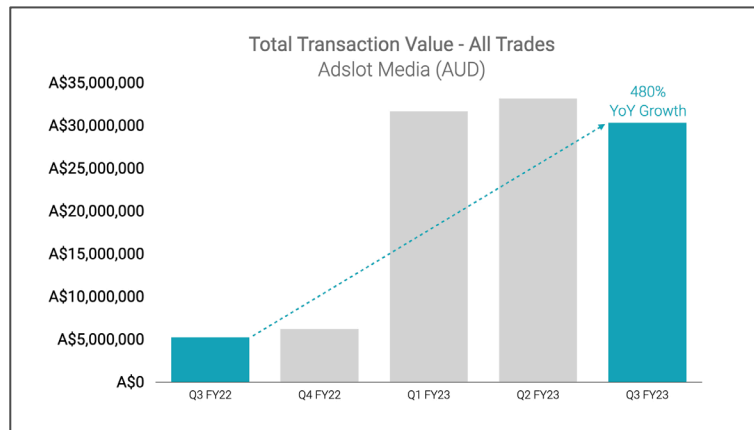
Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the March 2023 quarter.

### *Adslot Media Update*

#### Trading Activity: Adslot Media

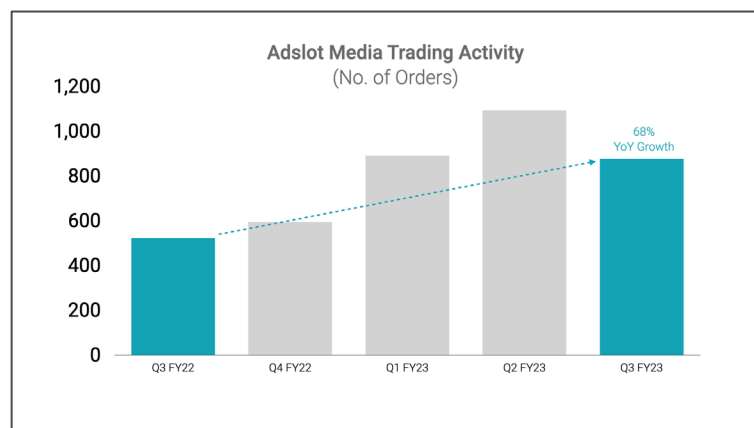
TTV that was monetised during the March 2023 quarter was **\$11.36M**, an **increase of 117%** compared to the March 2022 quarter and a decrease of 16% on the December 2022 quarter. The Company notes that the March quarter is historically the weakest quarter as it follows the strong pre-Christmas trading activity in the December quarter.

Total Transaction Value (TTV) for the March 2023 quarter was **\$30.34M**, of which \$18.9M 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.



## Volume of Trades

There were **877** trades in the March 2022 quarter, representing a 68% increase when compared to the prior corresponding period, and a 20% decrease quarter-on-quarter.



## KEY COMMERCIAL PROJECTS

NEW YORK

SYDNEY

LONDON

MELBOURNE

MUNICH

SHANGHAI

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The Company remains focused on a number of key commercial projects to drive increased trading on the *Adslot Media* platform and provide a clear pathway to profitability and beyond. These commercial projects represent a diversity of geographies and use cases and have been identified as the best opportunities to generate scalable TTV on the *Adslot Media* platform. The Company is pleased to provide the following detailed update on these key projects.

## Operative

- Leading provider of order management software to both the linear TV (ie traditional TV) and digital markets.
- 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.
- Operative led discussions underway with leading US TV network clients to identify a prospective launch client.
- Scoping of technical integration activities and initial development completed.
- Development of minimum integrated solution is anticipated to take approximately 3 months and will commence upon identification of launch customer.

## German Marketplace

- *Adslot Media* marketplace launched in Germany in late 2022 with trading activity in the December 2022 and March 2023 quarters.
- Market well suited to *Adslot Media* proposition given centralised publisher market and low adoption of programmatic media compared to other large markets.
- 6 x publishers now activated including CommonMedia, Servus (Red Bull Media), Wall Street Online and Waipu.tv.
- Publisher development activities continue with additional publishers and sales houses across Germany.
- Global agency holding company, The Interpublic Group (IPG), have signed a trading agreement and been activated.
- Discussions underway with 2 additional agency groups and expected to conclude within the June 2023 quarter.
- TTV is expected to grow as additional publishers and agencies are activated and *Adslot Media* is adopted into media buying processes.

## IPG / Kinesso Marketplaces

- Customer, white labelled, industry specific marketplaces with the initial focus being on Health & Wellness (Pharma).
- Substantial client-funded development undertaken, and all key publisher relationships onboarded in 2022. Initial trades commenced in the September 2023 quarter.
- Delays to further implementation due to significant IPG / Kinesso re-organisation, however commitment to project remains strong. Following re-organisation, key users of marketplace will shift from trading desk to account teams at individual agencies, thereby better aligning to campaign budgets.

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- Current expectations include a wider roll out of Health & Wellness marketplace commencing later in the June 2023 quarter.
- In addition, the existing marketplace with Orion (IPG barter trading group) continued to be strengthened with multiple advertiser teams trained in the March 2023 quarter.

## GroupM UK

- Trading on GroupM's Premium Supply Marketplace in the United Kingdom recommenced during the September 2022 quarter and continued during the December 2022 quarter.
- In January of 2023, GroupM advised the Company of its intent to move usage of the Premium Supply Marketplace (via *Adslot Media*) from a centralised GroupM buying unit to the individual agencies which hold and manage the advertiser relationships.
- This shift in usage is anticipated to streamline adoption of the marketplace and remove an existing blockage in campaign workflow, however it has necessitated the re-contracting of the Adslot relationship with the individual agencies.
- During the March 2023 quarter the Company executed updated agreements with various GroupM agencies in the UK and has undertaken activation with Mindshare and MediacomEssence in both London and other UK markets.
- Following the conclusion of these activities, the Company expects trading on the Premium Supply marketplace to grow as new advertisers are onboarded.

## Australian Marketplace

- Australian *Adslot Media* marketplace successfully launched in the September 2022 quarter.
- Commercial agreements now in place with a significant majority of the largest publishers in the Australian market.
- Additional publishers activated in the March 2023 included the Ten Network.
- In addition to trading via *Symphony* users, the Company has multiple discussions with large agency groups and independent media buyers regarding usage of the *Adslot Media* Marketplace in Australia.
- The Company expects to see growth in Australian TTV in the June quarter, which is traditionally a stronger quarter, and as new agencies and other new demand sources are activated to transact with the already substantial list of local publishers.

## ABS-CBN Philippines

- Largest media conglomerate in the Philippines with 18.8M users onshore and further 1.5M in the US alone.
- *Adslot Media* to be used to automate direct sales under a % fee model with a take rate at the higher end of historical ranges.
- Agreement executed in January 2023 and trading commenced in the March 2023 quarter.
- 110 of approximately 800 targeted direct advertisers onboarded as of April 2023.
- Large Philippines agency clients, already active on *Symphony*, are expected to be activated on the ABS-CBN marketplace and drive trading activity in the June 2023 quarter.

## Mobile Advertising

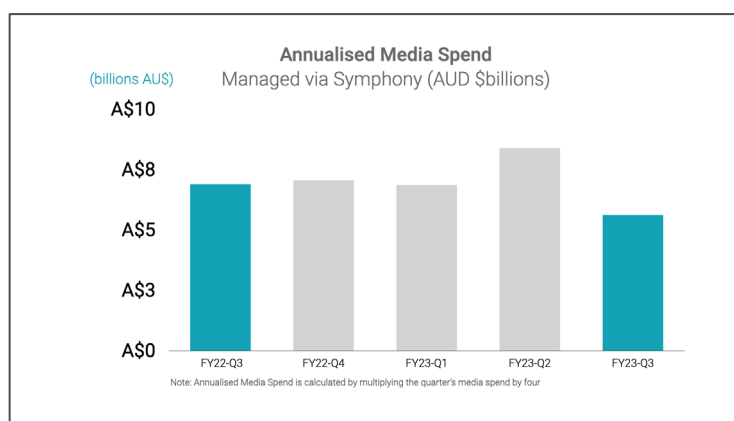
- The Company has established a proven use case for mobile specialist advertising groups.

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- *Adslot Media* platform allows these players to transact media and manage the appropriate mobile specific technical specifications directly in the publishers ad-server, removing significant effort and technical risk.
- Leading mobile advertising specialists Mobkoi (subsidiary of the Brandtech Group) have been a prominent and growing user of *Adslot Media* for several years.
- In March 2023, the Company signed an agreement with another leading mobile advertising specialist, Ogury.
- Following technical testing, trading from Ogury commenced in April 2023.
- The addition of Ogury and growth from Mobkoi is expected to generate increased trading from this valuable use-case over the remainder of 2023.

## Symphony Update

Total annualised media spend managed by *Symphony* fell to \$5.63B per annum in March 2023 quarter, from \$8.4 Billion in the December 2022 quarter. This decline was in line with expected seasonality and has no impact on license fee revenues.

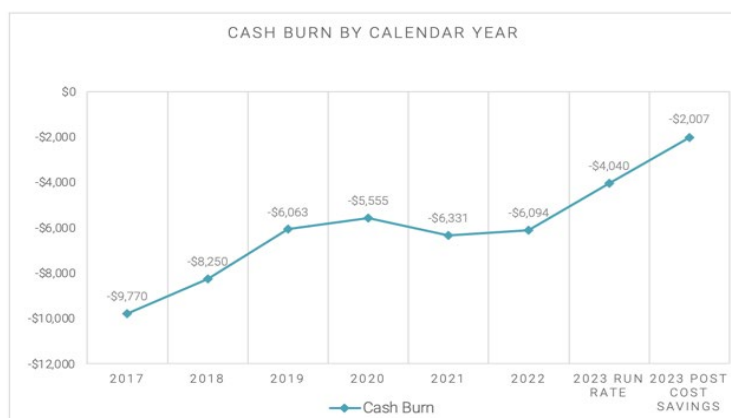


## Cost Reductions

On March 31, 2023 the Company announced 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 per annum.** 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.



## Corporate Development

On March 31, 2023 the Company updated the market on the status of its strategic review which commenced in April 2022. The Company noted that during the process the Company had commenced discussions with numerous leading industry players and these discussions had led to a number of prospective partnerships, including the recently announced joint marketing initiative with Operative.

The Company also noted that 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 has concluded 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.

## Quarterly Cashflow Commentary

The March 2023 quarter, cash receipts from customers at \$5.12M were \$1.00M or 24% higher on the previous quarter's receipts of \$4.12M and 6% or \$0.32M lower than the March 2022 quarter collection of \$5.44M.

Net cash inflows from operating activities for the quarter were \$0.07M, a reduction of 120% or \$0.41M on previous quarter (December 2022: net cash outflow \$0.34M).

In the March 2023 quarter, total salary costs were \$2.75M, flat against the previous quarter (December 2022: \$2.69M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$6.00M is \$0.29M or 5% higher on the previous quarter (December 2022: \$5.71M). This increase is mainly due to \$0.27M higher publisher payouts driven by higher collections. Other outflows remain low driven by cash management and cost reduction strategies implemented between June and August 2022. The company announced further cost reductions on 31 March 2023. The impact of these reductions will flow through in the next few quarters.

The operating cash outflow included related party costs of \$0.21M for directors' remuneration. The non-executive directors of the Company have agreed to defer all director's fees payments from 1 March 2023 until 30 June 2023, after which time it will reassess whether continued deferrals are appropriate.

Cash at the end of the March 2023 quarter was \$3.21M.

- END -

For further enquiries, please contact:

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

Tom Triscari  
Interim Chief Financial Officer  
Adslot Limited  
investor.relations@adslot.com

## 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 March 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,123	13,158
1.2 Payments for		
(a) staff costs	(1,944)	(5,728)
(b) research and development	-	-
(c) publishers	(2,376)	(6,493)
(d) other cost of sales	(363)	(1,021)
(e) advertising and marketing	(1)	(14)
(f) other working capital/overheads	(352)	(1,212)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	6
1.5 Interest and other costs of finance paid	(21)	(66)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	319
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>67</b>	<b>(1,051)</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	-	(3)
(d) investments	-	-
(e) intellectual property	(809)	(2,441)
(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)	-	914
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(809)</b>	<b>(1,530)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	(54)
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)	(137)	(385)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(137)</b>	<b>(439)</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	3,923	5,952
4.2	Net cash from / (used in) operating activities (item 1.9 above)	67	(1,051)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(809)	(1,530)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(137)	(439)
4.5	Effect of movement in exchange rates on cash held	164	276
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,208</b>	<b>3,208</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,747	3,463
5.2	Call deposits	461	460
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,208</b>	<b>3,923</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	212
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. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</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>		
7.1 Loan facilities (i)	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	67
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,208
8.3 Unused finance facilities available at quarter end (item 7.5)	-
<b>8.4 Total available funding (item 8.2 + item 8.3)</b>	<b>3,208</b>
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<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.

26 April 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.