

ASX Announcement

31 October 2023

Q1 FY24 ACTIVITY REPORT

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

Key Developments

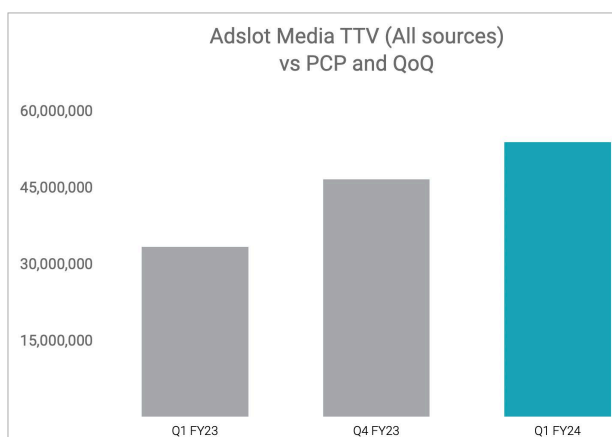
- TTV (all sources) continues to grow strongly, up 70% vs PCP
- Key projects expected to grow monetised TTV in coming quarters
- Continued reduction in cash burn
- Cash at end of September 2023 quarter was \$4.25M
- Annualised value of media managed on the *Symphony* platform was \$6.35B per annum

Total Transaction Value: Adslot Media

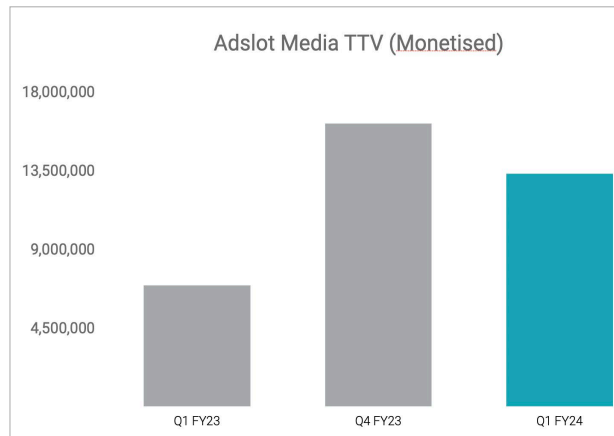
Total Transaction Value (TTV) for the September 2023 quarter was **\$53.80M** and increase of 70% on the prior corresponding period and 16% up QoQ and a record quarter.

Record volume of transactions at 1,121 up 26% vs PCP, reflecting repeat trading from key sources.

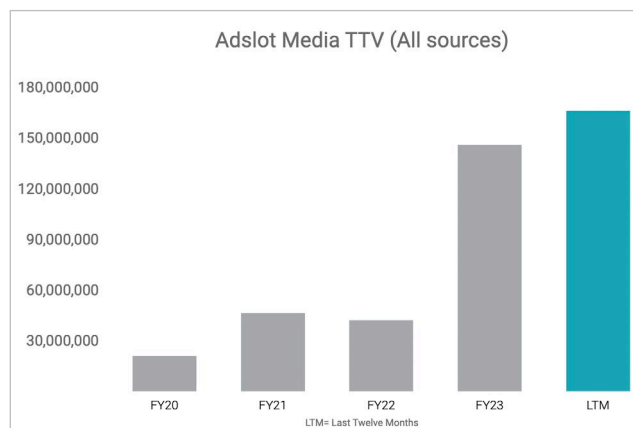
TTV that was monetised during the September 2023 quarter was **\$13.31M**, an **increase of 92%** compared to the September 2022 quarter and **a decrease of 16%** on the June 2023 quarter. Trading mix incorporated a higher percentage of yet to be monetised publishers. EU TTV **increased 29%** QoQ.



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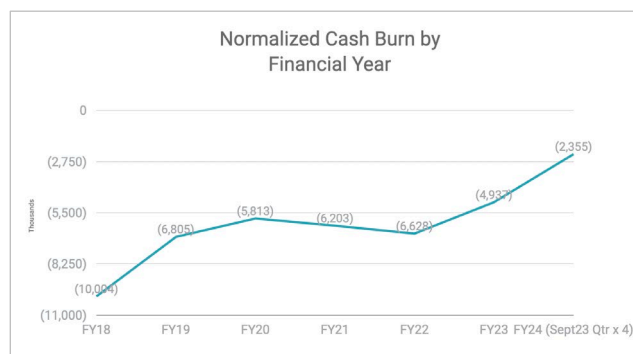


Annual Growth in TTV



Cash

Annual Cash Burn



*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).

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- The business continues to be managed to reduce cash burn via cost management
- Disciplined investment in select high-margin, short term revenue generating projects

September 2023 Cash Balance

- Cash at the end of the September 2023 quarter was \$4.25M
- R&D rebate successfully registered for \$1.0M with payment expected in December 2023
- Collections from customers up 36% compared to the June 2023 quarter
- See supplementary information at the conclusion of this release

Operational Developments

The Company remains focused on the following key projects that will deliver higher margin trading in the large markets over the short term.

KEY PROJECT	SEPT 2023 QUARTER HIGHLIGHTS	UPCOMING ACTIVITIES
German Market (CTV & Video*)	<ul style="list-style-type: none"> • IPG has initiated multiple trades • 16 CTV & Video* publishers now on board 	<ul style="list-style-type: none"> • First trades via 2nd agency group • Enhanced CTV* workflow to be released November 2023 to drive scaled trading
UK Market	<ul style="list-style-type: none"> • Onboarding of additional publisher requested by GroupM • Access to scaled DE&I (Diversity, Equality & Inclusion) inventory secured via publisher partnerships 	<ul style="list-style-type: none"> • Expected trading via DE&I and standard GroupM marketplaces • Additional luxury publisher supply to be added to support growth from key buyer Mobkoi
US Market (IPG / Orion)	<ul style="list-style-type: none"> • Client discussions continue to focus on Orion trading as short-term IPG priority 	<ul style="list-style-type: none"> • Anticipated growth in Orion trading via existing marketplace • Exploration of extension opportunities in non-US markets
Australian Market	<ul style="list-style-type: none"> • Record TTV activity in Sept '23 quarter • Additional independent agencies added to marketplace 	<ul style="list-style-type: none"> • Project to drive monetisation rate in AU underway • Further independent agencies expected to be added in Dec '23 quarter
Cookie Deprecation	<ul style="list-style-type: none"> • Strategic plan to maximise opportunity from decline of 3rd party cookie has been developed • Product development requirements informed by clients 	<ul style="list-style-type: none"> • Launch and pilot of new capabilities with Tier 1 agencies in US market expected in December '23 quarter

* **CTV & Video** includes "Connected Television (CTV)" advertising, ie. video ads delivered via a streaming service (eg. Netflix, Hulu, Apple TV+, Disney+, Amazon Prime, Stan, Binge, Kayo, etc.) to a smart TV set (eg. 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 (eg. iPads), smart phones (eg. iPhone), etc.

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Adslot Media Take Rate by Region

The Company notes that average take rates (% charged to publishers for monetised TTV) will vary by geographical market;

- Take rates vary to reflect differing market structures and use cases.
- Higher margin markets may have average take rates up to three times higher than that of lower margin markets, depending on the use case deployed
- Highest margin markets for *Adslot Media* remain Germany, the UK and the US

Symphony

- The annualised value of media managed by the Symphony platform was \$6.3B, a decline of 7% on the prior quarter due to expected seasonal variances, and foreign exchange movements.
- The Company is in discussions with multiple agency groups re potential Symphony developments, which if successful would grow Symphony license fees over the midterm.

Conclusion

The impending decline of 3rd party cookies, due to Google's deprecation of support in the Chrome browser, will have profound impacts on the digital media industry. Adslot is well placed to exploit this opportunity as buyers and sellers seek to better leverage their proprietary data assets and seek trading methods without the substantial cost of the current programmatic media ecosystem. The growth of TTV on the Adslot platform, including that yet to be monetised, reflects this impending change which will accelerate in the year to come. In particular, the Company expects to see that change reflected in TTV growth in markets with higher average take-rates.

Please see our website for white papers on the implications of these changes that are occurring to the industry.

The Company will provide a further update on industry developments and Adslot's response at the upcoming Annual General Meeting.

Supplementary Information:

Quarterly Cashflow Commentary

The September 2023 quarter, cash receipts from customers at \$3.82M were \$1.01M or 36% higher on the previous quarter's receipts of \$2.81M and 2% or \$98k lower than the September 2022 quarter collection of \$3.92M.

Net cash outflows from operating activities for the quarter were \$0.22M, an improvement of 60% or \$0.33M on the previous quarter (June 2023: net cash outflow \$0.55M).

In the September 2023 quarter, total salary costs were \$2.38M, flat on the previous quarter (June 2023: \$2.40M) and \$0.34M or 13% lower than the prior corresponding period (September 2022: \$2.72M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$4.93M is \$0.68M or 16% higher than the previous quarter (June 2023: \$4.25M). This increase is mainly due to \$0.86M higher publisher payouts which corresponds with higher cash receipts from customers. Other outflows remain low driven by cash management and cost reduction strategies currently being implemented in addition to the strategies announced in August 2022 and March 2023. Ongoing cash outflows for the September 2023 quarter excluding publisher payments at \$3.35M are 8% or \$0.29M lower than September 2022 quarter. This represents an approximate annualized cost savings of \$1.14M.

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 30 September 2023, after which time it will reassess whether continued deferrals are appropriate.

As previously disclosed, the Company raised \$4.25M (less costs) via a placement of \$1.1M and an entitlement offer of \$3.15M. The placement was concluded in June 2023 with funds received in the June 2023 quarter. The entitlement offer was successfully closed on June 29, 2023, with \$3.15M received in early July 2023.

On 15 September 2023, the Company announced the completion of the buyback of unmarketable parcels of ordinary shares in the Company offer. Cash outflows of \$0.21M for the buyback scheme is included under financing activities.

Cash at the end of the September 2023 quarter was \$4.25M.

The FY2023 R&D claim (\$0.98M) has been successfully registered with Innovation and Science Australia in early October 2023 and is expected to be paid in the current December 2023 quarter.

The announcement was authorised for release by the Board of Adslot Limited.

- 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.

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")

30 September 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	3,819	3,819
1.2 Payments for		
(a) staff costs	(1,632)	(1,632)
(b) research and development	-	-
(c) publishers	(1,582)	(1,582)
(d) other cost of sales	(308)	(308)
(e) advertising and marketing	(9)	(9)
(f) other working capital/overheads	(495)	(495)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(20)	(20)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(220)	(220)
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	(747)	(747)
(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)	-	-
2.6 Net cash from / (used in) investing activities	(747)	(747)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3,154	3,154
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	0	0
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(498)	(498)
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)	(210)
3.9b Other (Leased assets)	(140)	(140)
3.10 Net cash from / (used in) financing activities	2,306	2,306

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,875	2,875
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(220)	(220)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(747)	(747)

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)	2,306	2,306
4.5	Effect of movement in exchange rates on cash held	36	36
4.6	Cash and cash equivalents at end of period	4,250	4,250

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	1,985	2,413
5.2	Call deposits	2,265	462
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)	4,250	2,875

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	109
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)	(220)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,250
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,250
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	19.3
<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 October 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.