

# Equity Raising Presentation

April 2022

**Adslot.**

# Executive Summary

## AN OPPORTUNITY TO INVEST AT HISTORICALLY LOW PRICES.

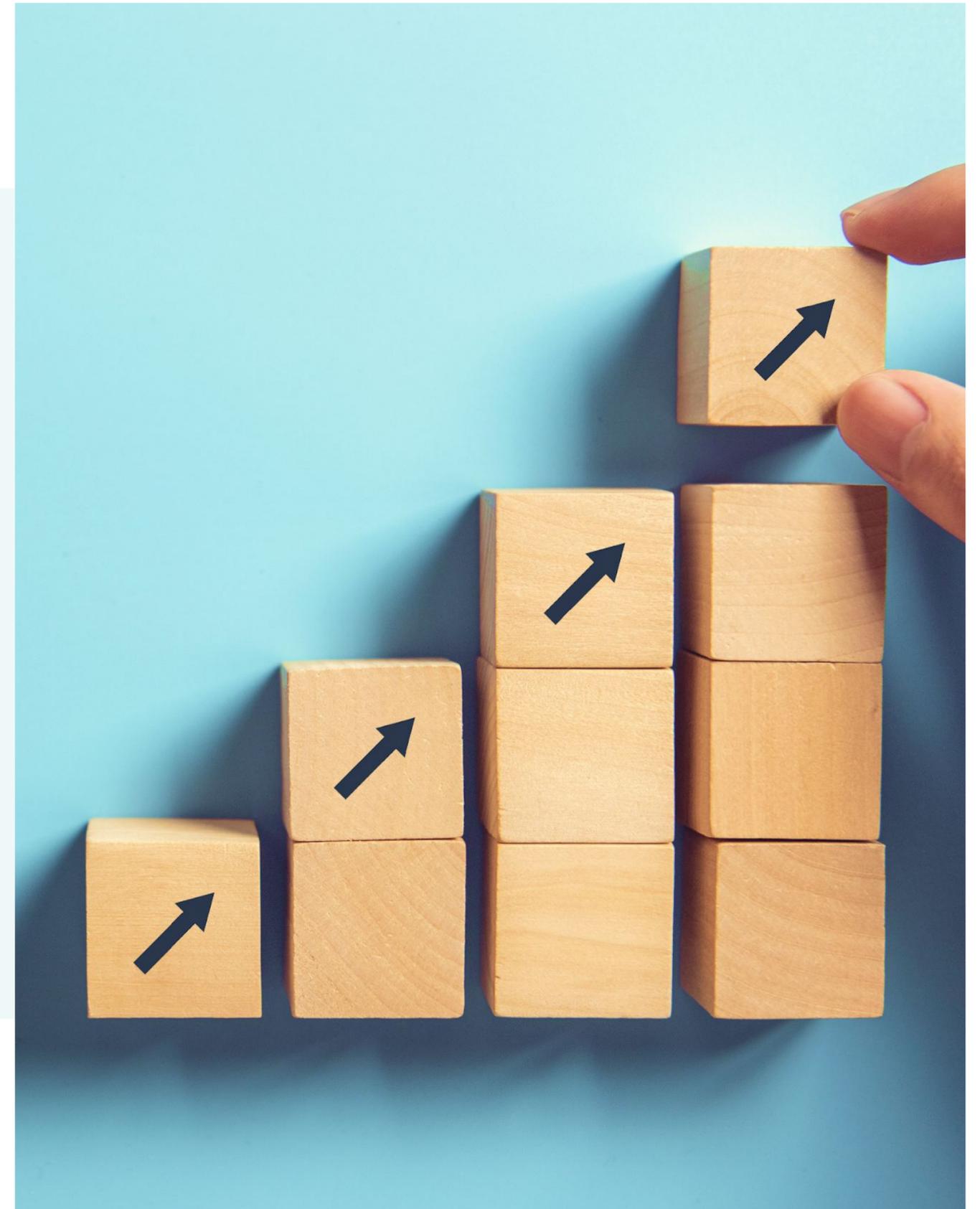
- ✓ We have built smart tech; validated by the biggest global players at a time when the flight to quality across the media industry is accelerating
- ✓ Key projects are in activation that have the potential to change the scale of our business while exploring options with a strategic review
- ✓ Recently signed a 2-year trading agreement with GroupM, the world's largest buyers of media
- ✓ Activation underway with global media group IPG for marketplace dedicated to the highly valuable US pharmaceutical market
- ✓ Our revenue and EBITDA results are moving in the right direction, with continued growth to come from activation of contracted clients
- ✓ The board believes that the current share price doesn't reflect the true value of the business either stand alone or as a sum of parts
- ✓ We are seeking capital to fund our organic growth trend and strengthen our position to execute our strategic review

# Realising True Value

**THE BOARD BELIEVE THE CURRENT SHARE PRICE DOES NOT REFLECT THE TRUE VALUE OF THE COMPANY.**

- ✓ ADS has 2 market-leading and validated technology solutions
- ✓ The hard work of securing commercial agreements with the global media organisations has been done
- ✓ Key client activations with IPG and GroupM represent a potential substantial increase on historical trading volumes
- ✓ Stable cost base means revenue increases from trading growth will quickly improve profitability
- ✓ Industry comparable stocks in US trading on greater multiples to media traded\*

\* See Appendix





# Strategic Review

**FOLLOWING RECEIPT OF UNSOLICITED INTEREST, THE BOARD HAS ANNOUNCED A STRATEGIC REVIEW PROCESS WITH THE OBJECTIVE OF MAXIMISING SHAREHOLDER VALUE.**

- ✓ The board believes the value of the underlying business units may be worth substantially more the current market capitalisation
- ✓ US based advisory firm has been engaged to assist with the strategic review
- ✓ Scope will include: review of inbound interest, business unit or whole of business acquisition or divestment, and strategic funding or capital structure alternatives
- ✓ There is no certainty that this review will lead to any particular outcome or transaction

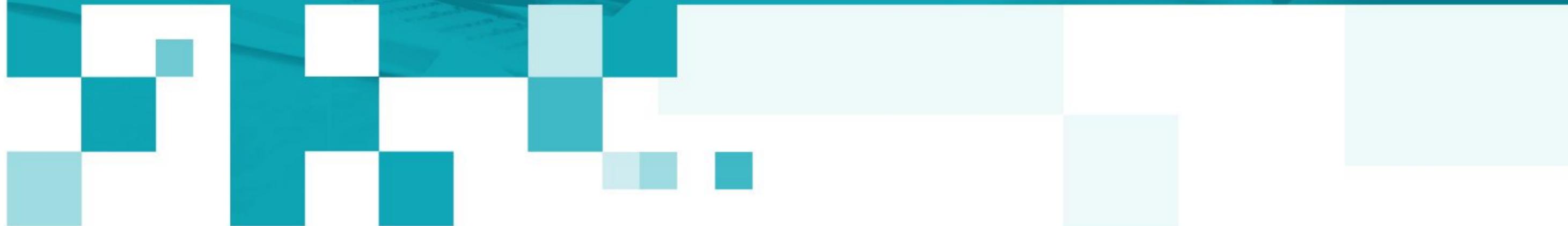
# Equity Raising

THE COMPANY IS SEEKING TO RAISE CAPITAL THAT WILL SEE THE BUSINESS THROUGH THE COMPLETION AND EXECUTION OF ITS STRATEGIC REVIEW TO UNLOCK SIGNIFICANT SHAREHOLDER VALUE.

- ✓ A total of A\$3.8M to be raised from new and existing investors
- ✓ A\$1.8M placement offered to new and existing sophisticated investors
- ✓ A\$2.0M rights issue partially underwritten by directors
- ✓ Directors intend to take up their full entitlement under the rights issue

This is an opportunity to invest at historically low prices in validated technology being rolled out by the largest media companies globally.

# INVESTMENT HIGHLIGHTS



# Overview: Our Business Units & Revenue Models

	Product Description	Primary Revenue Model
<b>Adslot Media.</b>	A global digital media marketplace, enabling media buyers and sellers to trade premium display advertising on a targeted, forward-guaranteed basis (direct buys).	Trading Fees 
<b>Symphony.</b>	A global enterprise SaaS platform, providing digital media buying workflow solutions to the world's largest advertising agencies.	License Fees 

## THE BIG SIX



 Contracted with Adslot

 Interim trading agreement with Adslot

# Adslot Is At An Inflection Point

**CONSIDERABLE PROGRESS HAS BEEN MADE IN SETTING UP THE BUSINESS FOR LONG TERM SUCCESS.**

- ✓ Commercial agreements have been secured with 5 of the 6 largest media buying organisations in the world
- ✓ Approximately 50% of the Comscore Top 50\* publishers (i.e. sellers of media) in the US market have joined the Adslot Media platform
- ✓ Key projects are underway with leading agency groups IPG and GroupM for the use of white-labelled versions of the Adslot Media platform in the US and UK respectively
- ✓ Total Transaction Value (TTV) on the Adslot Media platform in FY2021 increased by over 80% YOY to \$28M
- ✓ Volume of trades on the Adslot Media platform reached record levels in December 2021 quarter

\*EXCLUDES "WALLED GARDEN" PUBLISHERS

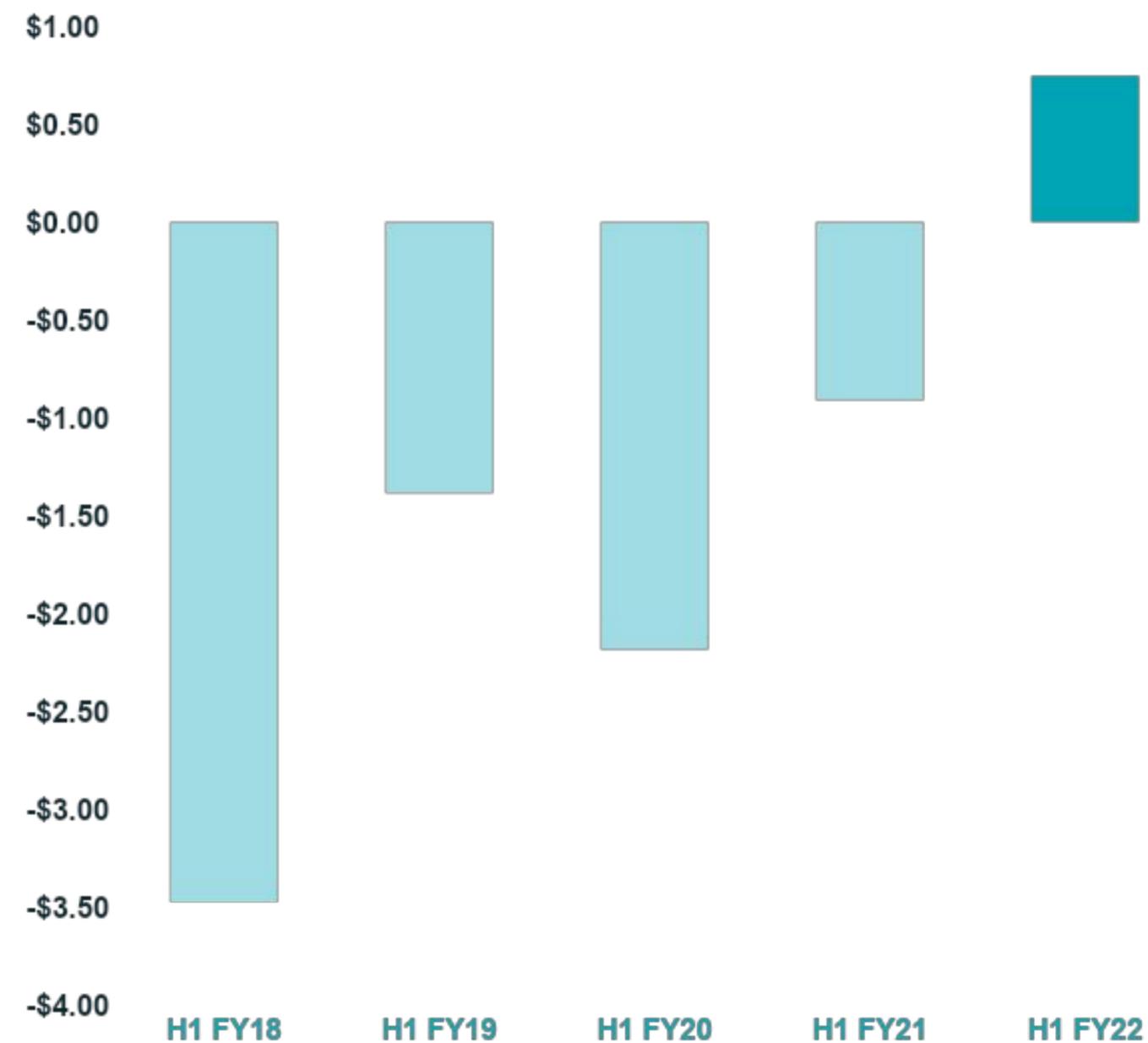
# Business Performance Is Improving

THE FIRST HALF OF FY 2022 SAW IMPROVEMENT IN FINANCIAL PERFORMANCE ACROSS THE COMPANY.

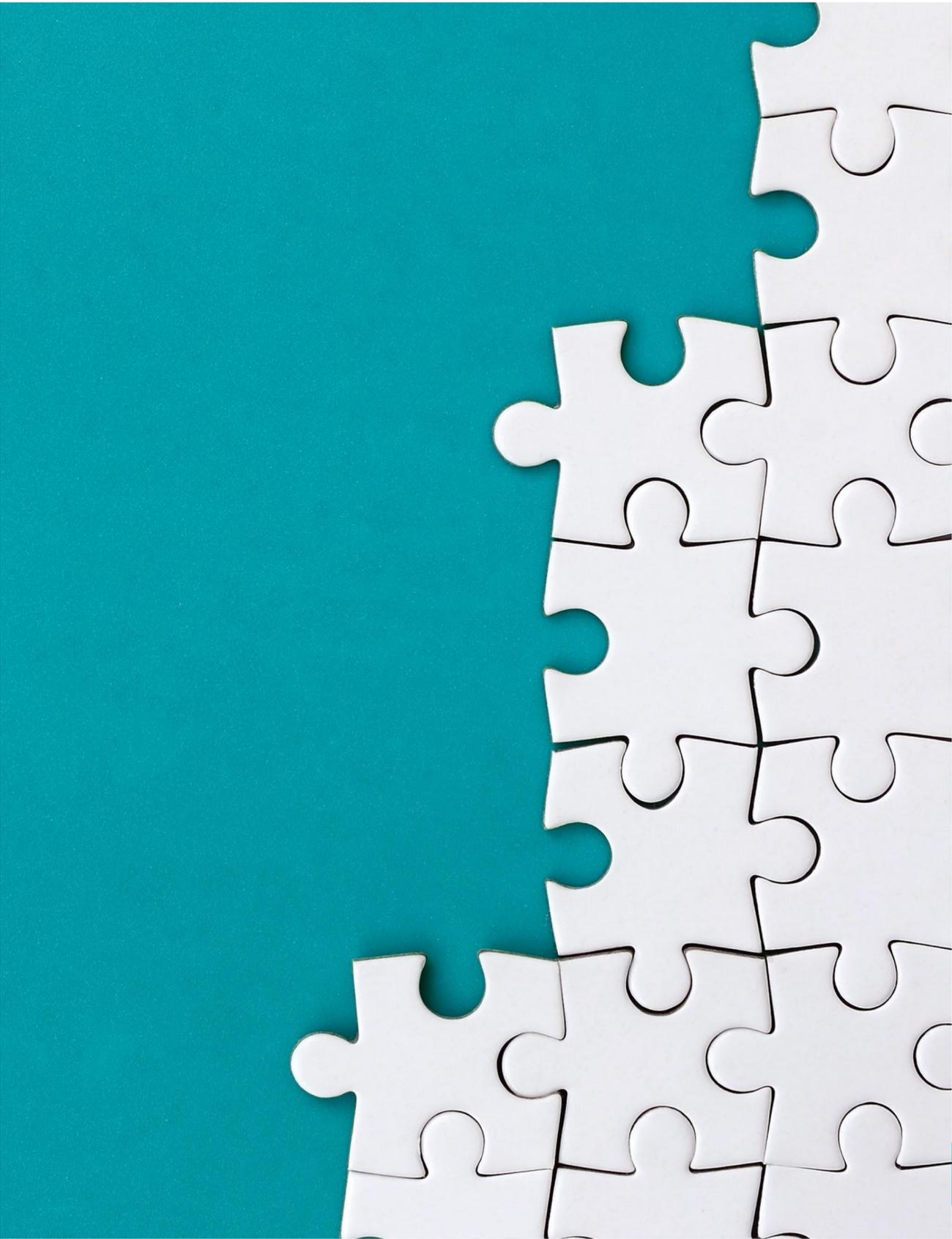
- ✓ Trading Fee revenue up 16% HoH and 2% vs PCP
- ✓ License Fee revenue up 7% HoH and 18% vs PCP
- ✓ Total Trading Technology revenue up 9% HoH and 14% vs PCP
- ✓ Continued reductions in operating costs
- ✓ Improved EBITDA and NPAT performance including EBITDA profit for H1

Note:

- Half on Half (HoH) growth rates referenced are calculated against the last 6 months, being 6 months to 30 June 2021
- Prior Corresponding Period (PCP) growth rates referenced are calculated against the prior Hal Year period, being 6 months to 31 December 2020



**H1 FY22 – Improved EBITDA**



# Industry Trends Are Moving Strongly In Our Favour

**INDUSTRY DEVELOPMENTS ARE ALIGNED WITH OUR STRATEGY TO CONNECT LARGE BUYERS AND SELLERS OF MEDIA RATHER THAN DISINTERMEDIATING THEM.**

- ✓ A flight to quality where media buyers are seeking to trade with an increasingly finite set of premium publishers
- ✓ A need to leverage proprietary data assets as the 3rd party cookie declines in use
- ✓ A desire for agency to “value add” to their clients to differentiate their offering

# We Have Strong Product Validation

**OUR PRODUCTS HAVE BEEN RIGOROUSLY TESTED AND DEPLOYED BY THE LARGEST PLAYERS IN THE MEDIA INDUSTRY.**

- ✓ Over \$86M has been traded via the Adslot Media platform since its inception
- ✓ Trades conducted on behalf of more than 700 advertiser brands in the largest and most sophisticated media markets globally
- ✓ Symphony platform is used to facilitate almost \$8B per annum in critical media transactions across multiple markets around the world.

**The adoption of our products by the largest buyers of media globally, places us at the centre of a revolution in the advertising industry.**



# KEY COMMERCIAL PROJECTS



# Key Project 1: groupM Premium Supply

**IN JULY 2021 THE COMPANY LAUNCHED A PARTNER MARKETPLACE AS A COMPONENT OF GROUPM'S GLOBAL PREMIUM SUPPLY INITIATIVE.**

- ✓ Initial active market is UK with opportunity to expand to additional active markets globally
- ✓ December 2021 quarter trading saw a significant increase in marketplace adoption and led to record TTV for the UK market
- ✓ Additional advertiser and publisher partners are being onboarded in anticipation of growth of trading via the marketplace in 2022

# UPDATE: groupM Premium Supply

ON MARCH 28, 2022 THE COMPANY ANNOUNCED A TWO-YEAR EXTENSION OF ITS PARTNER MARKETPLACE AGREEMENT WITH GROUPM IN THE UNITED KINGDOM.

- ✓ Updated commercial terms include fees which are approximately 50% higher than those of the initial agreement
- ✓ Expectation that the marketplace will be extended to additional markets beyond the UK over the term of the agreement
- ✓ Trading activity in UK expected to scale significantly over 2022 as additional advertiser and publisher partners are onboarded

*“The initial deployment of the Adslot Media platform has been a great success, providing streamlined access to premium publishers and driving greater efficiencies for our clients.”*

**-Robin O’Neill  
GroupM EMEA  
Chief Investment Officer**

# Key Initiative 2: IPG

## Kinesso Health & Wellness

THE COMPANY HAS RECENTLY LAUNCHED A WHITE-LABELED MARKETPLACE FOR KINESSO, THE INNOVATION DIVISION OF THE INTERPUBLIC GROUP OF COMPANIES (IPG).

- ✓ Marketplace customised for the valuable and fast-growing Health and Wellness sector with a focus on pharmaceutical clients in the US market
- ✓ Largest US endemic health publishers have been onboarded including WebMD and Healthline
- ✓ Account team onboarding has commenced and a start to trading is imminent
- ✓ Development of client-funded extensions in capability, including integrations with large programmatic vendors, is underway

The logo for Interpublic Group of Companies (IPG) is displayed in a large, bold, blue font. The letters 'I', 'P', and 'G' are in a lighter shade of blue, while the letter 'G' is a darker shade of blue. The logo is centered within a light blue rectangular background.

# Key Initiative 2: IPG Kinesso Health & Wellness

THE HEALTH & WELLNESS SECTOR (INCL PHARMA) REPRESENTS A SIGNIFICANT OPPORTUNITY FOR HIGH-VOLUME TRADING ON ADSLOT MEDIA.

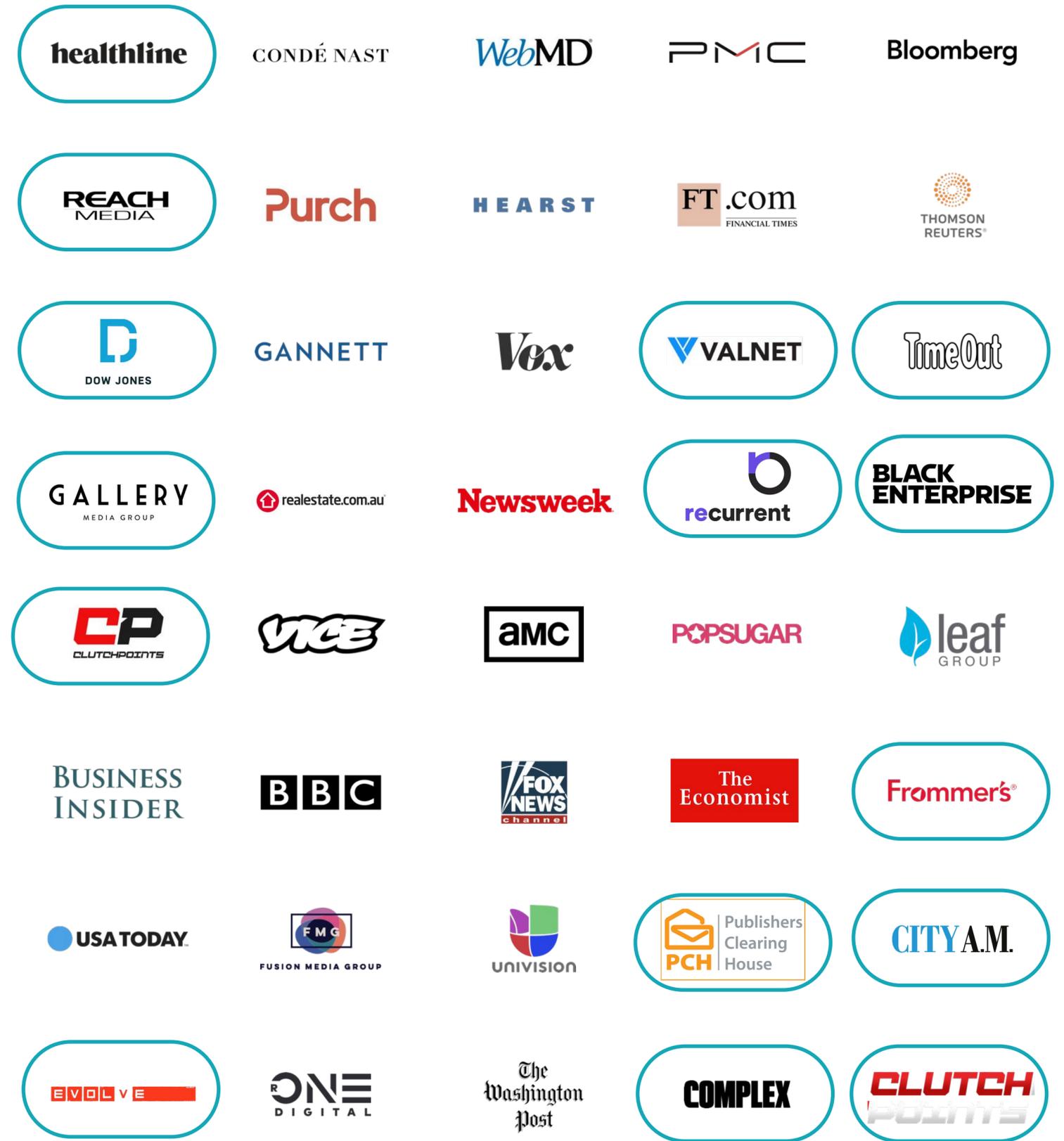
- ✓ IPG / Kinesso clients to be onboarded to the Health & Wellness Marketplace include the largest pharmaceutical advertisers in the US
- ✓ The US Healthcare and Pharmaceutical digital advertising market now exceeds US\$9.53B per annum\*
- ✓ Healthcare and Pharmaceutical advertising now represents over 7% of total US digital advertising spend\*
- ✓ Development of client-funded extensions in capability, including integrations with large programmatic vendors is underway

\*SOURCE: eMarketer, September 30, 2020



\* ADVERTISER BRANDS LISTED ARE CURRENT CLIENTS OF IPG

# Key Initiative 3: Growing Publisher Coverage in Key Markets



\* PARTIAL LIST

= Recently signed

# Our Client Validation Is Scalable and Replicable

THE SUCCESSFUL DELIVERY OF KEY PROJECTS FOR IPG KINESSO AND GROUPEM PROVIDES A BLUEPRINT FOR CONTINUED SCALING OF TRADING:

- ✓ Extension of white-labelled marketplaces to new industry specific verticals following Health & Wellness (ie Automotive, Travel etc)
- ✓ Deployment of marketplaces for IPG and GroupM to countries beyond beachheads in US and UK
- ✓ Offering partner marketplace opportunities to other agency groups with which Adslot already has commercial terms



The background is a teal-colored image featuring several interlocking gears of various sizes. In the background, several hands in business attire are visible, appearing to be working together to assemble or adjust the gears. The overall theme is industrial, mechanical, and collaborative.

# RECENT UPDATES



# Appointment of East Wind Advisors

**THE COMPANY HAS RECENTLY APPOINTED US-BASED INVESTMENT BANKING FIRM EAST WIND ADVISORS TO ASSIST WITH ASPECTS OF ITS PREVIOUSLY ANNOUNCED STRATEGIC REVIEW.**

- ✓ East Wind will assist in the assessment of Assets and Business Units with the belief that the sum of the parts is greater than the current market value of the Company's shares
- ✓ Further activities will include a review of recent inbound interest and assessment of potential strategic options including strategic partnerships, business unit or whole of business acquisitions or divestments and strategic funding or capital alternatives

# Executive Team Update

**THE COMPANY HAS ANNOUNCED A NUMBER OF CHANGES TO THE EXECUTIVE LEADERSHIP TEAM.**

- ✓ US-based director Mr Tom Triscari has been appointed Head of Corporate Development and interim CFO. In this role Mr Triscari will pursue partnership and corporate development opportunities in the US and other markets.
- ✓ Chief Financial Officer, Ms Felicity Conlan will transition to a part-time role from April 2022 and will exit the business during the September 2022 quarter to pursue board directorships and other non-executive roles
- ✓ Mr Mark Licciardo from Mertons Corporate Services will be appointed Company Secretary

# March Quarter Trading

**TOTAL TRANSACTION VALUE (TTV) ON THE ADSLOT MEDIA PLATFORM FOR THE MARCH QUARTER WAS \$5.23M**

- ✓ The March quarter is traditionally the lowest quarter seasonally for media trading in all major markets
- ✓ Following a strong December 2021 quarter, trading via the GroupM UK Partner Marketplace was reduced while contract extension negotiations were concluded
- ✓ Trading activity has accelerated over the March 2022 quarter with TTV for the last 2 weeks of the quarter representing 36% of all trading for the quarter

**The Company anticipates that the continued activation of both the GroupM and IPG Kinesso partner marketplaces will see a substantial increase in trading activity over the remainder of 2022.**

The background is a solid teal color. In the upper half, there is a faint, semi-transparent image of a hand holding a pen, as if writing on a document. In the lower half, there is a faint, semi-transparent image of a financial candlestick chart. The text 'DETAILS OF OFFER' is centered in the middle of the page in a large, white, sans-serif font.

# DETAILS OF OFFER

# Offer Details

<b>Offer Overview</b>	<ul style="list-style-type: none"><li>• \$3.8M capital raising comprising a placement and entitlement offer</li><li>• Entitlement offer underwritten by Venturian Pty Ltd, an entity controlled by Chairman, Mr Andrew Barlow</li></ul>
<b>Placement</b>	<ul style="list-style-type: none"><li>• Placement of 105,882,353 shares to raise \$1.8M offered to new and existing sophisticated and institutional investors</li><li>• Shares issued under the Placement will <u>not</u> be entitled to participate in the Entitlement Offer and will not be underwritten</li></ul>
<b>Entitlement Offer</b>	<ul style="list-style-type: none"><li>• 1 for 17 pro-rata non-renounceable entitlement offer to raise approximately \$2.0M</li><li>• Record date of 7 pm (Melbourne time), 14 April 2022</li><li>• Offer opens 21 April 2022</li><li>• Members of Adslot's Board and Related Parties currently holding 17.7% of shares on issue have committed to take up 100% of their entitlements, representing a total cash commitment of \$0.4M.</li></ul>
<b>Offer Price</b>	<ul style="list-style-type: none"><li>• Offer price of \$0.017 per New Share represents:</li><li>• equal to last closing price</li><li>• 3.5% discount to 30 day VWAP</li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• New shares rank equally in all respects with existing shares</li></ul>

# Sources and Use of Funds

## FUNDS WILL BE USED AS FOLLOWS:

- ✓ To strengthen the balance sheet while the Company conducts its previously announced strategic review and to provide additional working capital in order to maintain current velocity in Adslot Media product development and sales resourcing in anticipation of increased Trading Fee revenues over 2022

Source of funds	\$m (approx.)
Placement	1.8
Rights Issue	2.0
<b>TOTAL</b>	<b>3.8</b>

Uses of funds	\$m (approx.)
US Sales & Marketing	1.2
Adslot Media product development	0.5
Strengthen the balance sheet and provide additional working capital	1.8
Transaction costs	0.3
<b>TOTAL</b>	<b>3.8</b>

# Indicative Timetable

Event	Date
Trading halt	Before 9.30am (Sydney time), Thursday, 7 April 2022
Trading halt lifted Announcement of results of Placement, announce Entitlement Offer, Investor Presentation, s708AA(2)(f) cleansing notice and Appendix 3B lodged with ASX	Before 9.30am (Sydney time), Monday, 11 April 2022
Record Date for Entitlement Offer	7:00pm (Melbourne time), Thursday, 14 April 2022
Settlement of Placement	Tuesday, 19 April 2022
Allotment of New Shares issued under the Placement, cleansing notice and Appendix 2A	Wednesday, 20 April 2022
Entitlement Offer booklet dispatched & entitlement Offer opens	Thursday, 21 April 2022
Entitlement Offer closes (unless extended)	5:00pm (Melbourne time), Tuesday, 3 May 2022
Announcement of results of Entitlement Offer	Friday, 6 May 2022
Allotment of New Shares issued under the Entitlement Offer Appendix 2A lodged with ASX	Tuesday, 10 May 2022

*All dates are indicative only and subject to change at the discretion of Adslot Limited in conjunction with the underwriter.*

# Important Notice and Disclaimer

This Presentation contains summary information about Adslot Limited ABN 70 001 287 510 (**ADS** or the **Company**) and its activities as at Monday, 4 April 2022. It has been prepared in relation to a proposed placement and accelerated non-renounceable entitlement offer of new ordinary shares ("**New Shares**"). The information in this Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in ADS shares. It should be read in conjunction with ADS's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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## **Past performance**

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## **Investment risk**

An investment in ADS shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. ADS does not guarantee any particular rate of return or the performance of the ADS shares.

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This Presentation contains certain references to forecasts, estimates, assumptions and other forward-looking statements and statements regarding the intent, belief or current expectations of ADS. 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 Presentation 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.

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## **Financial data and H1 FY2022 results**

All references to dollars (\$) and cents are to Australian currency, unless otherwise stated. This presentation includes financial information for Adslot in relation to the half year ending 31 December 2021 (H1 FY2022) that has been subject to a half year review by Adslot's external auditors.

## **Market and industry data**

This Presentation contains data relating to the industries, segments and markets in which the Company operates (**Industry Data**). Unless otherwise stated, this information has been prepared by ADS using both publicly available data and its own internally generated data. ADS's internally generated data is based on estimates and assumptions that the directors and management of the Company believe are reasonable. In addition to the Industry Data, the Presentation contains third party market data, estimates and projections. There is no assurance regarding the accuracy of such information and the third party information, and the Industry Data, has not been independently verified by ADS.



# KEY RISKS

# Key Risks

This section discloses some of the key risks attaching to an investment in Adslot. Before investing or increasing your investment in Adslot, you should consider whether this investment is suitable for you having regard to publicly available information and your personal circumstances and following consultation with your professional advisors. The risks in this section are not, and should not be considered to be or relied on as, an exhaustive list of risks relevant to an investment in Adslot. The risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.

## **Failure to retain existing customers and attract new customers**

Adslot's business depends on its ability to retain existing customers and growth depends on its ability to attract further business from existing customers and to attract new customers.

There is a risk that customers reduce the use of the Adslot online platforms, such as the Symphony workflow software or the Adslot Media trading platform, for example, in terms of the number of users, number of modules, value of advertising spend transacted and volume of transactions, which results in a reduction in the level of licence fees and trading revenue payments. There is a risk that they cease to use the Symphony workflow software or the Adslot Media trading platform at the end of any contracted periods. Therefore, there is a risk that if customers terminate their contracts, or reduce their usage of Adslot's software or trading platforms, Adslot's revenue, including revenue characterised as recurring revenue, could decrease. There is also a risk that existing customers fail to expand their use of Adslot's software or trading platforms or that new customers fail to select Adslot's software or trading platforms for their businesses.

If customers do not continue to use Adslot's software or trading platforms and/or decrease their use over time, and if new customers do not choose to use Adslot's software or trading platform, growth in revenue may slow, or revenue may decline.

## **Decline in advertising volumes and economic conditions**

A decline in regional and global advertising volumes or recessionary economic conditions, including in the advertising services market, may adversely affect financial performance. Customers are media buying groups, advertising agencies and online publishers whose business operations depend on regional and global advertising activities which can be closely linked to regional and global economic activity.

## **Adslot operate in a competitive industry**

Adslot competes against both other digital advertising software and/or trading platform providers and should they develop in-house software and trading platforms of their own, customers' in-house IT departments. Some existing and potential competitors have more resources than Adslot.

Competitors could increase their competitive position, or Adslot may fail to anticipate and respond to technology changes as quickly as its competitors, competitors may expand their product offering, and new competitors could develop products which compete with Adslot products.

# Key Risks

## **Reliance on Symphony and Adslot Media trading platform and failure to adequately maintain and develop it**

Adslot's business model depends on an ability to continue to ensure that customers are satisfied with the Symphony workflow software and the Adslot Media trading platform. There is a risk that Adslot may fail to maintain the Symphony workflow software and the Adslot Media trading platform adequately, or that updates may introduce errors and performance issues, causing customer satisfaction in the Symphony workflow software or Adslot Media trading platform to fall. Any of these factors may result in reduced sales and usage, loss of customers, damage to Adslot's reputation, an inability to attract new customers and potentially claims for compensation.

Future revenue and growth also depends on an ability to develop enhancements and new features and modules for the Symphony workflow software and the Adslot Media trading platform so that they continue to meet customer needs, attract new customers and generate additional revenue from increased usage. There is a risk that the development and introduction of new features and modules does not result in a successful outcome for various reasons.

## **Failure to realise benefits from product development costs**

Developing software and trading platform technology is expensive and the investment in the development of these product offerings often requires an extended period to achieve a return on investment. An important element of Adslot's corporate strategy is to continue to make investments in innovation and related product opportunities. Adslot believes it must continue to dedicate resources to innovation efforts to develop the software and trading platform product offerings and maintain a competitive position. However, Adslot may not receive significant revenues from these investments for a material period, or may not realise such benefits at all.

## **Reliance on third party IT suppliers**

Adslot relies on certain contracts with third party suppliers to maintain and support its IT infrastructure. In particular, Adslot relies on contracts with tier one solution providers for the provision of cloud hosted database, development platform, software or trading platform infrastructure. If contracts with key suppliers are terminated or suffer a disruption for any reason, this could materially adversely impact operations and financial performance.

## **Disruption or failure of technology systems**

Both Adslot and its customers are dependent on the performance, reliability and availability of technology platforms, data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which products are provided). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber attacks or other disruptions including natural disasters, power outages or other similar events.

# Key Risks

## **Security breach and data privacy**

Adslot products involve the storage and transmission of customers' confidential and proprietary information, including intellectual property, confidential business information, information regarding their customers, and other confidential information.

Adslot's business could be materially impacted by security breaches of customer's data and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data.

## **Ability to attract and retain key personnel**

Adslot's success is dependent upon the retention of key personnel, in particular members of the senior management and product teams. In addition, Adslot needs to attract and retain highly skilled software development engineers.

Competition for such personnel is intense. There is a risk that Adslot may not be able to attract and retain key personnel or be able to find effective replacements for them in a timely manner. The loss of such personnel, or any delay in their replacement, could materially adversely impact Adslot's ability to operate the business, achieve growth strategies and secure prospects, including through the development and commercialisation of new products or modules.

## **Country/region specific risks in new and/or unfamiliar markets**

As Adslot expands its presence in new international jurisdictions it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including (i) unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements, (ii) less sophisticated technology standards; (iii) difficulties engaging local resources; and (iv) potential for political upheaval or civil unrest. As Adslot enters newer and less familiar regions there is a risk that it fails to understand the laws, regulations and business customs of these regions.

## **Failure to protect intellectual property rights**

The value of the Adslot brand and products is dependent on an ability to protect intellectual property, including business processes and know-how, copyrights and trademarks. There is a risk that Adslot may be unable to detect the unauthorised use of its intellectual property rights in all instances. Further, actions taken to protect intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of intellectual property and proprietary information. Breach of intellectual property may result in the need to commence legal action, such as infringement or administrative proceedings, which could be costly, time consuming and potentially difficult to enforce in certain jurisdictions and may ultimately prove unfavourable. Failure to protect intellectual property rights could have an adverse impact on operations and financial performance.

# Key Risks

## General risks

Adslot is exposed to a number of other general business risks including risks relating to breach of third party intellectual property rights, failure to keep abreast of changes in political and regulatory environments, foreign exchange, potential litigation and certain investment risks.

The following risks have been identified as being key risks. These risks have the potential to have a significant adverse impact on Adslot which may in turn affect the financial position, prospects and price of its listed securities. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, others can be covered by insurance, but some are outside the control of Adslot and cannot be mitigated or insured against.

## Economic conditions

The economic condition of both domestic and global markets may affect the performance of Adslot. Factors such as fluctuations in currencies (including exchange rates), commodity prices, inflation rate, interest rates, supply and demand and industrial disruption may have an impact on operating costs and therefore future possible revenues and the share market price.

## Dilution

Adslot shareholders will be diluted by the issue of New Shares under the Placement and Entitlement Offer.

## Future capital requirements

The continued operations of Adslot may be dependent on its ability to obtain financing through debt, equity financing or capital raising. There is a risk that Adslot may not be able to access capital for working capital, future projects or developments due to factors beyond its control which could have a material adverse impact on Adslot's business and financial condition.

## Foreign exchange risks

A proportion of Adslot's revenues, costs, assets and liabilities are denominated in currencies other than Australian dollars. Exchange rate movements affecting these currencies may impact the income statement or assets and liabilities of Adslot, to the extent the foreign exchange rate risk is not hedged or not appropriately hedged.

## Taxation

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Adslot shares, or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Adslot operates, may impact the future tax liabilities of Adslot.

# Key Risks

## Asset impairment

As a consequence of the global financial crisis, ASIC has specifically identified impairment of assets as an issue for Australian companies. Consistent with Australian Accounting Standard AASB 136 Impairment of Assets, Adslot is periodically required to assess the carrying value of its non-current assets, including its brands and goodwill. Where the recoverable amount of an asset is assessed to be less than its carrying value, Adslot is obliged to recognise an impairment charge in its income statement. Impairment charges can be significant and can reduce the level of a company's profits and, potentially, its capacity to pay dividends. Impairment charges are a non-cash item.

## Business factors

The continuing economic viability of Adslot will be dependent on managing risk factors normally found in conducting a business, including management of contractual risks, litigation due to breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise), loss of services of key management or operational personnel or change in tax and accounting laws.

There can be no assurance that parties with whom Adslot has entered into commercial arrangements will adhere to the terms of the contracts and arrangements. There is the potential of material failure by or insolvency of any customer or supplier used by Adslot in any of its activities. Such being the case, this could cause disruption to the operations of Adslot. Adslot is unable to predict the risk of insolvency or other managerial failure by any of its customers or suppliers or other service providers used by Adslot.

All of the mentioned business factors could have a material adverse effect on the results of the operations or the financial condition of Adslot.

## Change in accounting policy

Adslot is subject to the usual business risk that there may be changes in accounting policies which impact Adslot.

## Share market conditions

Securities listed on a stock market can experience price and volume fluctuations that are often unrelated to the performance of the company. General factors that may affect the market price of Adslot shares include economic conditions, both locally and internationally, the global security situation, the possibility of terrorist disturbances and changes in government legislation or policy.

## Covid 19

The COVID-19 pandemic has created an unprecedented level of uncertainty. Although the current impact to Adslot's operations, and demand for its services, is not significant, the evolution of the pandemic and any reimposition or extension of restrictions, including further lockdowns, increased restriction of workforce movement, increased safety protocols, and reduction in demand from Adslot's customers, may negatively impact Adslot's operations in the future.

# FOREIGN SELLING RESTRICTIONS

# Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **European Economic Area - Germany, Luxembourg and Netherlands**

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;

to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or

to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

# Foreign Selling Restrictions

## France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

# Foreign Selling Restrictions

## Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(I) of the Prospectus Regulations.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

# APPENDICES

# Industry Comparable Stocks

Company		Market Cap (\$ millions USD)	TTV FY21 (\$ millions USD)	Net Revenue FY21 (\$ millions USD)	Take-Rate %	TTV Multiple
<b>Buy-side</b>						
TTD	The Trade Desk	\$35,412	\$6,200	\$1,200	19%	5.71x
<b>Sell-Side</b>						
MGNI	Magnite**	\$1,833	\$3,343	\$468	14%*	0.55x
PUBM	Pubmatic*	\$1,436	\$1,621	\$227	14%*	0.89x

\*MGNI and PUBM do not disclose TTV.

MGNI stopped disclosing TTV after 2019 when take-rates were disclosed at 14%.

See MGNI 10-K, 2019, Page 12.

\*\* See Yahoo Finance for multiples

\*\* Based on WPP, PUB>PA, OMC <https://investor.rubiconproject.com/static-files/24f747a4-449a-403f-8332-2aa5c436779f> and IPG trading multiples as agency service businesses

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# Thank you.

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**Adslot.**