

ASX Announcement

29 April 2022

## Q3 FY22 Activity Report

- Adslot Media Update:
  - *Adslot Media* TTV of \$5.23M in seasonally lowest quarter for media trading
  - Two-year trading agreement signed with GroupM, the world's largest buyer of media
  - Activation activities for Health, Wellness and Lifestyle marketplace for IPG / Kinesso continue with trading now expected to commence during the current quarter
- Symphony Update:
  - Annualised value of media managed on the *Symphony* platform of \$6.89B
  - Roll out of integrated *Symphony – Adslot Media* solution in Australia continues
- Cash Position
  - Cash balance of \$5.04M at end of March 2022 quarter
  - Cash receipts from customers up by 46% compared to prior quarter
  - Successful completion of \$1.8M placement in April 2022
  - Announcement of \$2.0M fully underwritten rights issue to close in May 2022

Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the March 2022 quarter.

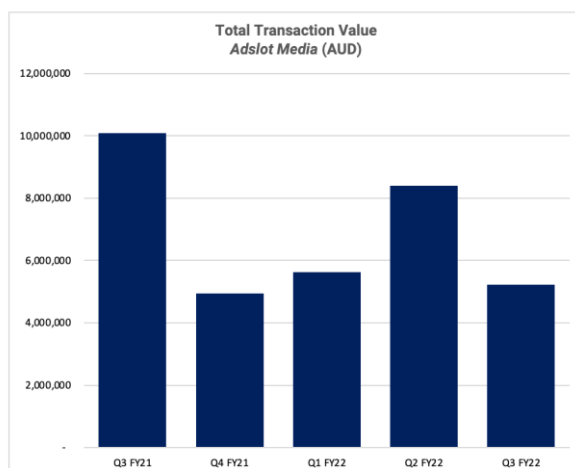
### *Adslot Media Update*

#### Trading Activity: *Adslot Media*

Total Transaction Value (TTV) for the March 2022 quarter was **\$5.23M**, a decrease of 38% compared to the December 2021 quarter and a decrease of 48% compared to the prior corresponding period (March 2021).

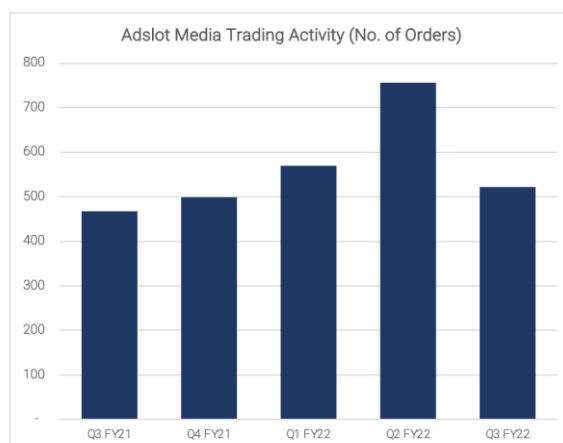
Decreases in TTV were driven by a combination of expected seasonality in the March quarter and a temporary pause in activity from GroupM UK during the negotiation of a long-term extension to their white-labelled marketplace agreement.

Trading activity from GroupM UK recommenced during March 2022 following the execution of an extension to that agreement and the Company notes that over 35% of the value of quarterly trading occurred in the last 2 weeks of the quarter.



## Volume of Trades

There were **522** trades in the March 2022 quarter, representing a 31% decrease quarter-on-quarter, and a 12% increase when compared to the prior corresponding period.



## Key Projects Update

The Company is pleased to provide an update on the following key *Adslot Media* projects:

- **GroupM UK**
  - In March 2022, the Company signed a two-year extension to its trading agreement with GroupM enabling access to a white-labeled instance of the *Adslot Media* platform in the United Kingdom;
  - Updated commercial terms include fees which are approximately 50% higher than those of the initial agreement;
  - It is expected that the marketplace will be extended to additional markets beyond the UK during the term of the agreement; and

- Trading activity in the UK is expected to grow significantly over 2022 as additional advertiser and publisher partners are onboarded.
- **Kinesso – Health, Wellness & Lifestyle marketplace**
  - Phase 1 of the Health, Wellness and Lifestyle marketplace for Kinesso (a subsidiary of IPG) is now live, allowing the trading of specifically curated health and wellness activity across a nominated group of premium publishers including leading US endemic healthcare publishers WebMD and Healthline;
  - Training and onboarding activities across multiple account teams for Kinesso continued during the March 2022 quarter in anticipation of the commencement of trading. Training and onboarding have occurred for more than ten account teams supporting pharmaceutical and healthcare clients at various IPG agencies.
  - Whilst trading has yet to commence, the Company expects this to occur during the June 2022 quarter with activity expected to scale substantially over the remainder of 2022.
  - During the March 2022 quarter, development activities commenced delivery of Phase 2 of the marketplace which will incorporate health and wellness trading capabilities for additional programmatic media types and external technology vendors.

## Outlook

During the March 2022 quarter the Company maintained its focus on key milestones associated with partner marketplaces under development for GroupM and IPG / Kinesso in the UK and USA respectively. Significant progress was made on both marketplaces during the quarter to facilitate the commencement and scaling of trading:

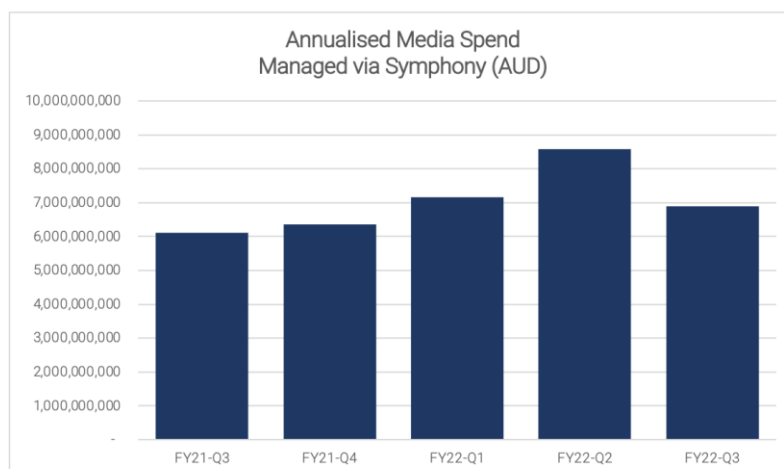
- The execution of a two-year contract extension with GroupM UK and the recommencement of trading in late March 2022;
- A substantial increase in training and activation activities with individual account teams across IPG for the Health % Wellness Marketplace.

The Company maintains its belief that these demand-side partner marketplaces represent the most substantial opportunity for significant trading on the *Adslot Media* platform that it has yet seen. In addition, the Company has furthered discussions with additional agency holding companies regarding similar white-labeled partner marketplaces.

The Company believes activities to date leave it well placed to substantially grow trading activity in the remaining quarters of calendar year 2022.

## **Symphony Update**

Total annualised media spend managed by *Symphony* for the March 2022 quarter was **\$6.89 Billion**, a decrease of 20% when compared to the December 2021 quarter and an increase of 13% when compared to the prior corresponding period (March 2021 quarter). Declines in annualised media spend were in line with historical seasonality for the March quarter.



Note: Annualised Media Spend is calculated by multiplying the quarter's media spend by 4

## Strategic Review

### Appointment of East Wind Advisors

On April 4, 2022, the Company announced the appointment of East Wind Advisors to assist with its previously announced strategic review. East Wind Advisors are a New York-based boutique investment bank and advisory firm, with a deep experience in the media industry. The scope of work includes a review of recent inbound interest and assistance with those discussions as well as an assessment of potential strategic options in the US, including strategic partnerships, business acquisitions, divestment of individual business units or the entire business; and strategic funding and capital structure alternatives.

## Quarterly Cashflow Commentary

On 11 April 2022 the Company announced to the market details of a \$3.8M capital raise; through a Share Placement of \$1.8M (funds received in April) and a fully underwritten Entitlement Offer of approximately \$2.0M (to be finalised, and funds received, in May). Transaction costs of approximately \$0.3M are expected to be paid in the June quarter.

For the March 2022 quarter, cash receipts from customers were \$5.44M, an increase of \$1.72M or 46% from the previous quarter's receipts of \$3.73M.

During the March, quarter the Company received the FY2021 R&D claim of \$1.11M and the FY2016 R&D claim of \$1.51M (full and final settlement following the resolution of the appeal to the Administrative Appeals Tribunal (AAT)).

Of the \$2.62M R&D Claim receipts in the quarter, \$0.73M are categorized under Government grants and tax incentives within Cash flows from operating activities. The balance \$1.88M are under intellectual property within Cash flows from investing activities.

Net cash inflows from operating activities for the quarter were \$0.97M, a \$1.36M improvement from the previous quarter (December 2021: net cash outflow \$0.40M). Disregarding government grants and tax incentives received; the net cash inflows from operating activities were \$0.23M, an improvement of \$0.81M.

In the March 2022 quarter, total salary costs were \$3.06M, an increase of \$0.21M or 7% from the previous quarter (\$2.85M). \$0.16M of the increase was due to the Company making use of 2021 payroll tax deferrals available in NSW & Victoria. The Company settled those differed payroll tax obligations in March 2022 quarter. Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$6.33M represented an increase of \$0.94M or 17% from the previous quarter (December 2021: \$5.39M). In addition to the salary cost increase, this increase is primarily driven by an increase in publisher payments of \$0.61M on the previous quarter.

The operating cash outflow included related party costs of \$0.16M for directors' remuneration.

Cash at the end of the March 2022 quarter was \$5.04M.

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For further enquiries, please contact:

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## About Adslot

Adslot's mission is to automate the trading of forward guaranteed display advertising, referred to as automated guaranteed. Our leading technology is a purpose-built, global media trading platform. Adslot benefits a global community of media buyers and sellers, including media agencies, publishers and advertisers, by providing trading efficiencies and effectiveness made possible only via technology, and by doing so the basis on which the \$80B online display advertising industry will realise its full growth potential.

Adslot is a global organisation with operations in North America, Europe and Asia Pacific and is headquartered in Australia.

## Future performance

This Announcement contains certain references to forecasts, estimates, assumptions and other forward-looking statements and statements regarding the intent, belief or current expectations of The Company. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this Announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Announcement contains such statements, which are subject to risk factors associated with an investment in The Company. The Company believes that these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause actual results, performance or achievements of The Company to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Announcement.

## Appendix 4C

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

**Name of entity**

ADSLOT LTD

**ABN**

70 001 287 510

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

31 March 2022

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		5,445	12,761
1.2 Payments for			
(a) staff costs		(2,127)	(6,288)
(b) research and development		-	-
(c) publishers		(2,243)	(5,404)
(d) other cost of sales		(420)	(1,122)
(e) advertising and marketing		(2)	(4)
(f) other working capital/overheads		(407)	(1,211)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		7	8
1.5 Interest and other costs of finance paid		(19)	(62)
1.6 Income taxes received/ (paid)		-	-
1.7 Government grants and tax incentives		735	912
1.8 Other (provide details if material)		-	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>969</b>	<b>(410)</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		(28)	(58)
(d) investments		-	-
(e) intellectual property		956	(670)
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>928</b>	<b>(728)</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	-	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(177)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Leased assets)	(159)	(465)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(159)</b>	<b>(650)</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	3,411	6,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	969	(410)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	928	(728)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(159)	(650)
4.5	Effect of movement in exchange rates on cash held	(114)	(4)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>5,035</b>	<b>5,035</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	4,619	2,993
5.2	Call deposits	416	418
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>5,035</b>	<b>3,411</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	161
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.</i> <i>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 (i)	-	-
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>		-
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.</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)	969
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,035
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,035
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  <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>	N/A
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.

29 April 2022

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.