

ASX Announcement

29 July 2022

Q4 FY22 Activity Report

- Adslot Media Update:
 - Trading commenced on the IPG / Kinesso Health & Wellness Marketplace in the US
 - GroupM Premium Supply initiative re-launched and resumed trading in the UK
 - Integrated *Symphony* – Adslot Media solution successfully launched in Australia
 - TTV increased 19% in June 2022 quarter to \$6.23M
- Symphony Update:
 - Annualised value of media managed on the *Symphony* platform increased to \$7.06B per annum
- Cash Position
 - Cash balance of \$6.0M at end of June 2022 quarter
 - Successful completion of \$3.8M placement during June 2022 quarter

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

Adslot Media Update

IPG / Kinesso

The Company is pleased to announce that trading on the IPG / Kinesso Health & Wellness (H&W) marketplace commenced in July 2022.

- Activity on the H&W marketplace will encompass standard Automated Guaranteed (AG) trading directly with Adslot's partner publishers as well as trading of programmatic (Deal ID) inventory via recently developed integrations with leading programmatic vendors;
- AG trading revenue will be generated via a percentage of media spend charge;
- Deal ID trading revenue is expected to be generated via a SaaS model currently under negotiation with IPG;
- Trading of both AG and Programmatic (Deal ID) placements is expected to increase in the current (September 2022) quarter;
- The Company expects to initiate trading on a second vertical marketplace for IPG / Kinesso in the December half.

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GroupM UK

The Company is also pleased to announce a successful relaunch of GroupM's Premium Supply Marketplace following a contract extension and commercial renegotiation completed in March 2022.

- Trading activity on the Premium Supply Marketplace recommenced in July 2022 with advertiser Tesco. Other leading advertisers to launch progressively in the December half;
- The Company remains confident that trading volumes will increase progressively over this December half.

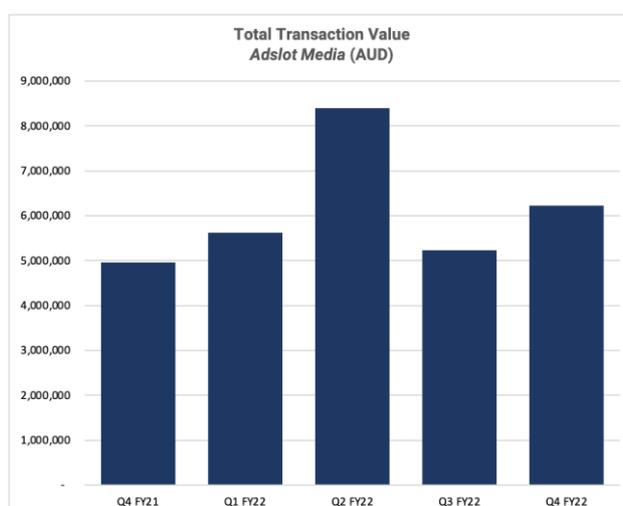
Symphony – Adslot Media Integration (Australia)

The Company confirms that it successfully launched an integrated deployment of its *Symphony* and *Adslot Media* platforms to the Australian market in the June 2022 quarter.

- Australia becomes the second active market for the integrated solution following a long-standing deployment in Austria;
- The integrated solution enables existing *Symphony* users to access *Adslot Media* functionality within the existing *Symphony* workflow;
- The Company will progressively activate publishers on to the integrated solution during the December half;
- Some publishers, particularly legacy *Symphony* publisher partners, will be activated on a SaaS (subscription) model with remaining publishers activated under the historically dominant percentage of media spend model;
- Integrated *Symphony – Adslot Media* trading in Australia is expected to be a meaningful contributor to TTV in coming quarters.

Trading Activity: Adslot Media

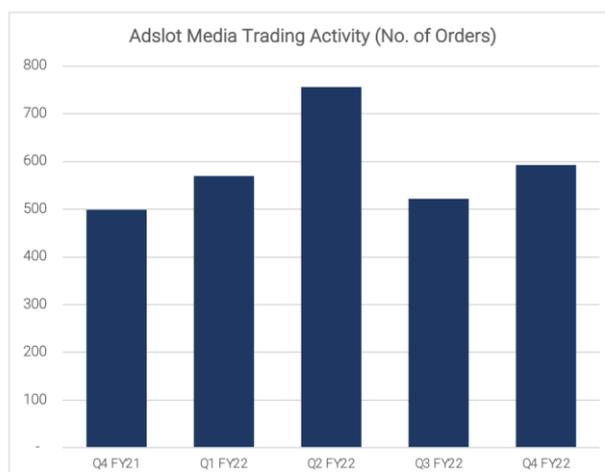
Total Transaction Value (TTV) for the June 2022 quarter was **\$6.23M**, an increase of 19% compared to the March 2022 quarter (Q-on-Q) and an increase of 26% on the prior corresponding period (June 2021 quarter).



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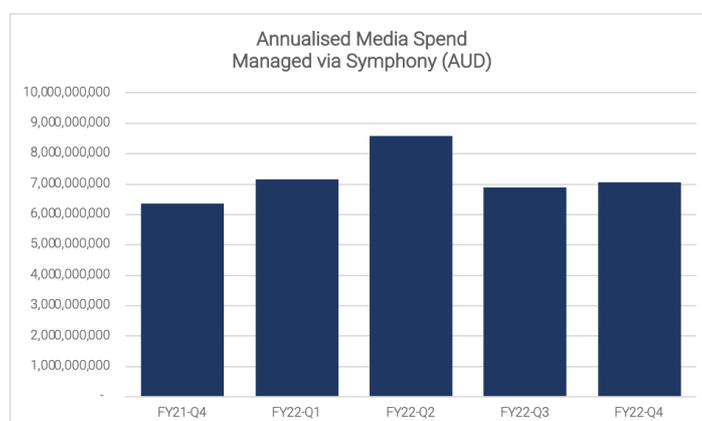
Volume of Trades

There were **593** trades in the June 2022 quarter, representing a 14% increase quarter-on-quarter, and a 19% increase when compared to the prior corresponding period.



Symphony Update

Total annualised media spend managed by *Symphony* for the March 2022 quarter was **\$7.06 Billion**, an increase of 3% when compared to the March 2022 quarter and an increase of 11% when compared to the prior corresponding period (June 2021 quarter).



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

Strategic Review

East Wind Advisors

In June 2022 the Company updated the market on its previously announced strategic review and in particular noted that following a review conducted by East Wind Advisors:

- The board continues to believe that the Company's current market capitalisation does not reflect the intrinsic value of the Company, either as a whole or as a sum of its parts;
- The Company's core assets of *Symphony* and *Adslot Media* are both well positioned occupying positions of strategic value as the advertising industry undergoes significant change; and,
- Multiple opportunities may exist to unlock greater shareholder value via a strategic investment, sale of certain assets or a potential sale or merger of the Company as a whole.

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As previously noted, the Company does not intend to provide any further updates to the market on this confidential process until such time as there is a material development that requires disclosure to the ASX as per the ASX Listing Rules.

Cost Management

The Company can confirm that during June 2022 it commenced a series of targeted cost reductions across the business. Cost reductions included discretionary spending, professional services costs and some employee related expenses. Cost reductions to date have not impacted sales, customer support or product development activities. The Company anticipates further targeted reductions to occur in the September 2022 quarter.

Quarterly Cashflow Commentary

On 6 May 2022 the Company concluded a successful \$3.8M capital raise through a Share Placement of \$1.8M and a fully underwritten Entitlement Offer of \$2.0M (\$3.6M after transaction costs).

In the June 2022 quarter, cash receipts from customers were \$4.0M, though decreased by \$1.45M or 27% on the previous quarter's receipts, was still the second highest quarter for FY2022. The previous quarter's receipts of \$5.44M was the highest collection quarter in the last two financial years.

Net cash outflows from operating activities for the quarter were \$1.88M, an increase of \$2.85M on the previous quarter (March 2022: net cash inflow \$0.97M). Previous quarter included \$0.74M of government grants received relating to R&D claims for FY2016 and FY2021.

In the June 2022 quarter, total salary costs were \$3.23M, an increase of \$0.18M or 6% on the previous quarter (\$3.06M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries). March 2022 quarter Intellectual Property net inflow of \$0.97M included inflows of \$1.89M being the capital portion of the FY2016 and FY2011 R&D refunds received in the March 2022 quarter.

Outgoing cash payments during the June 2022 quarter at \$6.93M represented an increase of \$0.60M or 9% on the previous quarter (March 2022: \$6.33M). In addition to the salary cost increase, annual insurance renewal payments of \$0.24M were made during the quarter.

The operating cash outflow included related party costs of \$0.22M for directors' remuneration.

Cash at the end of the June 2022 quarter was \$5.95M.

- END -

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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")

30 June 2022

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	3,992	16,753
1.2 Payments for		
(a) staff costs	(2,386)	(8,674)
(b) research and development	-	-
(c) publishers	(2,284)	(7,688)
(d) other cost of sales	(304)	(1,426)
(e) advertising and marketing	(15)	(19)
(f) other working capital/overheads	(868)	(2,079)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	10
1.5 Interest and other costs of finance paid	(17)	(79)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	912
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,880)	(2,290)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(46)	(104)
(d) investments	-	-
(e) intellectual property	(848)	(1,518)
(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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(894)	(1,622)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,782	3,782
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	(141)	(149)
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)	(162)	(627)
3.10	Net cash from / (used in) financing activities	3,479	2,829

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,035	6,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,880)	(2,290)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(894)	(1,622)

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)	3,479	2,829
4.5	Effect of movement in exchange rates on cash held	212	208
4.6	Cash and cash equivalents at end of period	5,952	5,952

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	5,531	4,619
5.2	Call deposits	421	416
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)	5,952	5,035

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	224
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>		

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)	(1,880)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,952
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,952
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.2
<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.

29 July 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.