

Adslot.

FINANCIAL YEAR 2021 HALF YEAR RESULTS.

25 February 2021 (ASX: ADS)

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H1 FY21 EXECUTIVE SUMMARY.

Consecutive record quarters of trading value and volume on the *Adslot Media* platform:

- Trading fee revenue growth of 83% HoH and 27% vs PCP;
- Record trading volumes in European and UK markets;
- High engagement with contracted US agencies re scaled trading activity in 2021.

Lower *Symphony* licence fees, with growth (HoH) expected to return in H2 FY2021:

- Multi year extension to GroupM *Symphony* agreement expected with some temporary reductions in revenue during calendar year 2020;
- Stronger Australian dollar negatively impacts licence fee revenue by \$213k (note, *Symphony* contracts are US\$ denominated);
- Activation of Netherlands for Omnicom Media Group represents first market for new holding company and first market to feature *Marathon* integration.

Continued focus on costs and government stimulus see strong improvement in net operating cashflows vs PCP.

77% improvement in NPAT and 91% improvement in EBITDA vs PCP.

Note: Half on Half (HoH) growth rates referenced are calculated against the last 6 months, being 6 months to 30 June 2020
Prior Corresponding Period (PCP) growth rates referenced are calculated against the prior Half Year period, being 6 months to 31 December 2019.

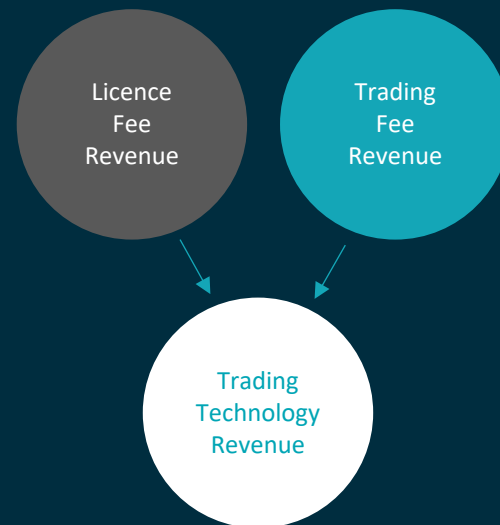
REVENUE SEGMENTS.

Three main revenue sources:

1. **Licence Fees** generated primarily from *Symphony* but also from *Adslot Media*;
2. **Trading Fees** generated primarily from *Adslot Media* but also from *Symphony*; and,
3. **Services** provided to *Symphony* customers as well as services provided to SME customers by the company's *Webfirm* division.

Licence Fees and Trading Fees combine to form **Trading Technology Revenue**. This is the strategic revenue that the business is focussed on.

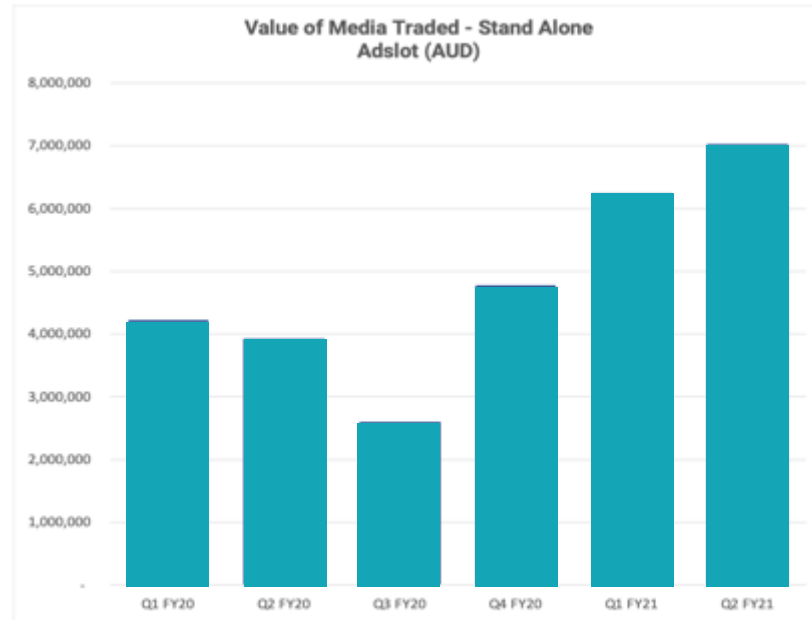
Strategic Revenue



Ancillary Revenue

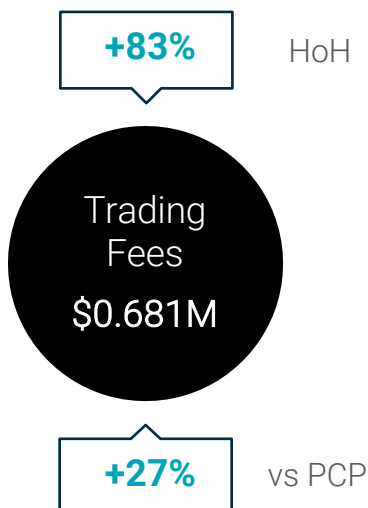


H1 FY21 – TWO CONSECUTIVE RECORD QUARTERS FOR VALUE OF MEDIA TRADED ON ADSLOT MEDIA.

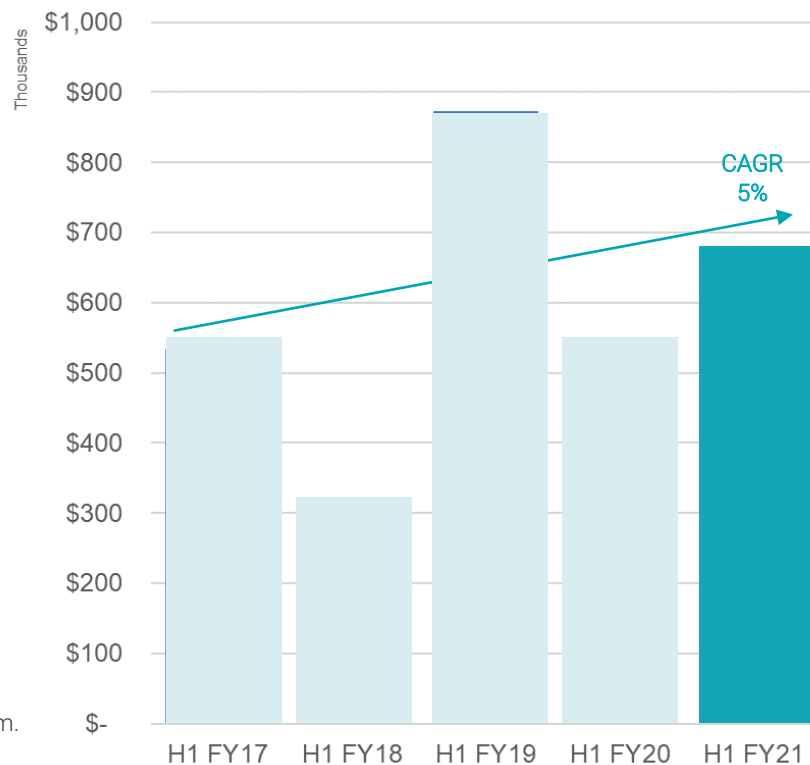


- 2 x consecutive quarters of record trading value and volume on *Adslot Media*.
- \$13.26M in media traded during H1 FY21.
- Strong growth in trading reflects increased adoption of *Adslot Media* platform in key markets.

RESULTING IN IMPROVED TRADING FEE REVENUES.



- Trading Fee revenue grew 83% half-on-half (HOH) and 27% on prior corresponding period (PCP).
- 2 x consecutive quarters of record trading value and volume on Adslot platform.
- Strong growth in *Adslot Media* booking seen in Europe and the UK during the half.



H1 FY21 – SYMPHONY LICENCE FEES.

On 16 March 2020, the Company announced the removal of 20 external developers and an associated reduction in recurring licence fee revenues of \$1.4M in FY2021.

On 10 December 2020, the Company announced that it was in negotiation with GroupM regarding a series of mutually beneficial amendments to the terms of their agreement to assist with mitigating the financial impacts of COVID-19. The in principle agreed terms include:

- A multi year extension to the term of the agreement;
- A reduction in development and resourcing fees of approximately \$500k, not related to market deployments;
- A monthly cap on market tier-related licence fees as at March 2020 levels for calendar 2020; and
- Market tiers and licence fees to revert to uncapped levels on 1 January 2021 resulting in increased licence fees in 3 active markets from 1 January 2021.

H1 FY21 – SYMPHONY LICENCE FEES.

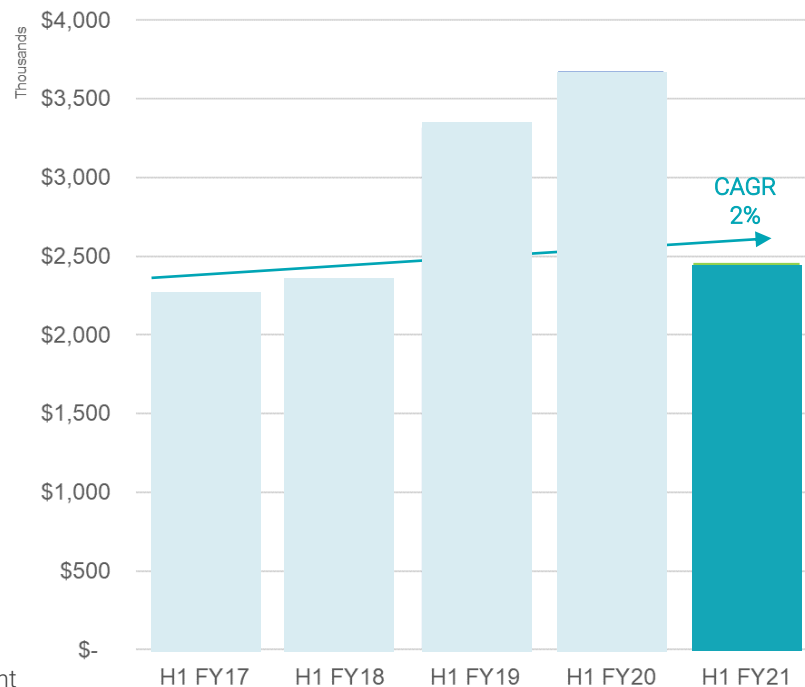
Amendments to the GroupM agreement are in late-stage legal review and terms are not expected to change prior to execution.

The H1 FY21 accounts reflect the adoption of the key terms of the amended agreement.

The impacts of temporary reductions associated with the amended agreement are as follows:

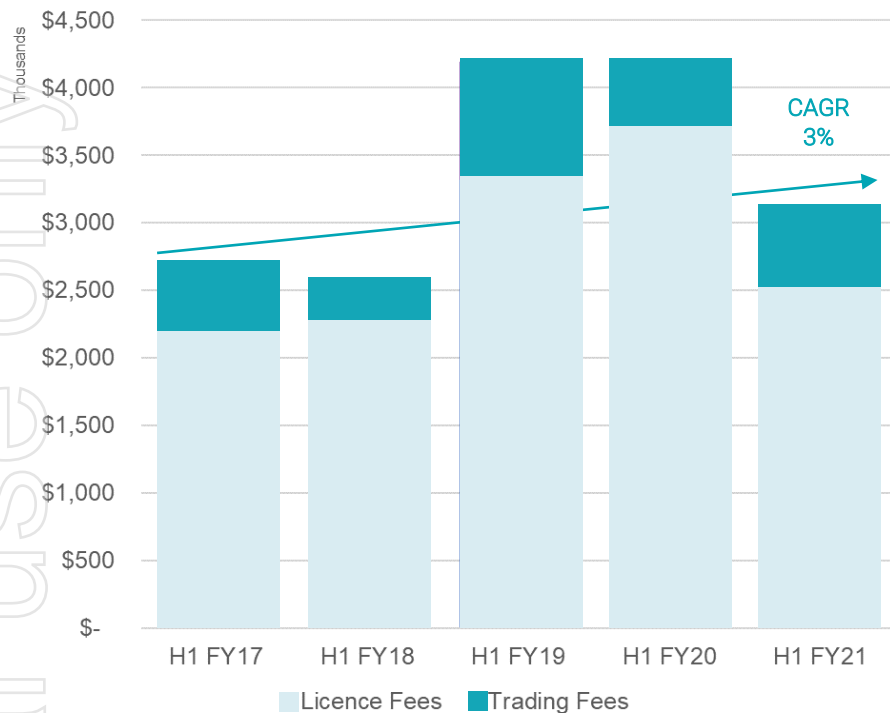
- Temporary fee reductions and market caps under the terms of the amended agreement resulted in a US\$159k reduction in licence fee revenues during the half;
- The removal of these temporary reductions is expected to have a annualised positive impact on licence fee revenues of US\$483k post 1 January 2021.

LICENCE FEE REVENUE.



- Licence Fees fell 30% half-on-half (HoH) and 33% on prior corresponding period (PCP).
- Lower licence-fee revenue due to reductions in fees charged for development resourcing (with associated cost reductions), temporary market fee reductions for CY2020 and negative impacts of foreign exchange.

TRADING TECHNOLOGY REVENUE.



-20%

HoH

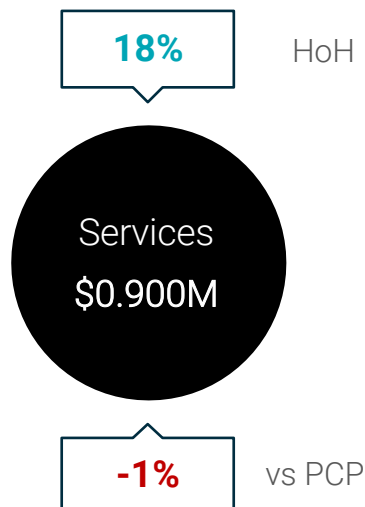
Trading
Technology
\$3.138M

-25%

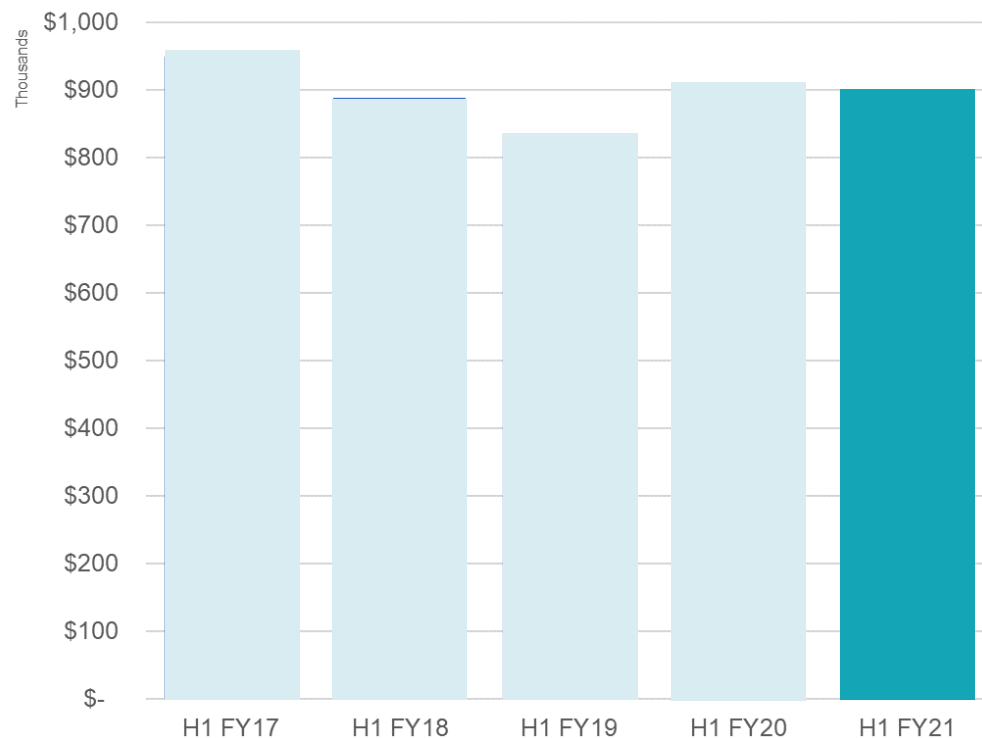
vs PCP

- Trading Technology revenue fell by 20% half-on-half (HoH) and 25% on prior corresponding period (PCP) due to lower Licence Fee revenues.
- Removal of temporary licence fee reductions from 1 January 2021, and new *Symphony* market deployments expected in calendar year 2021.
- Strong growth in trading fees from US, EU and UK markets expected in calendar year 2021.

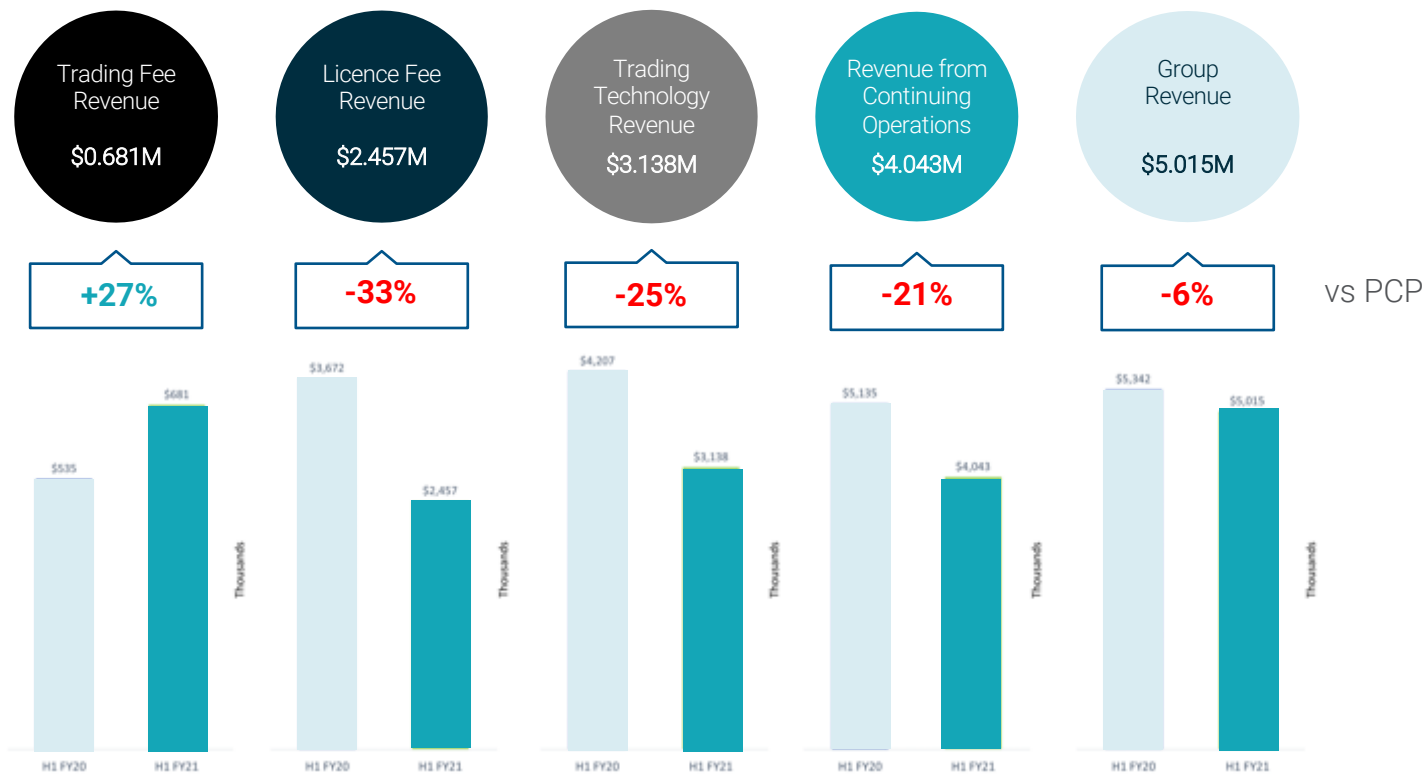
SERVICES REVENUE.



- Services revenue of \$0.900M represents a 18% growth half-on-half (HoH) and a 1% decline on prior corresponding period (PCP).
- Services revenue includes statement of works for *Adslot Media* and *Symphony* clients as well as the company's *Webfirm* services division.



H1 FY21 REVENUE.

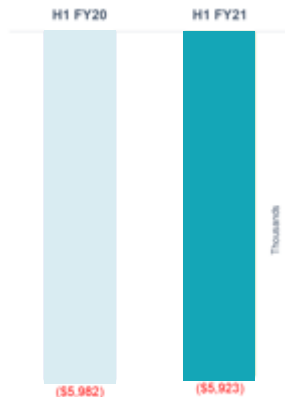


Note: For the current period, Group Revenue includes Revenue from Continuing Operations (\$4.043M) and Grant Proceeds (\$0.971M)

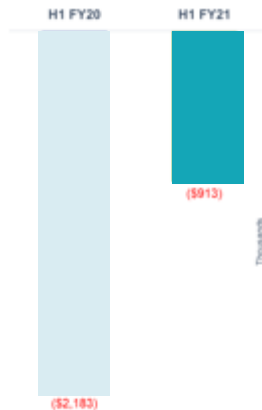
REDUCED OPERATING COSTS, AND IMPROVED EBITDA AND NPAT.



-1%



-58%

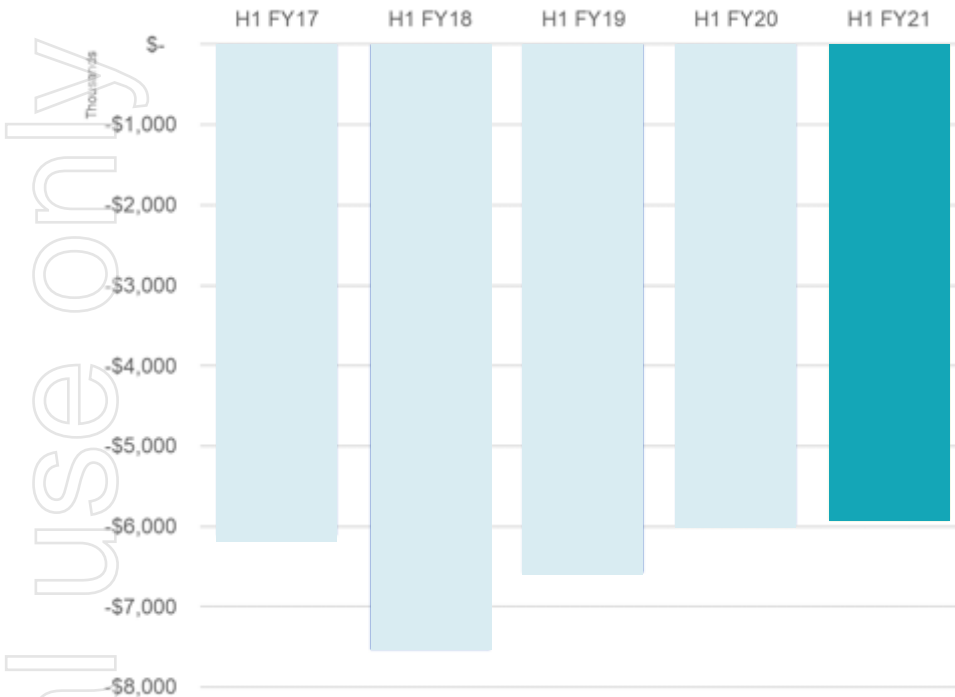


-31%



vs PCP

H1 FY21 – OPERATING COSTS REDUCED SLIGHTLY VS PCP.



+3%

HoH

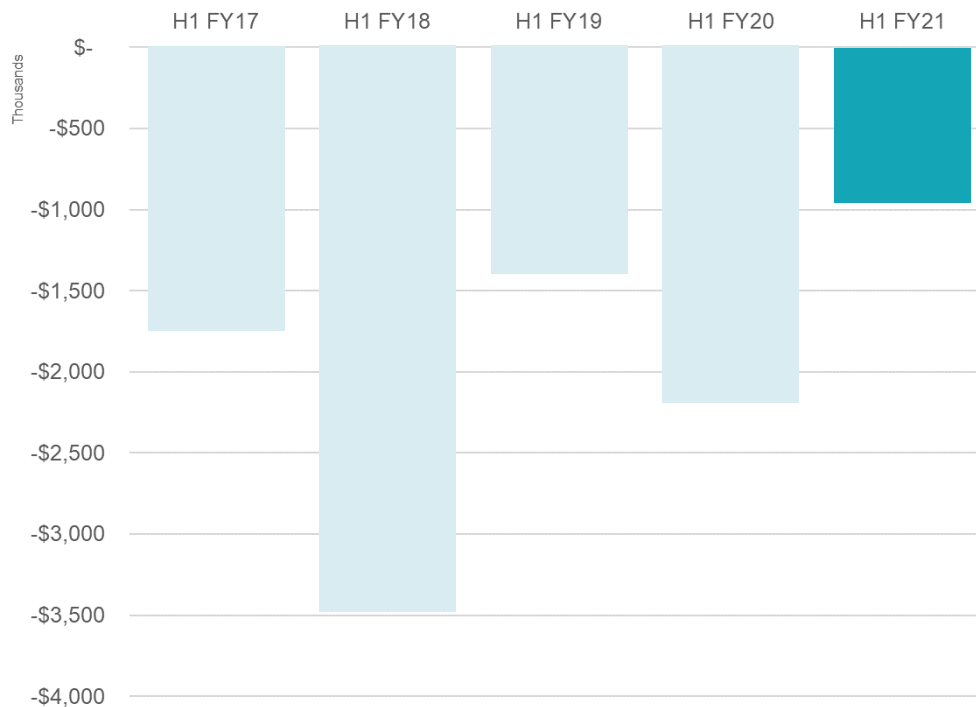
Operating
Costs
\$5.923M

-1%

vs PCP

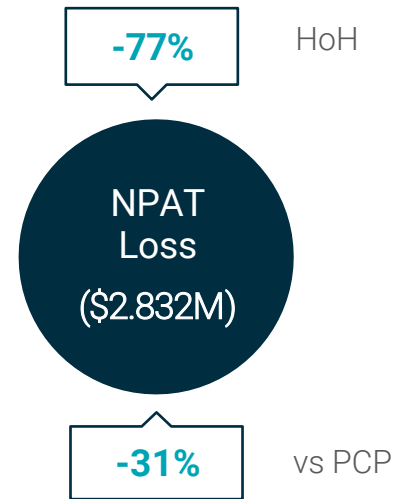
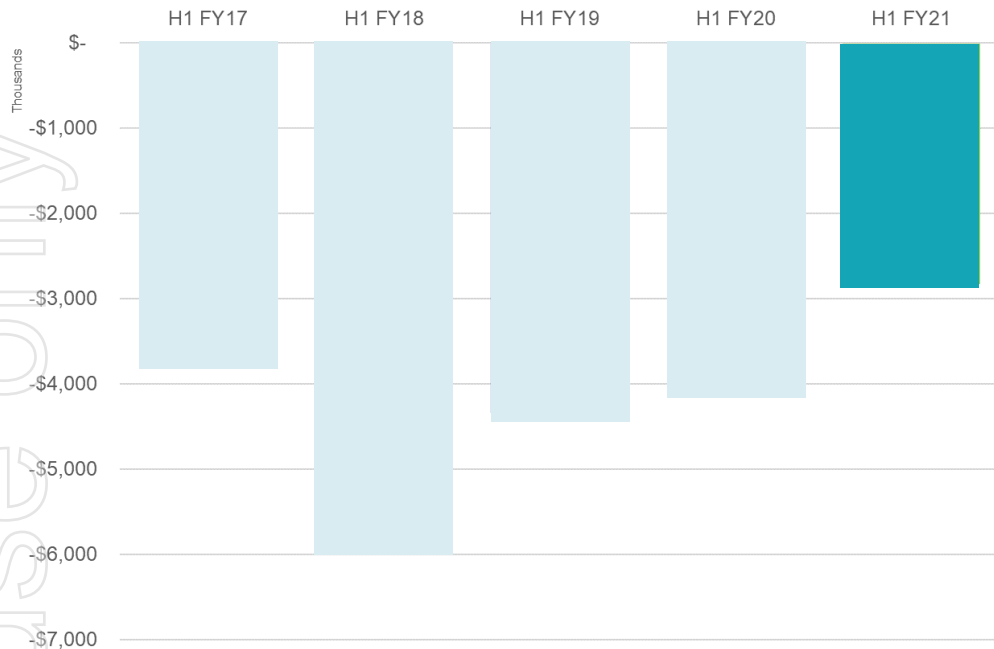
- Total Operating costs of \$5.923m for the half were 3% higher half on half (HoH), and 1% lower on prior corresponding period (PCP).
- Operating Costs are Total Expenses excluding Depreciation and Amortisation, once off R&D Provision and Taxes.

H1 FY21 IMPROVED EBITDA.



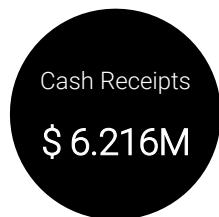
- H1 FY21 EBITDA Loss of \$0.913M was a 91% improvement HoH and a 58% improvement on PCP

H1 FY21 IMPROVED NPAT.

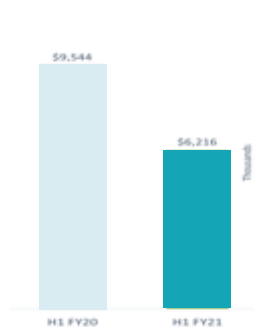


- H1 FY21 NPAT Loss of \$2.832M was a 77% improvement HoH and a 31% improvement on PCP

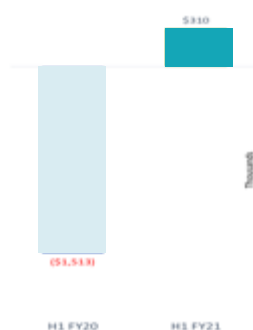
H1 FY21 CASH RECEIPTS AND NET OPERATING CASHFLOWS.



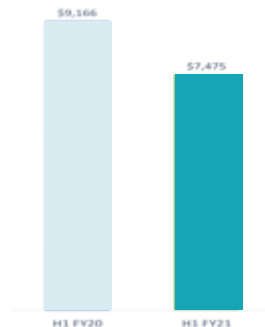
-35%



+120%



-18%



vs PCP

- Higher net cash operating inflows due to government COVID assistance (\$0.9M) and timing of *Adslot Media* publisher payments during the period.
- Decline in cash receipts due to lower *Symphony* licence fees during half and higher proportion of *Adslot Media* trading under publisher direct (i.e. non-clearing house) model.

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STRATEGIC OBJECTIVES.

STRATEGIC OBJECTIVES 2021.

As previously disclosed, the Company has set itself the following objectives for the 2021 calendar year

Adslot Media:

- Activate currently contracted agency groups to drive strong growth in trading activity
- Secure MSAs and activate remaining agency holding companies
- Deploy further markets for the integrated *Symphony* – *Adslot Media* platform
- Secure additional activations of private marketplace instances of *Adslot Media*

Symphony:

- Pursue further market deployments for *Symphony* with existing agency clients
- Activate further markets under the *Symphony* - *Marathon* partnership

Operations:

- Maintain focus on cost base of the business

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