

ASX Announcement

29 July 2021

Q4 FY21 Activity Report

Highlights

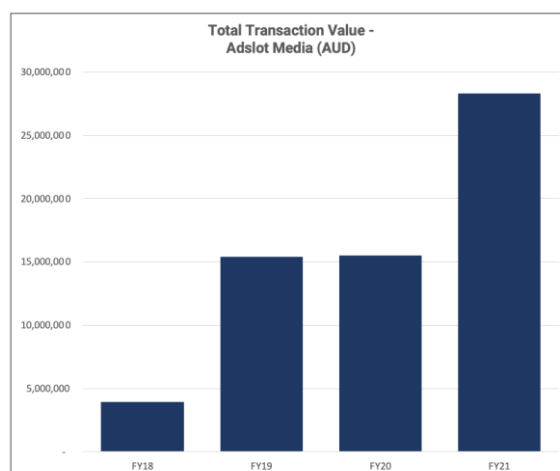
- Adslot Media:
 - Adslot Media TTV* for FY21 grows by 82% to \$28.3M
 - MSA executed with GroupM with trading imminent
 - MSA Executed with S4 Capital (Firewood Marketing)
 - Successful launch of FlowerShop Media partner marketplace
 - Significant progress during June and July in activation of key partner marketplaces
 - Strong interest in additional partner marketplace opportunities
- Symphony:
 - Annualised value of media managed on the *Symphony* platform – \$6.36B
 - 3 year extension to GroupM Symphony Agreement
 - Adslot Media Terms to be extended to current GroupM Symphony markets
- Cash Position
 - Cash balance of \$6.83M at end of March 2021 quarter
 - FY 21 R&D claim to be submitted in September 2021 quarter.

Adslot Ltd (ASX: ADS) is pleased to provide an activity report on trading for the June 2021 quarter.

Adslot Media

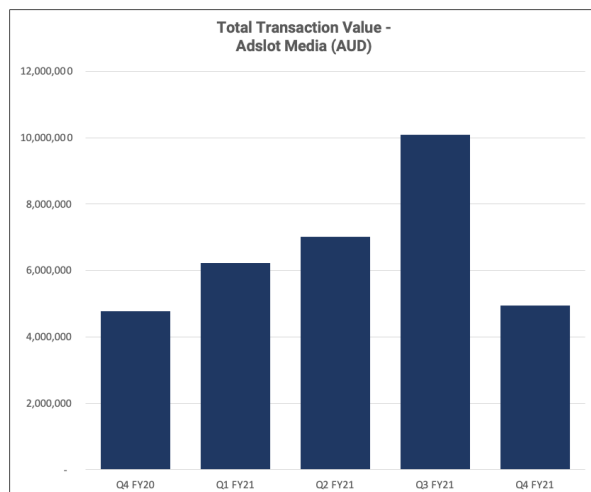
Trading Fees

Total Transaction Value (TTV) for the *Adslot Media* platform for the 2021 Financial Year was \$28.3M. This was an 82% increase when compared to the 2020 Financial Year.



*Total Transaction Value represents the net value of media traded on the *Adslot Media* platform, including new bookings and any adjustments or cancellations made to previous bookings for a nominated period. TTV was previously reported by the Company as "the value of media traded on the *Adslot Media* platform."

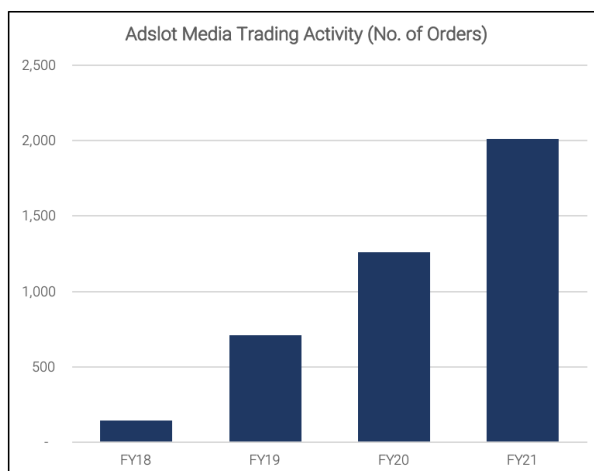
TTV for the June 2021 quarter was \$4.95M, a decrease of 51% compared to the March 2021 quarter and an increase of 4% compared to the prior corresponding period. The lower than expected TTV for the June quarter was primarily due to the delays in expected trading from key partners for whom activation was anticipated during the quarter. These delays in trading included activity for partners who had traded during the March 2021 quarter but for whom further trading was constrained whilst custom features or partner marketplaces were completed and launched. The Company notes that significant progress was made on the activation of these partner marketplaces during the period of June and July 2021 and expects trading activity growth to commence during the September 2021 quarter.



Note: the June quarter TTV was comprised in part by trading activity data provided by clients themselves, rather than solely via direct integration to publisher ad servers,.

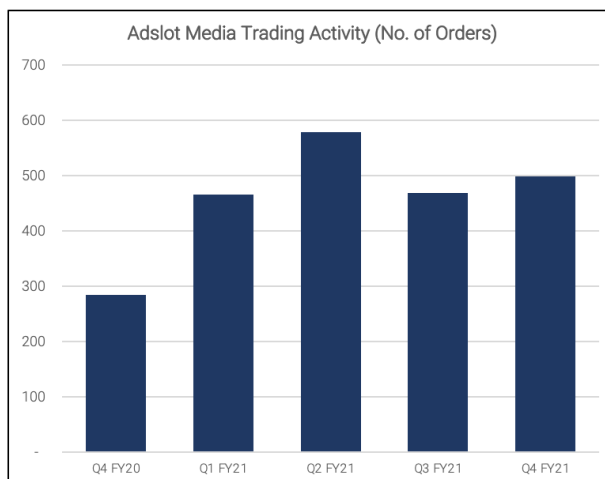
Volume of Trades

The total number of trades from all advertisers during the 2021 Financial Year was 2,010. This represented a 60% increase on the number of trades for the 2020 Financial Year and an increase of 183% when compared to the 2019 Financial Year. The continued growth in the total number of trades represents the continuing wider adoption of the *Adslot Media* platform in markets around the world.



Adslot.

The total number of trades across the June 2021 quarter was 499, representing a 7% increase QoQ and a 76% increase when compared to the prior corresponding period. This increase in the volume of trades, despite a decrease in the value of media traded, reflects a lower contribution in the quarter from the US market which traditionally features higher average trade values.



Agency (Buyer) Update

During the past four months, the Company has:

- Signed an MSA with GroupM, the world's largest media investment company, to enable the use of the *Adslot Media* platform as a component of GroupM's Premium Supply initiative. Trading under this agreement was originally anticipated to commence in the June quarter. Trading is expected to commence in the September 2021 quarter, and scale over future quarters.
- Signed an MSA with leading media company S4 Capital and its subsidiary agencies, Firewood Marketing and Media Monks for use of the *Adslot Media* platform.
- Successfully launched a custom, white-labeled, media marketplace for the fast-growing cannabis industry with partner FlowerShop Media. Publisher onboarding is underway and trading is expected to commence in the September 2021 quarter.
- Substantially advanced discussions with a currently-contracted US based agency holding company regarding the activation of a white-labeled marketplace for high value audiences.
- Seen recurring and consistent trading from European agencies via the integrated deployments of *Symphony* and *Adslot Media*.
- Improved the sales pipeline with strategic buyers in the US and other markets for use of the *Adslot Media* platform, either stand alone or as a white-labeled partner marketplace.

The Company continues to progress on its core strategic objective of executing and activating Master Service Agreements (MSAs) with the six largest global media agency holding companies. In summary, the Company's status with these six holding companies is as follows:

- Formal MSAs in place with four of the six largest global media agency holding companies (an increase of one);
- An active interim trading agreement with a fifth holding company; and,
- Ongoing discussions with the remaining sixth holding company.

Publisher (Seller) Update

During the June 2021 quarter, the Company continued to add additional premium publishers to the *Adslot Media* marketplace around the world. Prominent publishers added to the marketplace during the quarter include:

- *Frommers* – iconic publisher of location guides and other travel content;
- *Valnet* – a leading, US based, multi-vertical digital media publisher and owner of premium digital publications in verticals such as gaming and cinema;
- *Global Finance Magazine* – a leading magazine for corporate finance professionals; and,
- *The Brag Media* – an Australian entertainment publisher with brands including Rolling Stone Australia, The Brag and Tone Deaf.

Outlook: Partner Marketplaces

The Company has previously disclosed that one of the key emerging use cases for *Adslot Media* is the use of white-labeled and / or customised instances of the platform. This enables new or existing media marketplaces, powered by *Adslot Media* technology, to be created and managed by Adslot's partners rather than by the Company itself.

In this context, the Company anticipates a future in which the primary *Adslot Media* marketplace co-exists with a number of partner specific versions of the marketplace, some of which may feature specific functionality. The *Adslot Media* platform has been architected to manage this situation, including the ability for publishers to easily opt into multiple marketplaces without any duplication of effort.

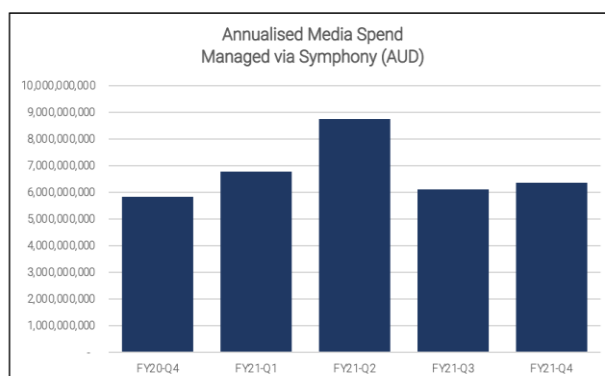
The Company notes that in recent months it has seen a substantial increase in market interest in utilising versions of the *Adslot Media* marketplace to power new and existing media marketplaces. This interest has come from:

- Providers of niche media marketplaces, of which the announced FlowerShop Media marketplace is one example;
- Agency Groups, of which GroupM's use of the marketplace as a component of the Premium Supply initiative is one example; and,
- Ad Technology vendors looking to expand their capabilities to include direct to publisher media trading.

Based on the above the Company believes that a substantial component of the anticipated growth in trading activity over the next 12 months will come from activations of partner marketplaces on behalf of a diverse base of clients.

Symphony Update

Total annualised media spend managed by *Symphony* for the March 2021 quarter was \$6.36 Billion, an increase of 4% when compared to the March 2021 quarter, and an increase of 9% when compared to the prior corresponding period.



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

During the June 2021 quarter the Company made encouraging progress on discussions with a number agency holding companies regarding potential multi-market deployments of *Symphony*. The Company anticipates further positive developments in these negotiations in the September 2021 quarter, however it anticipates that new market deployments would commence in early 2022 rather than the second half of calendar year 2021 as previously indicated.

Extension of GroupM Agreement:

The Company can confirm that it has concluded negotiations with GroupM regarding amendments to its multi-market *Symphony* Master Services Agreement first signed in August 2016. This amended agreement is expected to be signed imminently and will see an effective extension of the term of the MSA by no less than 3 years, until at least July 2024.

In addition, the amended agreement sees the extension of trading terms for the *Adslot Media* marketplace to any market where *Symphony* is deployed. These terms will enable GroupM markets using *Symphony* to access the integrated *Symphony – Adslot Media* solution without the need for commercial agreements at a local level. The Company anticipates that this will enable it to extend the successful integrated deployment of *Symphony* and *Adslot Media* in Austria to additional markets in the future.

Quarterly Cashflow Commentary

Cash receipts from customers for the June 2021 quarter were \$3.34M, a decrease of \$0.67M or 17% on the previous quarter's receipts of \$4.01M.

Net cash outflows from operating activities for the quarter were \$0.26M, a \$0.08M decrease in outflows on the previous quarter (March 2021: net cash outflow \$0.34M).

In the June 2021 quarter, total salary costs were \$2.66M, a decrease of \$0.08M or 3% on the previous quarter (\$2.75M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries), excluding the R&D receipt (received in the March 2021 Qtr).

Outgoing cash payments during the quarter at \$4.79M represented a decrease of \$1.01M or 17% on the previous quarter (March 2021: \$5.80M, excluding capital raise costs). This was primarily driven by a decrease in publisher payments of \$1.36M on the previous quarter. The operating cash outflow included related party costs of \$0.14M for directors' remuneration.

The Company received \$0.19M in Grant receipts in the June 2021 quarter made up of USA Paychecks Protection Loan forgiveness of \$0.14M and JobKeeper payments of \$0.05M.

Cash at the end of the June 2021 quarter was \$6.83M.

Note on composition of Trading Fee Revenues:

Trading via the FlowerShop Media marketplace commenced in an initial manner during the March 2021 and June 2021 quarters, prior to the activation of the custom white-labeled marketplace in July 2021. Adslot trading fees for the initial trades booked via this marketplace were conducted on a fixed fee basis which equated to a lower than usual effective fee percentage. All trading in the FlowerShop Media marketplace from July 2021 will incur the standard, contracted percentage trading fees. It is also noted that the majority of trades via the FlowerShop Media Marketplace are via the 'direct' model. Over time, the proportion of 'clearing house' trades are expected to increase.

Under the 'direct' model, the Advertiser pays the Publisher directly and the Company receives the net Adslot fee from the Publisher, as opposed to where the Company acts as a clearing house for campaigns. Under this 'direct' model, cash receipts include the net fee from publishers only, with no associated publisher payment outflows.

- END -

For further enquiries, please contact:

Ben Dixon
Chief Executive Officer
Adslot Limited
investor.relations@adslot.com

Felicity Conlan
Chief Financial Officer
Adslot Limited
investor.relations@adslot.com

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 2021

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	3,335	13,556
1.2 Payments for		
(a) staff costs	(1,924)	(7,405)
(b) research and development	-	-
(c) publishers	(649)	(4,631)
(d) other cost of sales	(379)	(1,449)
(e) advertising and marketing	(7)	(40)
(f) other working capital/overheads	(800)	(1,944)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	12
1.5 Interest and other costs of finance paid	(26)	(103)
1.6 Income taxes received/ (paid)	-	1
1.7 Government grants and tax incentives	193	1,714
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(256)	(289)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(9)
(d) investments	-	-
(e) intellectual property	(738)	(1,772)
(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	(738)	(1,781)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,002
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	-	(279)
3.5	Proceeds from borrowings	-	164
3.6	Repayment of borrowings	(142)	(142)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Leased assets)	(263)	(773)
3.10	Net cash from / (used in) financing activities	(405)	2,972

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,128	6,160
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(256)	(289)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(738)	(1,781)

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)	(405)	2,972
4.5	Effect of movement in exchange rates on cash held	98	(235)
4.6	Cash and cash equivalents at end of period	6,827	6,827

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	6,412	7,603
5.2	Call deposits	415	525
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)	6,827	8,128

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	143
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities (i)	172	172
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	172	172
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.		
<p>(i) The Group's US subsidiary Adslot Inc applied for and received two Paycheck Protection Program loans through HSBC USA. They are no fee loans backed by the US Federal Government for businesses impacted by Covid-19. The loans are for a two-year period, at 1.00% fixed interest rate and the loan payments deferred for the first six months or till any loan forgiveness is finalised. No collateral or guarantees were required. The Group received full forgiveness of the first loan in the quarter and is expecting full forgiveness of the second loan in the current financial year, as the loans were utilised for expenditure allowable for forgiveness.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(256)
8.2 Cash and cash equivalents at quarter end (item 4.6)	6,827
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	6,827
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	26.7
<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:

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.

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 2021

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.