

ASX Announcement

29 October 2021

Q1 FY22 Activity Report

- Adslot Media Update:
 - TTV up 14% on prior quarter
 - GroupM UK partner marketplace launched and commenced trading
 - S4 Capital (Firewood Marketing) partner marketplace launched with initial trades conducted
 - Flowershop Media new partner marketplace launched
 - Launch of Health, Wellness and Lifestyle marketplace for IPG / Kinesso imminent
 - Strong pipeline for growth of TTV in December 2021 quarter and beyond
- Symphony Update:
 - Annualised value of media managed on the *Symphony* platform grew 13% to \$7.16B
 - Renewal of GroupM multi-market *Symphony* agreement announced
- Cash Position
 - Cash balance of \$5.15M at end of September 2021 quarter
 - FY21 R&D claim submitted - receipt anticipated in December 2021 quarter

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

Adslot Media Update

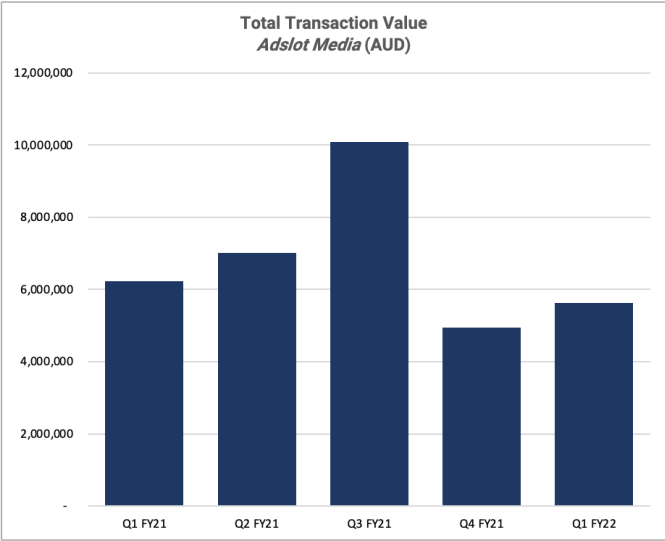
Trading Fees

TTV for the September 2021 quarter was **\$5.63M**, an increase of 14% compared to the June 2021 quarter and a decrease of 10% compared to the prior corresponding period (September 2020).

The TTV growth included initial trades from key partner marketplaces, which are expected to be strong contributors to TTV growth in the December 2021 quarter and beyond.

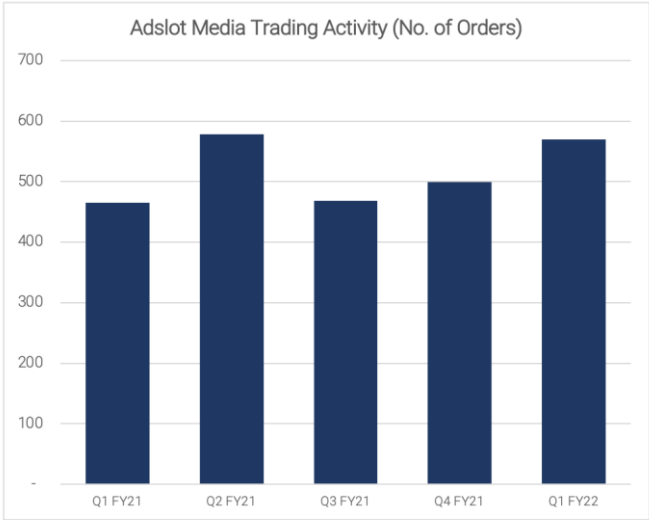
Significant progress was also made on the activation of additional partner marketplaces during September and October 2021, and the Company anticipates a significant contribution to TTV from these partner marketplaces in the current December quarter.

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Volume of Trades

There were **570** trades in the September 2021 quarter, representing a 14% increase quarter-on-quarter, and a 23% increase when compared to the prior corresponding period. Growth in the volume of trades was driven by increased trading activity in all major markets in which the Company is active.



Agency (Buyer) Update

During the quarter, the Company continued to expand trading with the largest buyers of media globally, and in particular the activation of partner marketplaces associated with those buyers.

The following progress was achieved:

- **Kinesso – Health, Wellness & Lifestyle marketplace**
 - Significant pre-activation activities were conducted in anticipation of the launch of a Health, Wellness and Lifestyle marketplace for Kinesso (a subsidiary of IPG);
 - Activities included the onboarding of publisher inventory and the provision of custom features associated with the health and wellness vertical;
 - Phase 1 activation of the marketplace will occur in the December 2021 quarter.
- **GroupM UK**
 - Trading commenced with GroupM, the world's largest media investment company, using the *Adslot Media* platform as a component of GroupM's Premium Supply initiative;
 - Initial trades have been highly successful, and numerous additional publisher partners were added to the GroupM partner marketplace during the September 2021 quarter;
 - The pipeline of trading under this relationship continues to grow and is expected to make a significant contribution to TTV in coming quarters.
- **S4 Capital**
 - Initial trading commenced following the execution of an MSA with leading media company S4 Capital and its subsidiary agencies, Firewood Marketing and Media Monks.
- **FlowerShop Media Cannabis Marketplace**
 - Successful launch of a custom, white-labeled, media marketplace for the fast-growing cannabis industry with partner FlowerShop Media;
 - Initial trading was expected during the September 2021 quarter, but has been delayed due to longer than anticipated publisher onboarding processes for this unique and pioneering offering;
 - Significant progress was made on this process and trading is expected to commence during the current (December 2021) quarter.
- **Symphony – Adslot Media Integration**
 - Recurring and consistent trading was again seen from European agencies via the integrated deployments of *Symphony* and *Adslot Media*.

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 addition, the Company is seeking to execute MSAs with a number of fast-emerging marketing services companies that provide similar opportunities to the traditional agency holding companies. In summary, the Company's status with these 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;
- Ongoing discussions with the remaining sixth holding company;
- Agreement signed with one of the emerging marketing services companies (S4 Capital); and,
- Late-stage negotiations with an additional emerging marketing services company.

Publisher (Seller) Update

During the September 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 included:

- *Evolve Media* – a leading US publisher with a wide catalogue of 16 publications and over 50 million monthly readers;
- *Clutch Points* – one of the largest US-based sports media companies in reach and engagement;
- *Urban List* – Australia's Media Brand of the Year and a leading destination for areas such as dining, travel and health.

Outlook:

Over the past four months, the sales pipeline for trading on the *Adslot Media* platform has grown considerably. This has been driven by the continuing progression of activation with large buyers, in particular via partner marketplaces developed for those buyers.

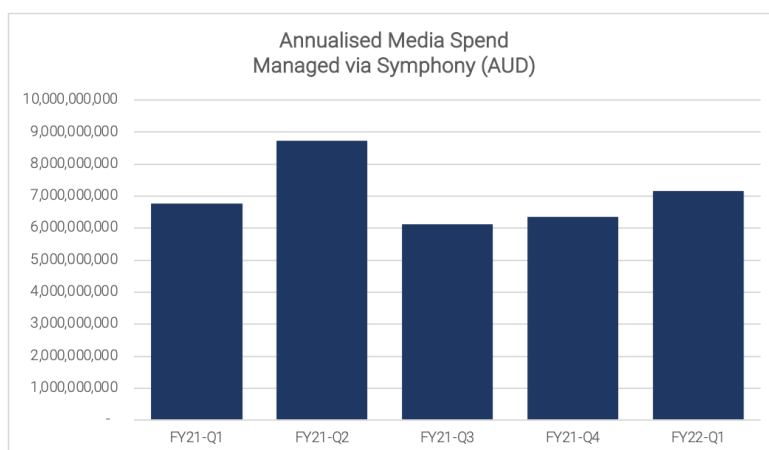
During this period, the Company has made considerable efforts in publisher on-boarding, developing custom features, and curating inventory for these partner marketplaces.

During the September 2021 quarter, first trades have occurred on a number of partner marketplaces, which have received positive client feedback.

With the expected activation of additional marketplaces during the December 2021 quarter and further scaling of marketplaces for which activation occurred in the prior quarter, the Company remains confident of continuing growth in TTV in coming quarters and over the longer term.

Symphony Update

Total annualised media spend managed by *Symphony* for the March 2021 quarter was **\$7.16 Billion**, an increase of 13% when compared to the June 2021 quarter, and an increase of 6% when compared to the prior corresponding period.



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

During the September 2021 quarter, the Company announced it had extended the term of its multi-market *Symphony* Master Service Agreement (MSA) with GroupM. This amended agreement sees 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 all markets 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 the activation of the integrated solution for the first additional market will occur in the March quarter of 2022.**

The Company can also confirm that it is in negotiations for the deployment of additional *Symphony* markets with multiple holding companies. It is anticipated that the first of these negotiations will be complete during the December 2021 quarter, with market deployments to commence in 2022.

Appointment of New US Based Director

On 10 August 2021, the Company announced the appointment of US-based director, Mr Tom Triscari, to its Board of Directors. Please see ASX announcement dated 10 August 2021 for further information.

Quarterly Cashflow Commentary

Cash receipts from customers for the September 2021 quarter were \$3.59M, an increase of \$0.25M or 8% on the previous quarter's receipts of \$3.34M.

Net cash outflows from operating activities for the quarter were \$0.98M, a \$0.73M increase in outflows on the previous quarter (June 2021: net cash outflow \$0.26M).

In the September 2021 quarter, total salary costs were \$2.94M, an increase of \$0.28M or 10% on the previous quarter (\$2.66M). Total salary costs include Staff Costs and Intellectual Property (capitalised development salaries).

Outgoing cash payments during the quarter at \$5.44M represented an increase of \$0.66M or 14% on the previous quarter (June 2021: \$4.79M). This was primarily driven by an increase in publisher payments of \$0.87M on the previous quarter. The operating cash outflow included related party costs of \$0.15M for directors' remuneration.

The FY2021 R&D claim (\$1.1M) has been submitted to AusIndustry and is expected to be paid in the current December 2021 quarter.

Cash at the end of the September 2021 quarter was \$5.15M.

- END -

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,588	3,588
1.2 Payments for		
(a) staff costs	(2,247)	(2,247)
(b) research and development	-	-
(c) publishers	(1,523)	(1,523)
(d) other cost of sales	(366)	(366)
(e) advertising and marketing	(1)	(1)
(f) other working capital/overheads	(410)	(410)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	0	0
1.5 Interest and other costs of finance paid	(23)	(23)
1.6 Income taxes received/ (paid)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(982)	(982)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(30)	(30)
(d) investments	-	-
(e) intellectual property	(691)	(691)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(721)	(721)

3.	Cash flows from financing activities		
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)	(8)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Leased assets)	(151)	(151)
3.10	Net cash from / (used in) financing activities	(159)	(159)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,827	6,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(982)	(982)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(721)	(721)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(159)	(159)
4.5	Effect of movement in exchange rates on cash held	189	189
4.6	Cash and cash equivalents at end of period	5,154	5,154

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	4,737	6,412
5.2	Call deposits	417	415
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)	5,154	6,827

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	154
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>		

<p>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></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities (i)	178	178
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	178	178
7.5 Unused financing facilities available at quarter end		-
<p>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> <div style="border: 1px solid black; padding: 5px;"> <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 June 2021 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. The second loan awaiting forgiveness is represented by the \$178k in the Loan facilities balance above.</p> </div>		

<p>8. Estimated cash available for future operating activities</p>	<p>\$A'000</p>
8.1 Net cash from / (used in) operating activities (item 1.9)	(982)
8.2 Cash and cash equivalents at quarter end (item 4.6)	5,154
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	5,154
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.2
<p><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></p>	
<p>8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p>	
<p>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?</p> <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> <p>Answer:</p> </div>	
<p>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?</p> <div style="border: 1px solid black; padding: 5px; min-height: 30px;"> <p>Answer:</p> </div>	

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 October 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.