

ASX Announcement

Friday 28th October 2016

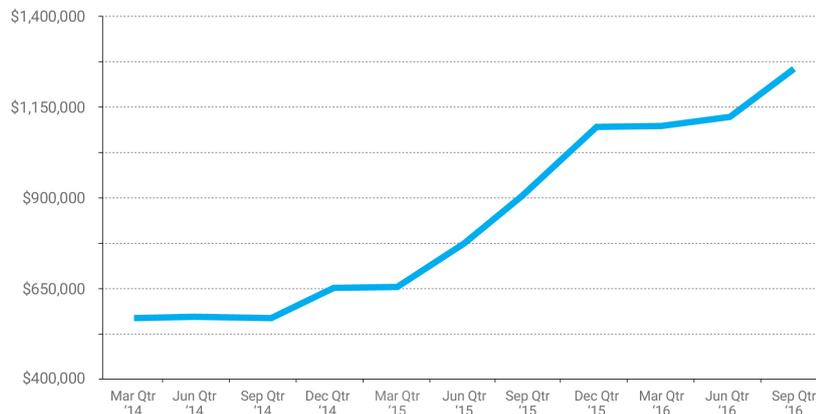
Trading Update

- **Trading Technology revenue growth continues, driven by a strong lift in Trading Fees**
- **First revenues from groupm global contract secured, multiple new market deployments initiated**
- **\$18m capital raising successfully concluded, expansion of product and development teams commenced**

Trading Technology revenue growth continues

The September quarter saw continued growth in Trading Technology revenues to \$1.258m, an increase of 12% versus the prior (June) quarter, an increase of 37% versus the same (September) quarter for the year prior, and the eighth consecutive quarter of growth.

Quarterly Trading Technology Revenue



Licence Fees and Trading Fees both contributed growth, a strong lift in Trading Fees of 32% driven by a corresponding increase in trading activity. In the September quarter:

- Licence Fees increased by 7% (versus the June quarter)
- Trading Fees increased by 32% (versus the June quarter)

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A majority of the increase in trading activity is attributable to existing agency clients expanding their use of Adslot by undertaking first trading activity across a broader representation of their clients. This momentum points to a lift in confidence as agencies see the benefits of Adslot's trading technology begin to materialise.

In particular, the release of new platform features and enhancements relating to agency briefing, management of video ad units and audience segmentation saw an immediate lift in trading activity.

Trading activity from agencies using **Symphony** also increased in the September quarter. This is a key long term growth strategy for the Company, and highlights the value of the demand captured via **Symphony** which is expected to grow from \$3b per annum to approximately \$7b per annum over the next 2-3 years.

First revenues from groupm global contract secured

On 19th August 2016, Adslot announced it had signed a global agreement with groupm, the world's largest media buyer. The impact of the groupm contract is material, and includes:

- Global deal with immediate focus on multiple market deployments across Europe and APAC
- Immediate, significant impact on Trading Technology revenues anticipated via increased, contracted Licence Fees
- Value of media executed via Symphony expected to more than double from circa \$3b per annum to approximately \$7b per annum over the next 2 – 3 years
- Represents an effective doubling of the future Trading Fees revenue opportunity via Adslot-Symphony integration
- Positions Adslot as a leading provider of media workflow and trading technology globally

In the weeks since the announcement Adslot has already secured first (new) revenues from the groupm contract. Given the short period between contract sign off and the conclusion of the September quarter, the revenue impact in the September quarter was modest however future quarters will see this accelerate.

As anticipated, multiple new market deployments in APAC and EMEA have been initiated and are ongoing. In support of the recurring revenue growth new market deployments secure for the Company, incremental resource has been assigned to optimise the pace of new market deployments.

\$18m capital raising successfully concluded, expansion of product and development teams commenced

On 21st October the Company announced it had successfully concluded an \$18m capital raising via a placement of new shares (\$11.2m) and Entitlements Offer (\$6.8m). The capital raising was undertaken to allow the Company to:

- Accelerate new market deployments for groupm
- Expand the product and development teams to support greater velocity of new product features and enhancements
- Expand the sales organisation to take advantage of sales and market momentum
- Increase marketing activity to support accelerated sales growth

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In the weeks since the announcement of the capital raising (22nd September), the Company has commenced execution of the Operating Plan to achieve these outcomes. Progress has been made and includes:

- Hiring of in-market resources to support new market deployments for groupm
- First phase of recruitment to expand the product and development functions and increase innovation velocity has commenced
- Hiring of additional sales resources in key growth markets has commenced
- Expanded marketing plan is being implemented

Outlook

Over the coming quarters Adslot expect to see the business develop in a number of key areas, including:

Revenue Growth

- Trading Technology will continue to grow and accelerate over the next few quarters, driven by ongoing growth in both Licence Fees and Trading Fees.
- New revenues derived from the groupm contract will start to contribute more significantly, and **Symphony** will be successfully deployed into a number of new markets in both APAC and EMEA. In step with this the value of demand captured via Symphony will increase.
- Additional sales and marketing activity will be undertaken, including expansion of the global sales team.

Cashflows

- The positive impact on receipts from customers from revenue growth in the September quarter will materialise in subsequent months (September quarter cashflows were 16% lower than the June quarter which is substantially due to timing of large receipts).

Product

- The scaling of product and engineering teams will continue and velocity of product development will begin to increase.
- Integrations with two significant partners will be completed and activated, details of which will be released in the December quarter.

- 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 \$50B online display 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.