

## Half-Year Results and Operations Review

### Adslot delivers strong Trading Technology revenue exceeding guidance

#### 1H16 highlights

- Total Revenue up 23% to \$4.233 million (1H15: \$3.446 million)
- Trading Technology Revenue up 65% to \$2.001 million (1H15: \$1.213 million)
- License Fee Revenue up 66% to \$1.364 million (1H15: \$0.822 million)
- Trading Fee Revenue up 63% to \$0.637 million (1H15: \$0.391 million)
- Annualised media spend on Symphony up 85% to \$2.95 billion (1H15: \$1.59 billion)
- Cash Receipts up 68% to \$5.949 million (1H15: \$3.533 million)

Trading Technology, comprising License Fees and Trading Fees continued to drive revenue growth over 1H16, increasing by 39% versus the prior half and 65% against the previous corresponding period to \$2.0 million, exceeding guidance of \$1.9 million.

The company also achieved steady revenue from Services of \$1.3 million. As expected, Ad-serving revenue declined 19%, against the previous corresponding period to \$0.5 million.

#### Adslot is successfully executing its strategy

*Over the first half of the 2016 financial year, Adslot achieved strong growth in Trading Revenues driven by both License Fees and Trading Fees. Adslot's growth comes as the value of media spend executed via Symphony continues to grow, a testament to the confidence that major advertising agencies have in our platform.*

Adslot's workflow automation technology for agencies, *Symphony*, continues to grow market share with successful deployments in 1H16 in the US, European and APAC markets. Successfully bringing on these new clients has grown the annualised online display spend executed via the platform to \$2.95 billion.

Agencies pay for *Symphony* under a licence fee model, predominately a fixed fee, and these new deployments have been instrumental in driving Licence Fee Revenue growth of 66% for the half to \$1.3 million as compared to \$0.8 million in the previous corresponding period.

The opportunity for Adslot is to leverage *Symphony's* success with the agencies to drive part of the \$2.95 billion of annualised online display spend, via the *Symphony-Adslot* integration, to Adslot's marketplace of publishers.

Adslot's marketplace of publishers continues to build with growth in the number, size and quality of publishers in the marketplace during 1H16. Adslot earns Trading Fee Revenue from its publisher base on a clip the ticket model, being a percentage of the media spend transacted with publishers. During the 1H16, Adslot increased its Trading Fee Revenue by 63% from \$0.4 million in the previous corresponding period to \$0.6 million in the current 1H16.

## **Revenue growth without the need to scale costs**

Adslot's Total Revenue growth of 23%, but more importantly Trading Technology Revenue growth of 65% has been achieved in an environment of contained growth in our cost base. Our platforms are scalable and future revenue growth does not require additional development, sales or marketing spend if we maintain our current trajectory in product development.

The majority of Adslot's costs are Employment related cost servicing the development, sales and marketing of our Trading Technology platforms. Total costs (excluding depreciation, amortisation, share based payments and tax) grew by 12% as compared to the previous corresponding period.

## **Positive outlook for FY16**

Having achieved significant growth in online display spend executed via Symphony during 1H16 and having a strategic focus on integrating our Symphony and Adslot platforms, Adslot expect to continue to grow its Trading Revenue over 2H16, underpinned by growth in both Licence Fees and Trading Fees.

This comes following the first European trades via the Symphony-Adslot integration, as well as, increased activity by Symphony clients in the APAC region.

The Company expects the growth in ad spend to continue over 2H16, increasing Adslot's market share and strengthening the Company's strategic position while presenting additional opportunities to cross-sell the integrated Symphony-Adslot capability.

Revenue is expected to grow in 2H16, whilst the cost base to provide and service Adslot's technology is expected to remain flat.

With a highly scalable and proven platform in place, Adslot is uniquely positioned to capture underlying demand in the forward guaranteed display advertising market over FY16 and beyond as the market for our technology develops rapidly presenting us with substantial growth opportunities.