

Appendix 4C - Quarterly report

Commentary for the quarter ending 30 September 2017

Cash receipts from customers for the September 2017 quarter were \$1.79m, down on the previous quarter's receipts of \$2.6m. An underlying driver of the reduction in cash receipts over recent months is attributable to a decrease in media transactions where Adslot bill the cost of the media to the media buyer. As referenced in previous quarters, this trend is expected to continue as the Company focuses sales efforts on larger agencies, the majority of which prefer to retain direct billing relationships with publishers. Publishers direct billing media buyers for media transacted via Adslot does not negatively impact the Company's revenue.

A further \$0.14k not included in the quarterly receipts was received on the first working day of October.

Payments during the quarter of \$5.26m were down on last quarter of \$5.80m, largely also due to a corresponding reduction in outgoing payments to publishers where Adslot acts as a clearing house for payment. All other cash outflows were at similar levels to previous quarters except for research & development expenditure, which increased by \$0.24m and remains within budget levels as per the operating plan.

The net cash used in operating activities for the quarter was \$3.44m.

The company notes that increased cash outflows in recent quarters relate to significantly increased investment in product development, sales and marketing as identified in the operating plan associated with the October 2016 capital raising. The company has seen material benefits arising from this increased investment and believes it is now in a position to moderate costs going forward. A cost reduction plan has been identified and is being activated which will realise a 2% reduction in outgoing payments for the current (December) quarter and larger reductions in subsequent periods.

Cash at the end of the September 2017 quarter was \$10.8m. Based on R&D expenditure incurred between July 2016 and June 2017, an additional cash inflow of approximately \$2.7m is anticipated within the next two to three months.

More information on the Company's performance is available via the Company's Trading Update issued earlier today.

Appendix 4C

Quarterly 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 2017

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	1,787	1,787
1.2 Payments for		
(a) staff costs	(2,545)	(2,545)
(b) research and development	(1,584)	(1,584)
(c) publishers	(183)	(183)
(d) other cost of sales	(158)	(158)
(e) advertising and marketing	(78)	(78)
(f) leased assets	(1)	(1)
(g) other working capital/overheads	(712)	(712)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(3,443)	(3,443)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	(63)	(63)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	(63)	(63)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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 (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	14,320	14,320
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,443)	(3,443)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(63)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(17)	(17)
4.6	Cash and cash equivalents at end of quarter	10,797	14,320

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	858	1,663
5.2	Call deposits	9,939	12,657
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)	10,797	14,320

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	52
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors Fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 staff costs	2,516
9.2 research and development	1,574
9.3 Publishers	181
9.4 other cost of sales	163
9.5 advertising and marketing	53
9.6 leased assets	1
9.7 other working capital/overheads	681
9.8 Total estimated cash outflows from operating activities	5,169

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.
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Sign here:
(Company secretary)

Date: 30th October 2017

Print name: Felicity Conlan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.