

ASX Announcement

Monday 30th October 2017

Trading Update

- **Large and significant advertisers conduct first Automated Guaranteed trades**
- **Material growth in Trading Fees sales pipeline**
- **Five or more new market activations of Symphony anticipated in FY18**

Trading Fees

In the September quarter the Company:

- Secured first trading activity from new customers
- Saw repeat usage from existing customers
- Materially increased the size and value of its sales pipeline, and;
- Progressed activations of its Automated Guaranteed trading technology with select Symphony customers

The Company confirms that in the September quarter, the gross value of media transactions from which the Company derives Trading Fee revenues, was AUD\$4.89m. This comprises media transactions in multiple markets including the US, Australia, and Europe. Examples of trading activity and sales pipeline development in the September quarter include:

- Advertiser: one of the ten largest Asset Management companies in the world. Pilot trades (via their agency) were successfully conducted in the September quarter. Discussions are now underway with regard to their next wave of activity which is significantly larger.
- Advertiser: one of the ten largest alcoholic beverages companies in the world. Pilot trades (in co-operation with their agency) were successfully conducted in the September quarter. Discussions are now underway with regard to their next wave of activity which is significantly larger. The client is also keenly interested in piloting Adslot's audience targeting capabilities.
- Advertiser: one of the five largest advertisers in US (by advertising spend). Pilot trades (via their agency) are in planning for the December quarter.
- Advertiser: global hotel group. Trading activity (via their agency) has been steadily increasing in recent quarters, reflective of recurring advertising activity being migrated to Adslot. Further migration of advertising spend is anticipated in coming quarters for this client and other clients being serviced by the same agency.

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- European agency & Symphony client: a phased adoption (by publisher) of the integrated Symphony-Adslot platform is underway and trading activity has commenced. The adoption plan also requires new integrations to be built with publisher adservers. One of these new integrations will allow the Company to activate more than 65% of the publishers the agency currently trades with. This integration is substantially complete and will go live in the December quarter. Discussions with the publishers concerned have commenced in advance of this, are progressing well and new publishers will be activated over the December and March quarters accordingly. As new publishers are activated, the value of media traded via Symphony-Adslot is expected to grow significantly.
- Australian agency & Symphony client: a phased adoption (by client) of the integrated Symphony-Adslot platform is in planning and expected to commence in the December quarter.

The Company anticipates the value of media transactions generating Trading Fees will increase in the December quarter and ongoing, as sales pipeline opportunities progress to pilot activity and pilot activity develops into recurring activity. Fully realised, the revenue opportunity associated with the clients/opportunities outlined is a significant multiple of current Trading Fees.

The company notes the following;

- Transactions that generate Trading Fees have occurred in both the stand-alone Adslot marketplace and via Symphony.
- The effective percentage of media spend charged by Adslot can vary significantly by market, and publisher. In limited cases the Company has offered a discounted percentage (Trading Fee) in support of pilot activity.
- The Company believes its effective percentage will become more consistent as trading volumes increase, and the evolution of its publisher monetisation strategy continues.
- Trading Fee revenues are recognised in the Company accounts in the month(s) in which the advertising activity is published, and on a pro-rata basis where activity falls over multiple months.
- The lead time between booking and media commencement will vary from campaign to campaign.
- The value of media transactions reported is net of any cancellations or amendments to bookings that occurred within the nominated period.

Licence Fees

The Company confirms it has progressed the scoping and development phases of new market Symphony activations for GroupM, and expects to complete two new market deployments by the end of the March quarter. One of these is a larger market than any deployed since the global GroupM contract was signed in August 2016.

Furthermore, the Company is in the planning stages for 3 – 5 additional new market deployments for GroupM by July 2018, as outlined in the following table.

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	Installed		Current deployment pipeline
	July 2016	July 2017	
Countries Deployed – All Clients	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US	Australia New Zealand China Japan Hong Kong Malaysia Singapore Vietnam US Austria Taiwan Turkey	5 to 7 Markets: <ul style="list-style-type: none"> • x1 market fully scoped, development completed and scheduled for activation in the Dec Qtr • x1 market fully scoped, development commenced and scheduled for activation in March Qtr '18 • x1 market partially scoped, development yet to commence • x2-4 markets yet to be scoped, development yet to commence
Number of Registered Users	10,604	11,727	

Product Enhancements

The Company continues to make meaningful progress against core product objectives.

Enhanced Symphony-Adslot Integration

In the September quarter, a number of enhancements to the Symphony-Adslot integration were completed that constitute a significant upgrade to the Adslot marketplace of publishers within Symphony. Advanced discovery features such as filtering, publisher profiling and search were successfully migrated across to Symphony. These features will allow media buyers to more easily discover advertising products that meet specific campaign criteria or objectives.

Audience Survey

Consistent with the Company's product strategy to provide media buyers with increasingly sophisticated audience targeting capabilities, a major new feature called *Audience Survey* was completed and successfully released in the September quarter.

Audience Survey allows a media buyer to describe their target audience within the Adslot interface, then query multiple publishers in real time to learn how much of this audience each has available over a prescribed future date range. This capability is a significant innovation in that it provides the media buyer with a broad view across the market of where their target audience can be found, the quantum of inventory available that will reach that audience, and the corresponding price. By doing so, Audience Survey greatly streamlines the audience planning process for media buyers.

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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.