ADSLOT LIMITED
Annual General Meeting
Wednesday 14 November 2017 at 11:00AM (AEDT)
Offices of Grant Thornton
Level 17, 383 Kent St, Sydney, New South Wales

CHAIRMAN'S ADDRESS

Ladies and Gentleman,

Financial Year 2017 was a year of mixed results for Adslot.

On the one hand, it was a transformative and defining year for the Company, in which it celebrated many great achievements.

But despite those achievements, the share price performance has been disappointing, largely reflecting the fact that these initiatives are yet to deliver material revenue growth.

Before we discuss the share price performance more fully, I want to reflect on some of the key milestones for Financial Year 2017 in more detail. This is important for context.

GroupM Contract

The Company began the financial year in stellar form by signing a long-term, global contract with the world's largest media buyer, GroupM – the media buying division of WPP.

This contract was the most significant in the Company's history. Not only did it allow Adslot to deploy its *Symphony* software throughout GroupM agencies in multiple markets across Europe and the Asia Pacific region. But with contractual minimums in place, this contract effectively de-risked the *Symphony* business, guaranteeing steady growth in Licence Fees over the next half decade at least, and making *Symphony* immediately profitable on a stand-alone basis.

Symphony Deployments

In the first twelve months of signing the GroupM contract, the Company successfully deployed *Symphony* into three new international markets being Austria, Taiwan and Turkey.

Keep in mind, that when Adslot deploys *Symphony* into each new market, it is not just deploying into a single agency, but at least four different GroupM agencies in each market, being Mediacom, Mindshare, MEC and Maxus. Each has their own set of requirements; each their own trainer, project manager, etc.

So, although the headline number might seem low on face value at three new markets, it's important to remember we're talking about twelve different agency deployments in the last twelve months.

It's also worth remembering that the three GroupM markets into which Adslot deployed *Symphony* this last year were all small to medium markets. But at least two of the five markets currently in the pipeline are medium to large markets, which will further contribute to growth in Licence Fees.

Growth in Future Trading Fee Opportunity

When fully deployed over the next two to three years, media executed via *Symphony* is expected to more than double from $3 billion to approximately $7 billion, which effectively also doubles the future Trading Fee revenue opportunity for Adslot.

Validation emerging

In terms of converting this *Symphony* demand into Trading Fee revenue, the Company recently announced commitments from two large agencies to embed automated trading via the *Symphony* platform in two markets – one in APAC and one in Europe. We expect to see growing pilot activity this quarter, and substantially greater and growing activity throughout 2018.

Capital Raising

Within a few months of the GroupM announcement in August last year, the Company also successfully completed an $18 million capital raising in October, for the express purpose of doubling the size of the product and development team over an 18 month period, and increasing sales and marketing activity, particularly in the US market.

The Company has been executing this strategy exactly to plan, and although we haven't seen a return on this investment in terms of accelerated revenue growth or profitability yet, both the Board and the Executive Team are still confident this investment will drive meaningful Trading Fee revenues in future, and ultimately deliver the Company and its shareholders a strong ROI.

Major Integrations

The larger development team has delivered three major integrations during the year: the first with *Integral Ad Science* in December, which gave Adslot's agency customers guaranteed ad viewability, and protection against ad fraud. And in the last half, the Company also announced two major data integrations – one with Oracle's *Bluekai* and the other with *Lotame*. These integrations allow audience-targeting across each of Adslot's publisher partners, now critical to attract larger advertisers especially in the US.

Product Enhancements

Other product enhancements have included the introduction of *Vide*o advertising via Symphony, which is one of the fastest growing audience segments in digital advertising; and *Audience Survey*, which Ian will expand on in his presentation.

It is important to note that integrations and product enhancements will continue in the foreseeable future, but the rate at which this development occurs will vary depending on competing projects and cash flow.

Ramp Up of US Sales and Marketing

The new capital was also used to appoint highly experienced, senior sales and marketing executives in the US market. Although these appointments have only occurred over the last three to six months, the Company has already seen a material increase in size and quality of the US sales pipeline – largely due to the new audience-targeting capabilities. The Company expects to see this pipeline grow, and more importantly, convert, throughout calendar 2018.

More Publishers

While all this has been happening, the Company hasn't let up on growing and improving its catalogue of premium publisher inventory, signing more of the world's top tier premium publishers to the Adslot platform in FY17. Publishers joining the Adslot platform included TripAdvisor, The Guardian, Bloomberg, Hearst, Aol, USA Today, Condé Nast, Motley Fool and Business Insider, to name a few.

Recap of milestones

Taking all this into consideration: the new GroupM contract; the capital raising; the progress with product features; the new market deployments of *Symphony*; the successful data integrations; the additional publishers on platform; the commitment of agencies to adopt Automated Guaranteed; and the increased sales pipeline we now see in the US - the Company is, by many measures, now in a much stronger position than it was twelve months ago, and much closer to realising its ambitions.

Financial Performance and Share Price

However, these successes have not yet materialised in the form of accelerated revenue growth, nor share price performance.

Trading Fees have not yet materialised as expected

Although Licence Fees continued to grow at 45% year on year, there was a slower than anticipated take up in Trading Fees in FY17, which led to Trading Technology revenue overall growing by only 27% year on year.

The two soft quarters for Trading Fees in the March and June quarters were largely driven by industry driven seasonality in the March quarter, keeping in mind that Trading Fee revenue is still very nascent; and the restructure of the US sales team which disrupted the sale momentum through the June quarter.

Thankfully, we have seen improvement in the September quarter just gone, and with the commitment from two agencies in Europe and APAC to the adoption of Automated Guaranteed in 2018, and a much stronger sales pipeline in the US continuing to build, we expect continued improvement in the quarters ahead.

Cash Burn

The strategy adopted following the capital raising has seen a material increase in cash burn. I should stress that the Board and management are paying very close attention to our cash burn rate, particularly given the delay in Trading Fee revenue materialisation.

Cost Management

As a result, an initial cost management program has already been implemented, and we have the ability to make further cuts to preserve runway should that be required. The cost reductions to date are expected to have no material impact on our ability to realise the pipeline of short-term Trading Fee revenue opportunities.

It's a difficult balancing act right now, because all indications are that the Company is closer to realising more material Trading Fees and consistent growth, which will reduce cash burn and make the business more predictable. However, timing is still somewhat unpredictable, so careful vigilance on cash outflows is critical.

Reporting and Transparency

We also understand shareholders want more transparency around timing of Symphony deployments, and scaling of Trading Fee revenue. We have attempted to address this in two ways.

First, in terms of Licence Fees, we have increased transparency regarding scheduled Symphony deployments, disclosing actual markets and actual anticipated deployment dates in our quarterly trading updates.

And secondly, we are also increasing transparency around our Trading Fee bookings on platform by not only revealing the previous quarter's bookings number, but also providing insight into size and type of our future sales pipeline.

Ultimately, the Board and management understand that the key thing that will increase the share price, is an improvement in the Company's overall financial performance.

Summary

In summary, Adslot's strategy is ambitious. We are trying to globally change the way that digital media is bought and sold. This is not an insignificant challenge and one that requires constant revisions and pivots to our strategy as we learn, adapt and grow. This is a normal path to success for technology companies.

Adslot operates in a very competitive and dynamic marketplace. Brand marketers are increasingly demanding transparency around the true costs and placement of their advertising. At the same time, publishers want to capture a greater share of media spend.

Adslot continues to be highly differentiated in how we solve these challenges for brands, publishers and agencies.

We believe the rewards for executing well against this challenge are so significant for shareholders - we remain resolute in our belief and commitment to realising this vision.