

ASX Announcement

31 July 2019

Q4 FY19 Trading Update

- **Agency Holding Company Discussions:**
 - Previously announced agreement confirmed as Cadreon, programmatic division of The Interpublic Group of Companies
 - Agreements with 2 additional Agency Holding Companies currently in legal review
 - First trades from Holding Company MSAs expected to occur in the September 2019 quarter
- **Trading Fees:**
 - Total value of media traded via all platforms increased by 10% when compared to prior quarter
 - Value of media traded via *Adslot Media* platform stand-alone flat compared to prior quarter
 - 10% increase in volume of trades compared to prior quarter
 - Improved outlook for September 2019 quarter due to holding company discussions (see outlook section)
 - Achieved 176% growth in Trading Fees in FY2019 vs FY2018 (*Adslot Media* grew 243%)
- **Licence Fees:**
 - Symphony activation completed for South African market
 - 2 additional agencies activated for GroupM within the Indian market
 - \$4.1B now managed annually via Symphony platform
 - Achieved 44% growth in License Fees FY2019 vs FY2018 as per previous guidance
- **Cash Position:**
 - 7% improvement in cash receipts from customers vs prior quarter
 - \$4.0m capital raise successfully completed
 - Cash balance of \$8.17m at end of June 2019 quarter

Adslot Ltd (ASX: ADJ) is pleased to provide an update on trading activity for the June 2019 quarter.

Agency Holding Company Developments

As previously disclosed, the Company has been in discussions with the six largest global media agency holding companies regarding the execution of a Master Services Agreement (MSA) for the United States market. These agency holding companies are:

- The Interpublic Group of Companies (signed);
- Dentsu;
- Havas;
- Omnicom Group;
- Publicis; and
- WPP.

In addition to establishing a contractual framework for Adslot to provide services to the agency holding companies, the execution of MSAs with these organizations will provide a number of additional benefits:

- Enables usage of the Adslot platform by buyers across their entire network of agencies;
- Senior management sponsorship of deployment of the Adslot platform; and
- A structured and managed deployment of the Adslot technology across the wider agency group.

The Company believes that securing MSAs at the holding company level has the potential to significantly accelerate adoption of the *Adslot Media* platform by US agencies.

Adslot.

Agency Holding Company Agreements

The Company is pleased to confirm that over the past 2 months significant progress has been made in advancing negotiations with the various agency holding companies.

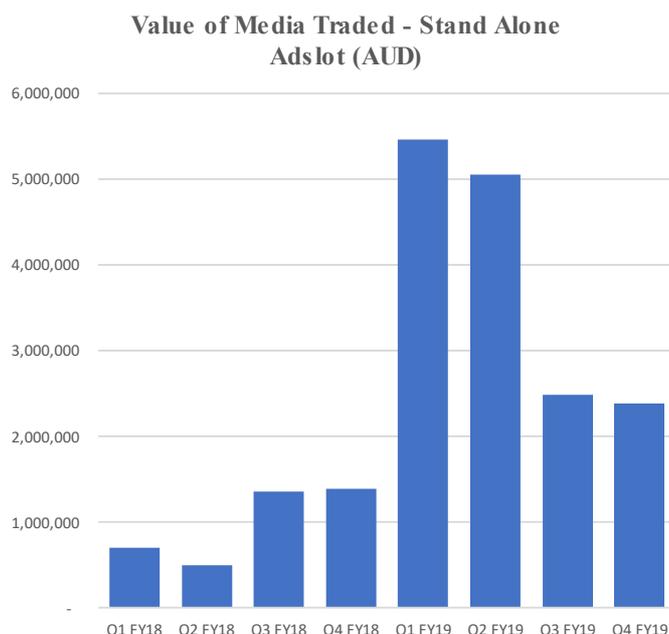
The Company confirms that during the June quarter it executed an agreement with Cadreon, the programmatic trading division of the Interpublic Group of Companies. This agreement enables buyers within Cadreon to purchase media from Adslot's network of publishers within the US market and represents the first such agreement executed with one of the 6 large agency holding companies. This agreement was previously disclosed, without mention of the name of the relevant agency group, in the Company's US market update released on 29 June, 2019.

The Company also confirms that it has received indications from 2 additional holding companies of their intent to execute MSAs with Adslot. Agreements for these two holding companies are currently under legal review.

Discussions with the remaining 3 agency holding companies continue to progress.

Trading Fees

In the June 2019 quarter, the value of media traded via the standalone *Adslot Media* platform was \$2.4M, an increase of 71% on the Prior Corresponding Period (PCP) and a decrease of 4% compared to the March 2019 quarter (Q-o-Q).



Note: Bookings are forward orders, and are subject to amendment post booking. Increases or decreases in booking value may be reflected in subsequent periods. Please see footnote on "Campaign Optimisation" at end of release for further details. The Company notes that the total of negative adjustments to existing campaigns in the June 2019 quarter was \$993k.

The modest Q-o-Q decrease was driven primarily by the following:

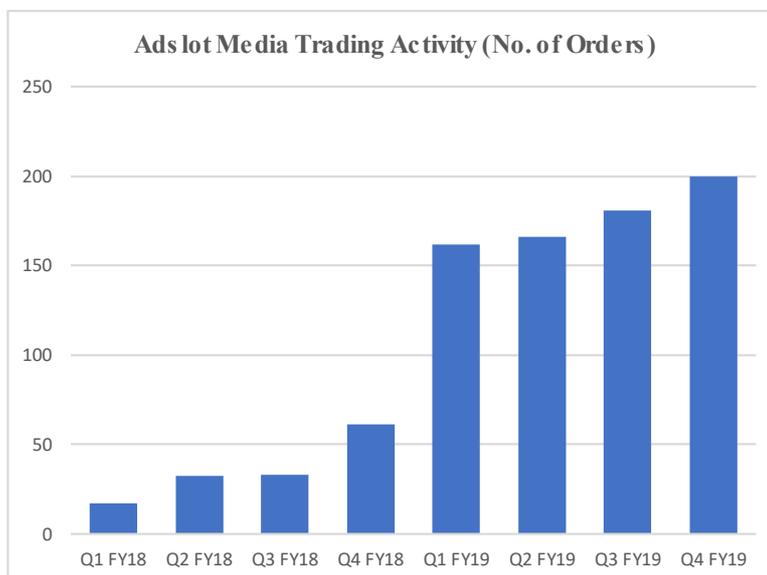
- Negative adjustments of \$993k due to optimisation of campaigns by clients for operational reasons. This includes amounts traded early in the June 2019 quarter and included in the June quarter to date amount disclosed in the Company's trading update released on 30 April 2019; and
- Despite an increase in the number of trades, the Company saw lower than anticipated average trade values from existing clients in the quarter.

The Company notes that trading volumes from the standalone *Adslot Media* platform in the current (September 2019) quarter to date represent 46% of the value of media traded in the total June 2019 quarter.

Adslot.

Volume of Trades

The total number of trades from all advertisers across the June 2019 quarter was 200, representing a 228% increase on PCP, and a 10% increase Q-o-Q.



Active Buyers

During the June 2019 quarter, the Company continued to bring new advertisers to the platform, with 27 additional brands trading for the first time. This included initial trades from advertisers introduced via the new Financial Times partnership. Brands trading for the first time during the June 2019 quarter included Citizen, Net-a-Porter, BASF, Deutsche Bank and Allianz.

In addition, the Company saw repeat and ongoing trading from all major demand sources who traded during the March 2019 quarter, and across all regions (Europe, Australia, UK and USA). Significant advertisers active in the June 2019 quarter included AT&T, General Motors, Coca Cola, Cartier, Chanel, LVMH and Jaguar.

Publisher Signings

During the June 2019 quarter the company executed agreements with the following publishers; Bloomberg, Business Insider, PopSugar, FlightAware, Johnson Publishing and Minute Media. These new publishers provide additional scale to the US marketplace and enhance the Company's presence in the important Lifestyle and Travel industry verticals.

The Company expects to activate further premium publishers in the September 2019 quarter.

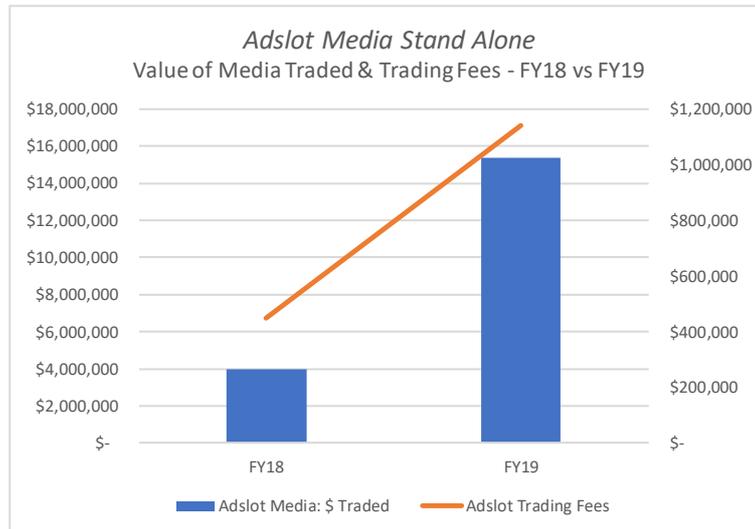
During the quarter, the Company also commenced deployment of its technology with leading UK financial news publisher, the Financial Times (FT). The FT have deployed Adslot for the automation of direct campaigns to create operational efficiencies, thereby allowing campaign managers to have more time to focus on driving revenue and key accounts. This will include the transition of all campaigns with a value below a nominated threshold to the *Adslot Media* platform.

First trades from the FT were received in the June 2019 quarter but activities have focused on activating and training the FT sales teams across Europe and the Asia-Pacific region. It is anticipated that transition of all activity below the nominated threshold will be complete by the end of the December 2019 quarter with increased trading expected in the September 2019 quarter.

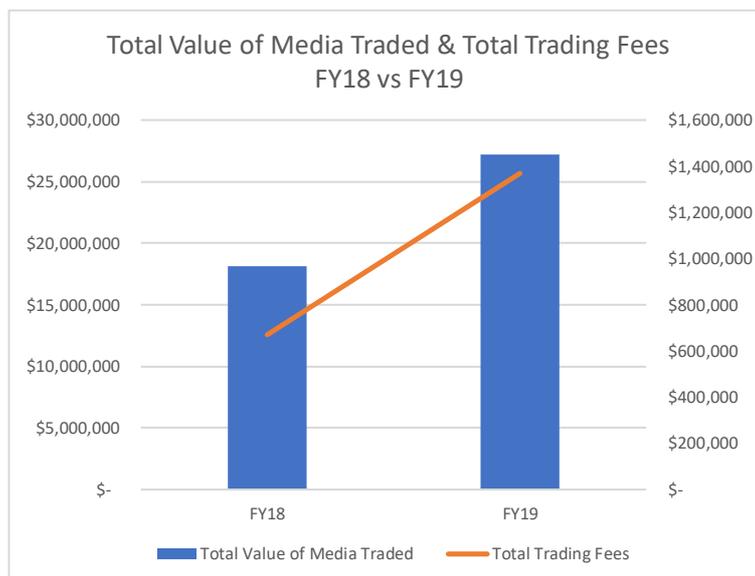
Adslot.

FY18 vs FY19

The value of media traded via the *Adslot Media* platform grew 295% from \$3.9M in FY18 to \$15.4M in FY19. Trading fees derived from the *Adslot Media* platform grew 153% from \$450k in FY18 to \$1,140k in FY19.



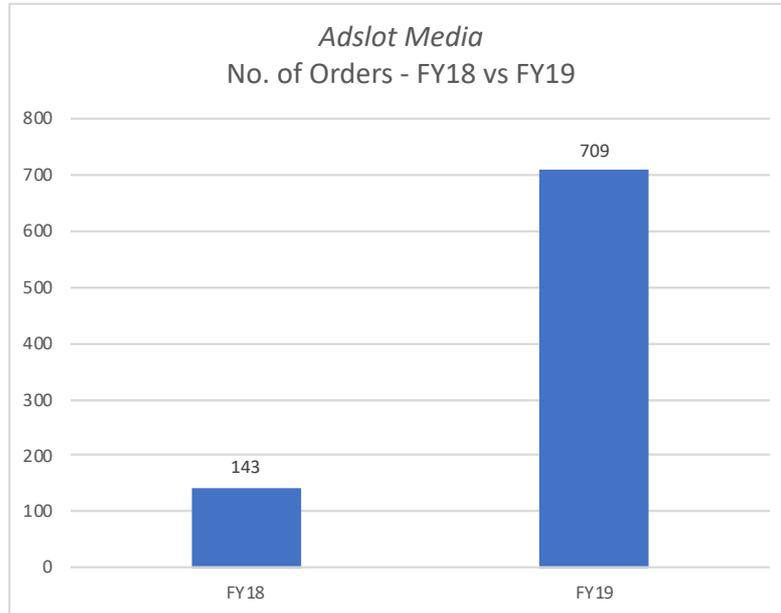
The total value of media traded via the *Adslot Media* and *Symphony* platforms **combined** grew 50% from \$18.1M in FY18 to \$27.2M in FY19. Total Trading Fees grew 104% from \$670k in FY18 to \$1,370k in FY19.



Note: The Trading Fee revenues for FY19 are subject to final audit.

Adslot.

The number of orders placed on *Adslot Media* grew 396% from 143 in FY18 to 709 in FY19.



Outlook

As previously noted, the company secured its first agreement with an agency holding company during the June 2019 quarter and MSAs with two additional holding companies are currently in legal review. Activation activities for all three of these holding companies have commenced. These activation activities include:

- Identification of initial advertisers;
- Import and classification of advertiser and third-party data; and
- Training of account teams.

Trading from all three holding companies under activation is expected to commence within the September 2019 quarter. The Company is unable to provide guidance on likely activity volumes during the September quarter but does note that the potential activity volumes from these holding companies represents a substantial increase in current trading activities.

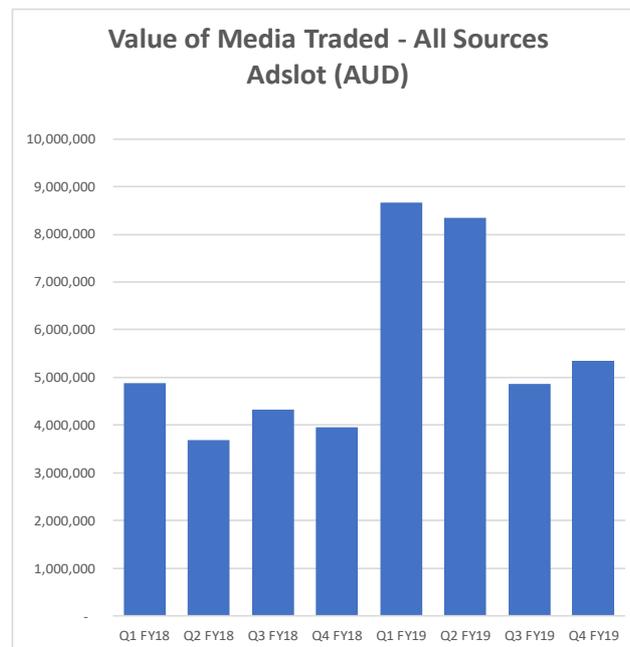
During the March 2019 quarter the Company saw initial trades from General Motors in the US market and this was followed by subsequent trading within the June 2019 quarter. The Company has been advised that initial trading over these quarters constituted a pilot (test) phase and that the pilot has been deemed to be successful. As a result the Company expects further and increased activity from this advertiser during the US Fall / Autumn period.

The Company continues to see strong opportunity for trading on the platform where the activity is initiated by the publisher rather than the buyer. The most immediate of these opportunities is the Financial Times relationship with trading expected to grow in the current quarter. The Company is in discussion with other publishers in multiple markets regarding agreements to manage publisher initiated trading.

Adslot.

Adslot Media and Symphony combined

The total gross value of media transactions (*Adslot Media* and *Symphony*) from which the Company derives Trading Fee revenues was **\$5.4M**, an increase of 35% on PCP, and an increase of 10% Q-o-Q.



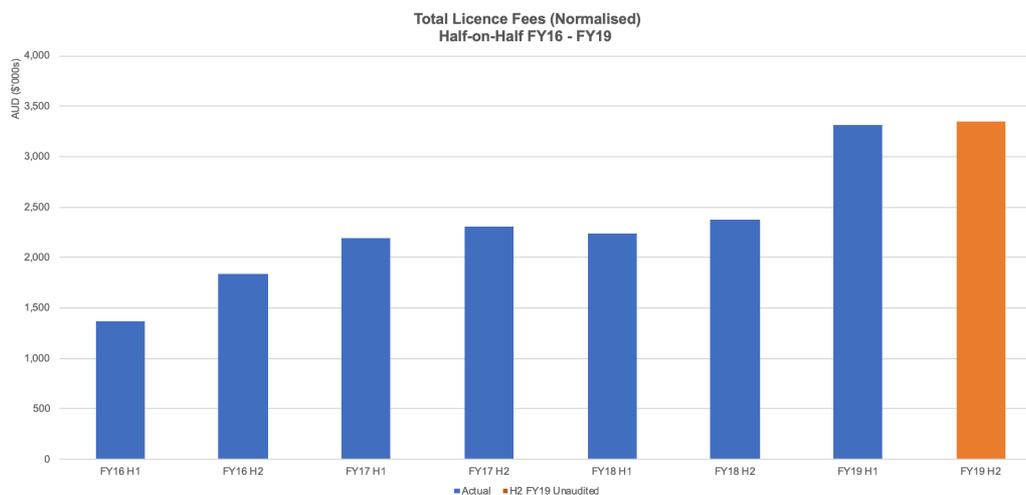
Licence Fees

During the June 2019 quarter, the Company completed activation of the *Symphony* platform for GroupM in South Africa. This market represented the first deployment of *Symphony* in the Europe, Middle East and Africa (EMEA) region since December 2017. The Company is currently identifying and confirming further GroupM markets in the EMEA region for activation, commencing in the second half of calendar 2019.

During the quarter, the Company activated two additional agencies for GroupM within the Indian market. These agencies bring the total of active agencies in the Indian market to four. The activation of these additional agencies saw an increase in License Fees for the Indian market in the June 2019 quarter and these are expected to further increase in Financial Year 2020.

Symphony is currently deployed to 83 individual agencies in 17 countries with 38,800 campaigns worth more than \$4.1 billion being managed on the platform in the past 12 months.

The Company confirms total Licence Fees of \$6.67M (unaudited), slightly ahead of \$6.61M guidance for FY2019, an increase of 44% on FY2018.



Note: *Symphony* Licence Fee revenues for FY17 and FY18 are normalized to allow for the reversal of a one-off payment, as outlined in the 20 July 2018 *Symphony Outlook* release.

Cash Position

As at 30 June, 2019 the Company had \$8.17M in cash.

During the quarter the Company successfully completed a \$4.0m placement (\$3.76m after transaction costs) to new and existing institutional and sophisticated investors.

Collections from customers during the June quarter increased by 7% from \$5.20m to \$5.56m. Net cash outflows from operating activities were \$1.66M, an increase of \$2.35m when compared to the prior quarter. This increase in net cash outflows was in part due to payments to publishers originally anticipated to occur in the March 2019 quarter.

More details are provided in the Company's Appendix 4C (with commentary) also released today.

The Company continues to monitor costs against projected revenue and cash flows, ensuring the right balance between investing for future Trading Fee revenues and cash conservation.

Notes on Campaign Optimisation

The *Adslot Media* platform has been designed to allow for ongoing optimisation of campaigns after the initial booking. These optimisations can take the form of changes to publishers, placements and dates and may involve an increase or decrease in the amount spent depending on client needs. Reasons for optimisation may include campaign and placement performance, changes to advertiser budgets, publisher delivery performance or other client operational requirements.

This feature is seen as a key benefit of the platform and is frequently adopted by advertisers and allows them to maximise performance and return on investment (ROI). By way of example, a recent case study and testimonial provided by UK agency Greenlight Digital reported that utilization of the features of the Adslot product delivered a 57% reduction in the average cost of client acquisition and a six-fold increase in ROI. <https://www.adslot.com/greenlight/>

The value of media transactions reported by the Company is net of campaign optimisation. That is to say, positive adjustments to existing campaigns are counted within the value of media traded and negative adjustments to existing campaigns are deducted from the value of media traded. In certain periods there may be significant adjustments and these may negatively impact the value of media traded reported for the given reporting period despite relating to activity booked in a prior period. In certain periods this may also mean that the value of media traded reported may decline compared to prior periods despite an increase in campaign activity.

Adslot.

For further enquiries, please contact:

Ben Dixon
Chief Executive Officer
Adslot Limited
investor.relations@adslot.com

Felicity Conlan
Chief Financial Officer
Adslot Limited
investor.relations@adslot.com

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.

Future performance

This Announcement contains certain references to forecasts, estimates, assumptions and other forward-looking statements and statements regarding the intent, belief or current expectations of The Company. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this Announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This Announcement contains such statements, which are subject to risk factors associated with an investment in The Company. The Company believes that these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause actual results, performance or achievements of The Company to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Announcement.