

ASX Announcement

31 January 2020

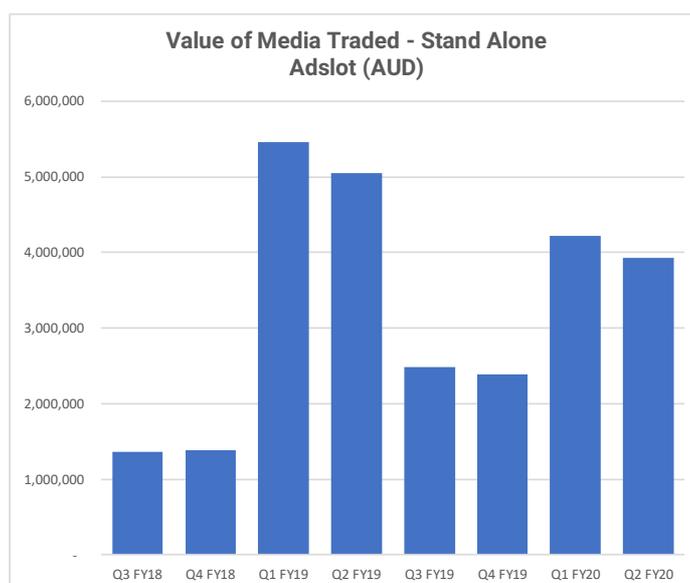
Q2 FY20 Trading Update

- **Trading Fees:**
 - Value of media traded on *Adslot Media* stand-alone declined by 7% QoQ
 - Volume of trades on *Adslot Media* grew 43% QoQ – the ninth consecutive record quarter
 - Value of media traded in Europe grew by 155% QoQ
- **Agency Holding Company Progress:**
 - MSA executed with global agency holding company, Havas
 - MSA executed with *Media Storm* - second largest independent agency in the US
 - MSA negotiations underway with 2 x additional agency holding companies
- **Data Partners:**
 - Partnerships secured with key data providers *Oracle Data Cloud (ODC)* and *LiveRamp*
- **Symphony Update:**
 - Value of media managed via the *Symphony* platform now exceeds \$7.5 billion per annum
- **Cash Position:**
 - Successful completion of \$6.4M capital raise
 - Cash balance of \$9.17M at end of December 2019 quarter.

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

Trading Fees

In the December 2019 quarter, the value of media traded via the standalone *Adslot Media* platform was \$3.93M, a decrease of 7% compared to the September 2019 quarter.



Strong quarter on quarter growth in value of media traded was seen in Europe (+155%) with flat growth in UK (+3%) and APAC (+0%). The value of media traded in North America declined quarter on quarter (-60%),

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US Market Performance

The Company notes the lower than expected value of media traded in the US market during the December quarter. Despite repeat trading from all major demand sources, the value of media traded in the US was negatively impacted by the delayed activation of agency holding company relationships signed in previous quarters and unexpectedly low trading volumes in the US in the lead up to the Christmas period. As noted in the CEO's address to the Company's annual general meeting on 22 November 2019 the value of media traded at that point in the quarter was 42% higher than at the same point in the prior (September 2019) quarter.

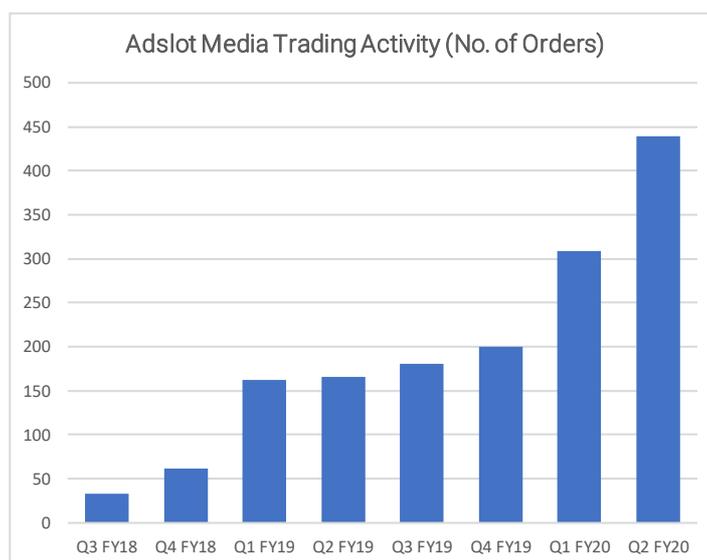
Nonetheless the Company notes that significant progress was made during the quarter regarding the activation of previously signed agency holding companies and MSAs were executed with two additional agency groups (see agency update below). Based on current client indications, the Company anticipates initial trading to commence from two agency holding companies in the March 2020 quarter which is expected to drive improvement in US market performance.

US Market Leadership

On 21 January 2020 the Company announced the appointment of Mr Chris Maher to the position of President of North American operations. Mr Maher comes to the company with over 20 years of experience in leading venture-backed growth companies in the digital space. Notably, Mr Maher was a key member of the executive team of internet measurement and competitive intelligence firm *Hitwise* prior to that company's \$260M sales to Experian in June of 2007, and post-acquisition became President of the global business unit. The Company believes that Mr Maher's experience and track record of success will be a significant accelerator to adoption of the *Adslot Media* platform in the US market.

Volume of Trades

The total number of trades from all advertisers across the December 2019 quarter was 438, representing a 164% increase on PCP, and a 43% increase QoQ.



Agency (Buyer) Update

As previously noted, the Company remains focused on 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 companies represent a substantial proportion of digital media buying in the US and are well positioned to make organisational-level decisions regarding the adoption of technology.

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The Company is pleased to update the status of its agency holding company discussions as follows:

- MSA signed with *Cadreon / Interpublic Group* and currently in late stage of activation.
- MSA signed with *Havas Media* and currently in activation for March quarter activity
- MSA with one additional holding company in late stage legal review. Limited trading has already occurred with this holding company under an interim commercial framework.
- Legal review of MSA commenced with one additional holding company. An interim commercial framework for trading has also been established with this holding company.
- Commercial discussions continue with the two remaining holding companies.

In summary, the Company now has MSAs or interim commercial relationships in place with four of the six largest global media agency holding companies. As previously disclosed the Company also secured an MSA with *Media Storm*, the second largest independent media agency in the United States market during the December 2019 quarter.

As previously noted, timeframes from execution of agency Master Service Agreements **to commencement of trading may vary from several weeks to one or more quarters.**

Data Partner Update

During, and subsequent to the December quarter the Company continued to make significant progress in its strategy of securing partnerships with key data providers. These data partnerships will enable the agency and advertiser users to simply and efficiently share their proprietary customer audiences with publishers featured on the *Adslot Media* marketplace. Advertisers and agencies will then be able to discover and forecast the availability of these audiences and transact targeted campaigns via *Adslot Media*. The capabilities enabled by these partnerships will be critical to the adoption and growth of the *Adslot Media* platform in markets around the world. It is also anticipated that these partnership relationships will enable access to existing advertiser clients of the data partners who are not yet customers of Adslot.

On 29 November 2019 the Company announced that it had executed a partnership agreement with *Oracle Data Cloud (ODC)*, the world's largest cloud-based data management platform for marketing. The integrated offering with *ODC* was activated in January 2020.

On 30 January 2020 the Company announced that it had executed a partnership with *LiveRamp*, a leading provider of technology for the onboarding of advertiser's first party data in the digital and television ecosystems. It is anticipated that the integrated offering with *LiveRamp* will be activated during February 2020.

Publisher (Seller) Update

During the December 2019 quarter, the company continued to add additional inventory to the *Adslot Media* marketplace in regions around the world. This included agreements executed with *Vice Media* (Global), *Frankly Media* (USA), and *Russmedia* (Europe). These new publishers continue to build on *Adslot Media's* growing presence in a number of high value media verticals around the world.

As noted in its previous trading update, the company has seen a significant improvement in its pipeline of premium publisher discussions in the US, UK and Europe. The Company has continuing discussions with a number of prominent tier 1 publishers and expects to continue adding additional inventory to the *Adslot Media* marketplace in the March 2020 quarter.

Adslot Media Outlook

As noted in previous updates, the Company continues to see strong interest for its solutions from buyers and sellers in all active markets. This client interest can be defined in three key use cases of the *Adslot Media* platform:

1. **Programmatic Trading.** This use case sees the *Adslot Media* platform deployed by programmatic buying teams to enable forward guaranteed buying of media currently bought via alternative programmatic channels such as Private Marketplaces (PMPs) and Programmatic Guaranteed (PG).

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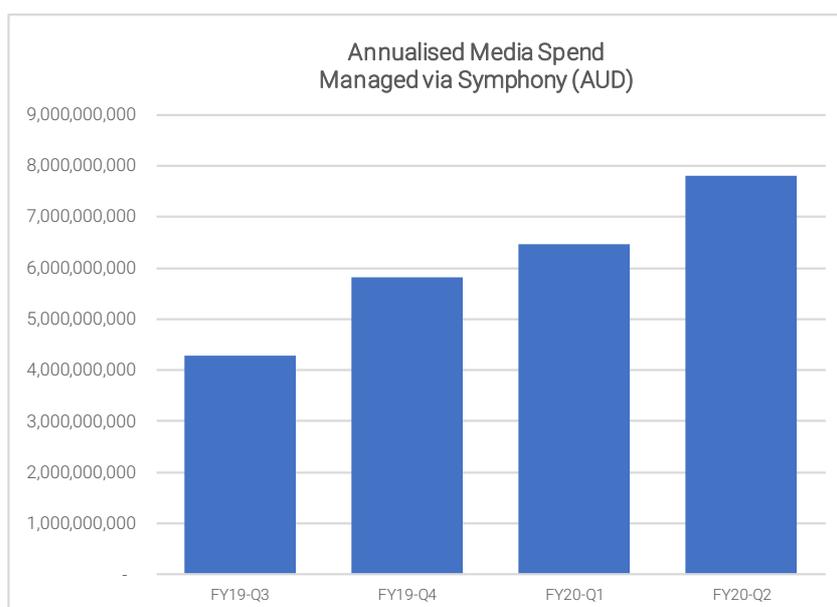
2. **Insertion Order Replacement.** This use case sees the *Adslot Media* platform deployed at an enterprise level to automate trading of forward guaranteed media currently bought via manual processes such as insertion orders (IOs).
3. **Publisher Sales Automation.** This use case sees the *Adslot Media* platform used by the sales teams of premium publishers to reduce manual processes when transacting with agencies. This is particularly relevant for high volume / lower value trading and where trading may occur across different countries or regions.

Current activation projects underway with agency holding companies are focused on the Programmatic Trading use case and the Company sees significant prospects for trading under this model in the coming quarters. In addition, the Company believes the opportunity exists to expand the Publisher Sales Automation use case in the short term with existing clients (including the Financial Times and Bloomberg) as well as new publisher clients.

Discussions with agencies regarding the use of *Adslot Media* to replace Insertion Order trading represents a significant commercial opportunity, however the Company believes these are unlikely to reach activation stage in the current financial year.

Symphony Update

The Company has seen a strong growth in the value of media managed via the *Symphony* platform. Total annualised media spend managed by *Symphony* now exceeds A\$7.5 Billion. The growth in the value of media managed via *Symphony* is not expected to have an immediate impact on *Symphony* license fees.



Note: Annualised Media Spend is calculated by multiplying the quarter's media spend by 4

Growth in spend managed by *Symphony* continues to be driven by strong growth in key markets including China and India, and the impact of market deployments conducted by the Company in FY2019. *Symphony* is currently deployed to 83 individual agencies in 17 countries.

Cash Position

Cash at the end of the December 2019 quarter was \$9.17M.

During the December 2019 quarter the Company successfully completed a two tranche \$6.4m capital raising from existing and new investors. Tranche 1 (\$5.65m) was completed in the December quarter with Tranche 2 (\$0.75m) completed in January 2020.

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

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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.

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.