

ADSLOT LTD (ABN 70 001 287 510)
RESULTS FOR ANNOUNCEMENT TO THE MARKET
Appendix 4E - Final report

Details of the reporting period and the previous corresponding period.

Reporting Period	Financial Year ended	30 June 2020
Previous Corresponding Period	Financial Year ended	30 June 2019

The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities (Appendix 4E item 2.1).

Revenue from ordinary activities	\$	10,572,950
Previous corresponding period	\$	10,271,629
Percentage change up or down from the previous corresponding period of revenue from ordinary activities	%	2.93%

The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2).

Loss from ordinary activities after tax	\$	(16,617,725)
Previous corresponding period	\$	(7,042,755)
Percentage change up or down from the previous corresponding period of loss from ordinary activities after tax attributable to members	%	135.95%

The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members (Appendix 4E item 2.3).

Loss attributable to members	\$	(16,617,725)
Previous corresponding period	\$	(7,042,755)
Percentage change up or down from the previous corresponding period of net loss for the period attributable to members	%	135.95%

The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends (Appendix 4E items 2.4 and 2.5).

No dividends proposed relating to the reporting period

Net tangible assets per security with the comparative figure for the previous corresponding period.

Reporting Period	cents	0.23
Previous Corresponding Period	cents	0.42

Explanation of income (Appendix 4E item 2.6)

Revenue by Principal Activity

Adslot Ltd derives revenue from two principal activities:

1. Trading Technology – is made up of:

Licence Fees (annual subscription revenue), derived predominantly from *Symphony*, a global enterprise SaaS business providing market-leading workflow automation technology to the world’s largest media buying agencies; and

- **Trading Fees** (% of trade value), derived predominantly from *Adslot*, a leading global media trading technology platform that enables the world’s largest advertisers and publishers to trade premium display advertising directly.

2. Services – comprises **Services Fees** derived from:

- *Webfirm*, an Australian-based digital marketing services business, providing website design, hosting, search engine optimisation (SEO), search engine marketing (SEM) and social media marketing services; and
- project-based customisation of *Symphony* and *Adslot Media’s* Trading Technology.

The strategic focus of the Group is the growth of its *Symphony* and *Adslot Media* Trading Technology businesses.

Principal Activity	Profile	FY20 Revenue (\$)	FY19 Revenue (\$)	YOY Growth Rate
Trading Technology	Global opportunity, rapidly emerging, highly strategic and key growth driver	8,115,100	8,038,425	1%
Services	Complimentary to Trading Technology, stand-alone non-strategic	1,672,767	1,800,592	(7%)

Explanation of profit(loss) from ordinary activities and net profit(loss) after tax attributable to members (Appendix 4E item 2.6)

The current reporting period operating loss after tax of \$16,617,725 includes a one-off provision of \$1,527,734 for the part repayment of the FY16 R&D claim and a non-cash goodwill impairment charge of \$10,000,000, both impacting EBITDA and NPAT in the period under review. There were no similar expenses in the prior period.

The Adjusted Loss from ordinary activities after tax (excluding the FY16 R&D provision of \$1,527,734 and goodwill impairment of \$10,000,000) is \$5,089,991 representing a 28% reduction on the prior period.

Audited results

This report is based on the following financial statements that have been the subject of an independent audit and are not subject to any dispute or qualification.

Other Appendix 4E disclosures

Additional Appendix 4E disclosures can be found in the attached Adslot Ltd financial statements.

Specifically we draw readers’ attention to the Review of Operations and likely developments found on pages 8 and 13 respectively.

ADSLOT LTD

ABN 70 001 287 510

FINANCIAL STATEMENTS **for the year ended 30 June 2020**

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Directors' Report

Your Directors present their report, together with the financial report of Adslot Ltd ACN 001 287 510 ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2020 and the auditor's report thereon.

Information on Directors

Mr Andrew Barlow, Mr Adrian Giles, Mr Ben Dixon, Ms Sarah Morgan and Mr Andrew Dyer were directors for the whole financial year and up to the date of this report. Mr Quentin George was a director until he resigned on 16 July 2019.

Mr Andrew Barlow
Chairman
(Age 47)

Andrew Barlow is the founder and Chairman of Adslot, and an experienced technology entrepreneur. Prior to Adslot, Mr Barlow co-founded online competitive intelligence company, Hitwise, with Adrian Giles. Hitwise was ranked one of the Top 10 fastest growing companies by Deloitte for five years running, before being sold to Experian Group (LSX.EXP) in May 2007. Mr Barlow was also Founder and CEO of Max Super, an online retail superannuation fund sold to Orchard Funds Management in 2007. Mr Barlow is also the Founder of Venturian, a privately-owned venture capital fund with investments in early-stage technology companies with unique IP, highly scalable business models and global market potential.

Mr Barlow served as a non-executive director of Nitro Software Limited (ASX:NTO) from 30 January 2007 until 25 August 2020.

Mr Barlow was first appointed as a Non-Executive Director on 16 February 2010. He was the Executive Chairman for the 2020 financial year, returning to non-executive Chairman on 28 July 2020. Mr Barlow is also a member of the Remuneration Committee.

Mr Ben Dixon
CEO and Executive
Director
(Age 46)

Ben Dixon's career in the advertising industry goes back over 20 years and includes roles at several large multinational agency groups including DDB and Mojo. He has wide experience across both the media buying and account management fields having held senior positions directing accounts for advertisers such as Telstra and Kraft Foods. In particular he was responsible for the development and implementation of e-commerce and online strategies across a number of advertisers.

In late 1999 Mr Dixon conceptualised and then co-founded Facilitate Digital Pty Ltd, assuming the role of General Manager. In the subsequent 3 years he played an integral role in steering the business through an industry collapse to a position of strength. Mr Dixon was appointed Chief Executive Officer of Facilitate when Adslot acquired it in December 2013.

Mr Adrian Giles
Non-Executive
Director
(Age 46)

Adrian Giles is an entrepreneur in the Internet and Information Technology industries. In 1997 Mr Giles co-founded Sinewave Interactive which pioneered the concept of marketing a website using search engines and was the first company in Australia to offer Search Engine Optimisation (SEO) as a service.

Mr Giles co-founded Hitwise which grew over 10 years to become one of the most recognised global internet measurement brands in the USA, UK, Australia, NZ, Hong Kong, and Singapore. Whilst positioning the company for a NASDAQ listing in early 2007 Hitwise was sold to Experian (LSX: EXP) in one of Australia's most successful venture capital backed trade sales.

Mr Giles is also Chairman of ORDER Esports - an Australian esports team and Chairman of Fortress Esports - an esports and video game entertainment company.

Mr Giles is Chair of the Remuneration Committee and a member of the Audit & Risk Committee.

Ms Sarah Morgan
Non-Executive
Director
(Age 50)

Sarah Morgan has extensive experience in the finance industry, primarily as part of independent corporate advisory firm Grant Samuel. Ms Morgan has been involved in public and private company mergers and acquisitions, as well as equity and debt capital raisings. She holds a degree in Engineering and a Master of Business Administration from the University of Melbourne and is a Graduate of Australian Institute of Company Directors.

Ms Morgan is a Non-Executive Director of Nitro Software Limited, Future Generation Global Investment Company Limited and Whispir Limited. Ms Morgan was a Non-Executive Director of Hansen Technology Limited for part of the 2020 year.

Ms Morgan is Chair of the Audit and Risk Committee.

Mr Andrew Dyer
Non-Executive
Director
(Age 56)

Andrew Dyer is a Senior Partner and Director of The Boston Consulting Group (BCG). Mr Dyer has held local, regional and global leadership positions, including leading BCG's People & Organization and Enablement Practices. He has also been a member of BCG's global Executive Committee and holds various roles on a number of BCG Board Committees.

Mr Dyer has over 26 years' consulting experience supporting senior executives in leading companies around the world, with a particular focus on financial and other services businesses.

Mr Dyer is also a member of the Finance Committee of the Council of the Australian National University.

Prior to joining BCG in 1994, Mr Dyer worked for the Commonwealth Bank and the Australian Federal Government.

Mr Dyer is a member of the Audit & Risk Committee and was also appointed to the Remuneration Committee on 2 August 2019.

Ms Felicity Conlan
Company Secretary
(Age 54)

Felicity Conlan brings to the Group extensive experience in the media/advertising and technology sectors where she has held General Manager - Finance and CFO roles with companies including M&C Saatchi, Network Ten, Beattie McGuinness Bungay (London) and Genero Media.

Ms Conlan is a member of CPA Australia and a member of the Australian Institute of Company Directors.

Mr Quentin George resigned as a Director on 16 July 2019.

Directorships of other listed companies

Other than those disclosed on pages 5 to 6 of this Annual Report no director holds a Directorship in any other listed companies in the three-year period immediately before the end of the financial year.

Directors' shareholdings

The following table sets out each director's relevant interest in shares or options in shares of the Group as at the date of this report.

Directors	Ordinary Shares	Share Options
	#	#
Mr Andrew Barlow	58,352,668	-
Mr Adrian Giles	12,571,452	-
Mr Ben Dixon	37,603,660	19,000,000 ¹
Ms Sarah Morgan	200,500	-
Mr Andrew Dyer	49,111,342	4,000,000

¹ 18,000,000 subject to shareholder approval

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report.

Directors' Meetings

The following table sets out the number of meetings of the Group's Directors held during the year ended 30 June 2020 and the number of meetings attended by each Director.

Directors	Board of Directors		Remuneration Committee		Audit and Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Mr Andrew Barlow	8	8	4	4	-	-
Mr Adrian Giles	8	8	4	4	7	7
Mr Ben Dixon	8	8	-	-	-	-
Ms Sarah Morgan	8	8	-	-	7	7
Mr Andrew Dyer	8	8	3	3	7	7
Mr Quentin George	-	-	-	-	-	-

Principal activities

Adslot Ltd derives revenue from two principal activities:

- Trading Technology** - comprises *Adslot Media*, a leading global media trading technology platform, and *Symphony*, market-leading workflow automation technology for media agencies.
- Services** - comprises digital marketing services - provided by the Group's *Webfirm* division - and project-based customisation of Trading Technology.

Operating Results

	2020	2019	Movement	
	\$	\$	\$	%
Trading technology revenue	8,115,100	8,038,425	76,675	1%
Total revenue and other income	10,572,950	10,271,629	301,321	3%
EBITDA (loss)	(12,725,348)	(2,619,402)	(10,105,946)	(386%)
Adjusted EBITDA (loss) ¹	(1,197,614)	(2,619,402)	1,421,788	54%
NPAT (loss)	(16,617,725)	(7,042,755)	(9,574,970)	(136%)
Adjusted NPAT (loss) ¹	(5,089,991)	(7,042,755)	1,952,764	28%

¹ Adjusted EBITDA (loss) and Adjusted NPAT (loss): Adding back impairment of Goodwill (refer note 10 for further information) and once off Provision for R&D Claim for Financial Year 2015/2016 (refer note 8 for further information) to EBITDA and NPAT.

Group revenues for FY20 were \$10,572,950 an increase of 2.93% versus FY19 (\$10,271,629).

The Adjusted Consolidated Group operating loss before interest, income tax, depreciation and amortisation (Adjusted EBITDA) in FY20 was \$1,197,614, a 54% decrease in losses versus FY19 (\$2,619,402).

The Adjusted Consolidated Group operating loss after tax of \$5,089,991 is 28% lower than the loss for the prior year of \$7,042,755.

Review of Operations

Despite challenging conditions in the second half of the 2020 financial year, the Company achieved revenue growth on the prior year. Total group revenue of \$10.6m represented a 3% increase on the prior financial year (FY19: \$10.3m). Revenue growth was primarily driven by a \$0.5m (+9%) increase in *Symphony* licence fee revenue and a \$0.4m increase in Grant Proceeds primarily relating to COVID-19 government stimulus. Revenues generated from Trading Technology (licence fees and trading fees combined) at \$8.1m represented a 1% growth on the prior financial year (FY19: \$8.0m).

During the period the Company continued to focus on the following key strategies for the business in FY20:

- For Adslot Media
 - Secure Master Service Agreements (MSAs) with additional agency holding companies;
 - Activate previously contracted agencies to drive growth in trading fees;
 - Secure additional premium publishers to grow the quality, quantity and variety of marketplace inventory; and,
 - Develop partnerships with key data providers.
- Pursue further deployments for *Symphony* with existing and prospective clients; and
- Maintain focus on cost management.

Review of Operations (Continued)

The COVID-19 pandemic represented a challenge for businesses globally in the 2020 financial year, and this is expected to continue into the 2021 financial year.

COVID-19 saw an immediate decline in media spend globally during the March 2020 quarter and this had an impact on Adslot Media bookings during that quarter. The Company saw both reduced activity levels and cancellations of previously booked media. This combined with the usual low seasonal activity in the March 2020 quarter resulted in the lowest quarter for the 2020 year.

By contrast, and despite ongoing uncertainty, *Adslot Media* achieved its highest bookings result for the 2020 financial year in the June 2020 quarter. This was driven by a significant improvement in trading activity on the *Adslot Media* platform from European agencies. However, the US market continued to see negative impacts on media trading caused by social unrest. Despite that, engagement and planning activities with US-based agencies and publishers accelerated towards the end of the quarter and significant improvement in *Adslot Media* trading activity from the US market is anticipated in the September 2020 quarter.

Symphony revenue is primarily made up of recurring contracted licence fees with little impact from COVID-19 in the 2020 financial year.

Webfirm's digital marketing services whose clients consist mostly of small to medium enterprises, were impacted in March and April 2020, with a small number of clients putting a hold on their retained services that have not been reinstated to date.

Trading Technology

The strategic focus of the business remains Trading Technology revenues. These revenues are comprised of:

- *Licence Fees* – derived mostly from *Symphony*, a market-leading workflow automation tool for Media Agencies, and also from customised solutions developed for Publishers; and,
- *Trading Fees* – fees charged as a percentage of media traded via the stand alone *Adslot Media* platform and also via *Symphony*. Trading fees generated via the stand alone *Adslot Media* platform attract a higher % fee and represent a significant majority of Trading Fees.

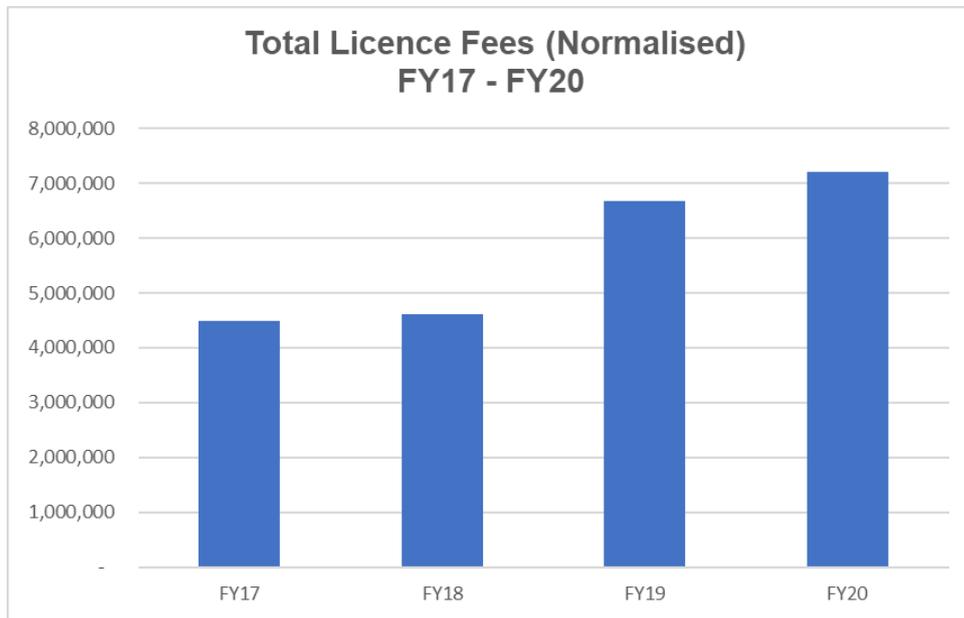
Licence Fees

Significant events for the past year for *Symphony* include:

- Partnership with *Marathon*, a Sweden-based provider of Enterprise Resource Planning (ERP) software to the media industry across Europe, opening up new European markets for *Symphony*;
- Execution of a multi-year agreement for deployment of *Symphony* with Omnicom Media Group in the Netherlands, representing additional diversification of the Company's geographic and client footprint for the *Symphony* product; and,
- Validation of the *Symphony – Adslot Media* offering with a significant increase in media traded in Europe on the integrated platform.

Total Licence Fee revenues across *Symphony* and *Adslot Media* were \$7.2m in FY20, representing growth of 8% on the prior financial year (FY19: \$6.7m).

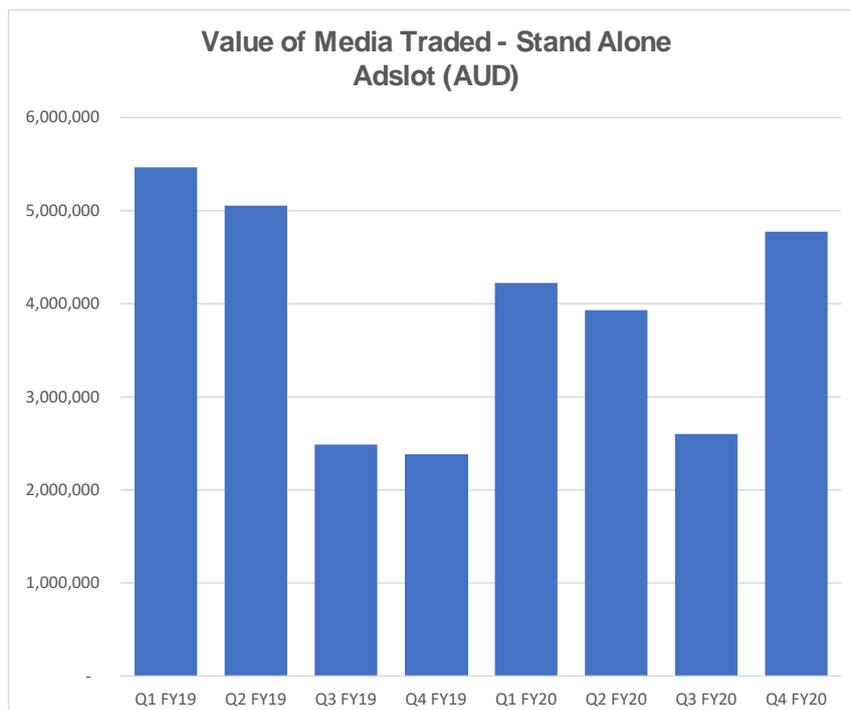
Review of Operations (Continued)



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

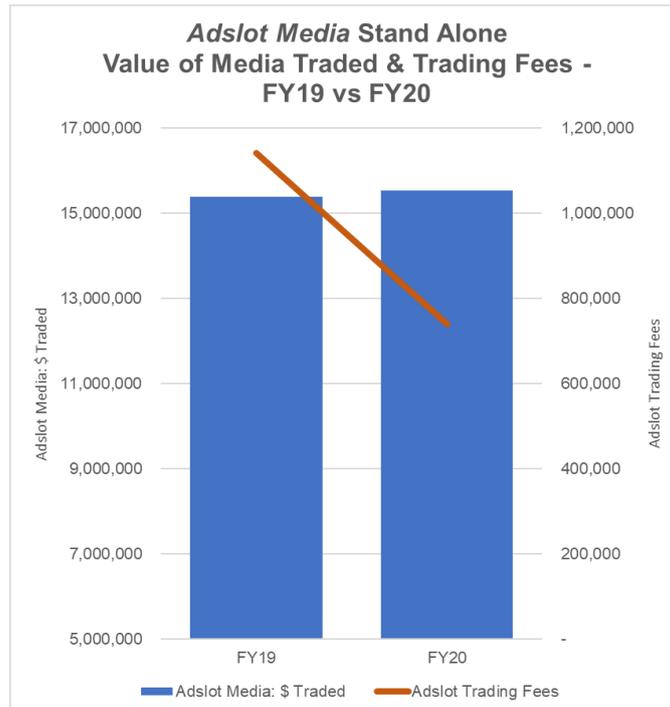
Trading Fees

The March 2020 quarter was significantly impacted by the COVID-19 pandemic with trades paused or cancelled due to uncertainty. Bookings came back strongly in the June 2020 quarter, at \$4.8m, the largest in the 2020 financial year.



Review of Operations (Continued)

The FY20 value of media traded via the stand alone *Adslot Media* platform at \$15.5m was flat on FY19 (\$15.4m). The FY20 trading activity resulted in Trading Fees derived from the *Adslot Media* platform of \$0.7m (FY19 \$1.1m). The reduction in trading fees despite a similar value of media traded in FY19, reflects the lower average fee percentage in European markets where many larger agencies access the Adslot Media platform via the integration to the Group’s *Symphony* platform. Average trading fee percentages are expected to increase as activity in the US market grows.



The Group continues to make significant progress in growing adoption and sales pipelines across all active regions, including the US, UK, Europe and Australia.

The Group’s growth strategy continues to focus on the six largest global media agency holding companies for the US market, and securing Master Services Agreements (MSAs) with these groups to enable access to the demand they control. The Company’s status with the six largest global media agency holding companies is as follows:

- Formal MSAs in place with three of the six largest global media agency holding companies – IPG / Matterkind, Havas and Dentsu / Amplifi;
- An active interim trading agreement with a fourth holding company, anticipated to proceed to formal MSA later in 2020;
- Confirmed pilot activity with a fifth holding company scheduled for the September 2020 quarter; and,
- Limited initial discussions the remaining sixth holding company.

During the financial year, the Group continued to add premium publishers to its Adslot Media marketplace around the world. These included WebMD, Reach plc, AMC Networks, Vice Media, Frankly Media, Young Hollywood, Investing.com and Russmedia. The sales pipeline of large publishers continues to grow.

In addition, publisher-initiated demand continues to grow across agreements with publishers that see Adslot as a preferred or mandated channel for certain transactions. These include the leading Australian property website Domain and the UK publisher the Financial Times (FT).

Review of Operations (Continued)

In the 2020 financial year the Company executed data partnership agreements with:

- Oracle Data Cloud (ODC), the world's largest cloud-based data management platform for marketing; and
- LiveRamp, a leading provider of technology for the onboarding of advertiser's first party data.

These relationships will make it easy for advertisers to share their audiences for targeting against media in the Adslot Platform.

Services

Services revenue is derived predominantly from *Webfirm*, the Group's Australian-based digital marketing services business, providing website design, hosting, search engine optimisation (SEO), search engine marketing (SEM) and social media marketing services (FY20: \$1.6m).

The COVID-19 pandemic resulted in thirteen clients of *Webfirm*'s digital marketing services putting a hold on their SEO retained services in March and April 2020, that have not been reinstated to date.

FY20 Services revenue at \$1.6m was a reduction year on year (-4% reduction).

Services revenue is also derived to a lesser extent from custom development work for *Symphony* and *Adslot Media* customers.

Government Stimulus

The Group was eligible for Australian Government stimulus in FY2020 including JobKeeper of \$97.5k, Cash Flow Boost Grant of \$200k and the Small Business Grant (UK) of \$18k.

The Group expects to receive an additional \$448.5k for the current JobKeeper scheme and \$158k for the Paycheck Protection Program (US) in FY21.

People

In January 2020 the Group appointed Chris Maher to the role of President, North America, a critical role leading the US team to drive success in the US market.

The Group's entire workforce moved to working from home with the onset of the COVID-19 pandemic, using enabling technology solutions. All business travel was cancelled.

Practical support and guidance to aid working from home included early identification and sourcing of equipment, tests to ensure systems worked remotely, ongoing technical support and grants for home equipment.

Where employees were able to return to work, the Group implemented both social distancing and elevated health measures, including additional cleaning regimes, to ensure the safety of our employees.

The Group adopted all government and public health authority guidelines in each of our markets. We have also put additional measures in place to support the health and wellbeing of all our employees in these uncertain times, including a new Employee Assistance Program offering counselling advice to employees and their families.

Review of Operations (Continued)

Cost Management

Total operating costs of \$11.7m for FY20 represents a \$1.1m (-9%) reduction in costs on FY19 (\$12.8m) including reclassification of rental expense of \$0.6m, waived Directors fees of \$0.2m and travel savings of \$0.2m.

In March 2020, the Group removed twenty external development contractors representing annual savings of \$1.4m (with associated reduction in recurring revenues in FY21).

Due to the impact of the COVID-19 pandemic on the Group, the following employee cost reductions were implemented in the 2020 financial year:

- The Chairman and non-executive directors waived all fees from March to June 2020 (inclusive);
- 30% salary reduction for the CEO and CFO for the quarter to June 2020;
- up to 25% salary reductions across employees earning above a minimum threshold for the quarter to June 2020;
- further headcount reductions due to redundancy and natural attrition; and
- freeze on all salary increases and new hires.

These initiatives resulted in an annualised \$1.09m or 30% cash saving in employment costs across Staff Costs (\$0.75M) and Intellectual Property (\$0.34m).

The employee salary reductions implemented in the June 2020 quarter have been reduced by half in the September 2020 quarter. The Chairman and non-executive directors have continued to waive all fees in the September 2020 quarter.

Cost reductions were targeted to ensure continued investment in strategic and revenue generating product development and no disruption to existing client relationships.

EBITDA

The EBITDA loss for the 2020 financial year is \$12,725,348 (FY19 \$2,619,402).

During the period the Group:

- made a one-off provision of \$1,527,734 for the part repayment of the FY16 R&D claim (see Note 8); and,
- made a non-cash goodwill impairment charge of \$10,000,000 (see Note 10).

The Adjusted EBITDA loss for the 2020 financial year, excluding the FY16 R&D provision and goodwill impairment, is \$1,197,614 representing a 54% reduction on the prior period due to the growth in revenue combined with tight cost control.

Cash Management

Key major shareholders and new investors supported the Group in a capital raise of \$6.4m in FY20 contributing net cash inflows from financing activities of \$5.6m (after transaction costs).

Net cash outflows from operating activities for FY20 were \$3.4m, a \$2.3m increase on the prior period (FY19: \$1.1m net cash outflow). Cash receipts for FY20 were \$19.3m, an 11% increase of \$1.9m on the prior period (FY19: \$17.4m). Cash payments for operating activities at \$22.8m was a 19% increase of \$3.5m on the prior period (FY19: \$19.3m).

The Group received \$328k (FY19 \$3.0m) in R&D receipts across operating activities (\$51k) and investing activities (\$278k). This significant reduction in R&D receipts is due to the ATO offsetting the disputed FY16 R&D claim against the FY19 R&D claim, as outlined in Note 8.

Cash from government stimulus includes an Australian Cash Flow Boost payment of \$100k; a UK Small Business Grant of \$18k included in operating activities (see note 3); and a US Paycheck Protection Program payment of \$167k, in financing activities (see note 12, flow through P&L in FY21).

Due to the impact of the COVID-19 pandemic on operations, the Company expects to receive an additional \$0.4m Job Keeper allowance and an additional \$0.05m ATO Boost Payment in the September 2020 quarter.

Cash as at 30 June 2020 was \$6.2m (FY19: \$8.2m).

Matters Subsequent to the End of the Financial Year

The Company granted the following unlisted share options:

25,625,000 options issued to employees as outlined in the Appendix 3G lodged on 22 July 2020.

18,000,000 options granted to Mr Ben Dixon, CEO and executive director as outlined in the ASX release on 12 August 2020.

COVID-19 Pandemic

The outbreak of the coronavirus pandemic in early 2020 has had an adverse impact on the business across all geographic regions. It is not practicable to estimate the duration or potential quantum of the impact of the health and economic crisis, after the reporting date. The situation continues to develop and any further impact will be dependent on any measures imposed by the Australian Government and other Governments around the world including restrictions on social and work environments and economic stimulus.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Environmental regulations

The Group's operations are not subject to any significant environmental regulations under the Commonwealth, State or any other country in which the entity operates.

Dividends

The Directors do not recommend the declaration of a dividend. No dividend has been declared or paid during the year.

Shares under option

Details of unissued shares or interests under option as at the date of signing this report are.

Issue Type	Expiry Date	Exercise Price \$	Balance at beginning of the year (Number)	Issued during the year (Number)	Forfeited during the year (Number)	Exercised during the year (Number)	Balance at end of the year (Number)
Ordinary options	04/10/2021	0.073	3,000,000	-	-	-	3,000,000
Ordinary options	25/11/2021	0.060	5,600,000	-	-	-	5,600,000
Ordinary options	25/02/2022	0.035	23,500,000	-	-	-	23,500,000
Ordinary options	15/05/2022	0.034	11,400,000	-	-	-	11,400,000
Ordinary options	27/05/2022	0.036	4,000,000	-	-	-	4,000,000
Ordinary options	30/01/2023	0.060	5,800,000	-	(750,000)	-	5,050,000
Ordinary options	02/09/2023	0.041	-	11,900,000	(200,000)	-	11,700,000
Ordinary options	12/12/2023	0.045	-	4,000,000	-	-	4,000,000
Ordinary options	15/12/2022	0.044	-	8,000,000	-	-	8,000,000
Ordinary options	29/01/2024	0.032	-	8,000,000	-	-	8,000,000
			53,300,000	31,900,000	(950,000)	-	84,250,000

Indemnification and Insurance of Officers

The Group has during the financial year, in respect of each person who is or has been an officer of the Group or a related body Corporate, made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Since the end of the financial year, the Group has paid premiums to insure all directors and officers of Adslot Ltd and the Adslot Group of companies, against costs incurred in defending any legal proceedings arising out of their conduct as a director and officer of the Group, other than for conduct involving a wilful breach of duty or a contravention of Sections 232(5) or (6) of the *Corporations Act 2011*, as permitted by section 241A (3) of the *Corporations Act*. Disclosure of the premium amount is prohibited by the insurance contract.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 25 of the financial report. Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Remuneration Report

The remuneration report is set out under the following headings:

- Section 1: Non-executive directors' and Chairman's remuneration
- Section 2: Executive remuneration
- Section 3: Details of remuneration
- Section 4: Executive contracts of employment
- Section 5: Long Term Incentives (equity-based compensation)
- Section 6: Culture, accountability and remuneration
- Section 7: Equity holdings and transactions
- Section 8: Other transactions with key management personnel

Section 1: Non-executive directors' and Chairman's remuneration

Non-executive directors' fees are reviewed annually and are determined by the Board. In making its determination it takes into account fees paid to other non-executive directors of comparable companies.

Non-executive directors' fees are within the maximum aggregate limit of \$350,000 per annum agreed to by shareholders at the Annual General Meeting held on 30 November 2009. To preserve the independence and integrity of their position, non-executive directors do not receive performance-based bonuses.

For the 2020 financial year, the Chairman's fees were \$100,000 per annum plus time-based executive fees.

For the 2020 financial year, non-executive directors' fees were \$50,000 per annum. Mr Andrew Dyer waived his non-executive director fees for the 2020 year. In addition, the Chair of the Audit & Risk Committee and the Remuneration Committee received a further \$25,000 in recognition of the additional workload of those positions.

With the onset of the COVID-19 pandemic and in support of the Group's immediate actions to reduce costs, the Chairman and non-executive directors waived their fees from March 2020 to June 2020 inclusive. The Chairman and non-executive directors have continued to waive all fees in the September 2020 quarter.

Section 2: Executive remuneration

The Board of Directors are responsible for determining and reviewing compensation arrangements for key management personnel and the executive team. The Remuneration Committee makes recommendations on remuneration of key management personnel to the Board.

The Board assesses the appropriateness of the nature and amount of emoluments of these employees on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit by:

- a) Attracting the highest quality employees;
- b) Retaining the best performing employees;
- c) Aligning the employees with shareholder outcomes;
- d) Aligning employee motivation to a cascading set of key performance indicators that drive the most optimal strategic outcomes for the business; and
- e) Ensuring it aligns with the latest industry best practice.

Executives' remuneration consists of a fixed cash component, short-term incentives in the form of cash bonuses, and long-term incentives in the form of equity-based compensation linked to the long-term prospects and future performance of the Group. The inclusion of equity-based compensation in executives' remuneration provides a direct link between their remuneration and shareholder wealth, otherwise there are no direct relationships.

In providing the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2020	2019	2018	2017	2016
EPS (cents)	(0.96)	(0.49)	(0.91)	(0.70)	(0.77)
Net loss (\$)	16,617,725	7,042,755	11,653,319	8,630,187	8,138,485
Share price at 30 June (\$)	0.018	0.028	0.026	0.051	0.110

Remuneration Report (Continued)

Section 3: Details of remuneration

Details of the remuneration of the directors and the key management of the Group and its controlled entities are set out in the following tables.

The key management personnel of Adslot Ltd and its controlled entities include the following directors and executive officers:

Directors	Position	Date appointed/resigned
Mr Andrew Barlow	Non-Executive Chairman Executive Chairman	Appointed 28 July 2020 Appointed 27 February 2018
Mr Ben Dixon	Chief Executive Officer Executive Director	Appointed 1 January 2019 Appointed 23 December 2013
Mr Andrew Dyer	Non-Executive Director	Appointed 28 May 2018
Mr Adrian Giles	Non-Executive Director	Appointed 26 November 2013
Ms Sarah Morgan	Non-Executive Director	Appointed 27 January 2015
Mr Quentin George	Non-Executive Director	Appointed 14 June 2014 Resigned 16 July 2019
Executive Officers	Position	Date appointed/resigned
Ms Felicity Conlan	Company Secretary Chief Financial Officer	Appointed 9 October 2017 Appointed 30 August 2017
Mr Tom Peacock	Chief Commercial Officer	Appointed 6 December 2017

Due to the impact of COVID-19 on the Group, employment cost reduction initiatives in the period included:

- The Chairman and non-executive directors waived all fees from March to June 2020 (inclusive);
- 30% salary reduction for the CEO and CFO for the quarter to June 2020;
- up to 25% salary reductions across employees earning above a minimum threshold for the quarter to June 2020;
- further headcount reductions due to redundancy and natural attrition; and
- freeze on all salary increases and new hires.

The employee salary reductions implemented in the June 2020 quarter have been reduced by half in the September 2020 quarter. The Chairman and non-executive directors have continued to waive all fees in the September 2020 quarter.

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

Group 2020	Short-term benefits			Long Term Benefits	Post- employment benefits	Share-based payment		Total \$
	Salary & fees \$	Short Term Incentive \$	Other \$	Long Service Leave \$	Super- annuation \$	Share Options \$	Performance Rights \$	
<i>Executive directors</i>								
Mr A Barlow (i)	95,883	-	-	-	5,784	-	-	101,667
Mr B Dixon	277,500	-	-	5,715	20,739	2,557	-	306,511
<i>Non-executive directors</i>								
Mr A Giles	50,000	-	-	-	-	-	-	50,000
Mr Q George (ii)	2,273	-	-	-	-	-	-	2,273
Ms S Morgan	45,662	-	-	-	4,338	-	-	50,000
Mr A Dyer	-	-	-	-	-	4,409	-	4,409
<i>Other key management personnel</i>								
Ms F Conlan	237,708	-	-	1,186	20,324	2,979	-	262,197
Mr T Peacock	224,063	-	-	4,685	20,009	2,979	-	251,736
Totals	933,089	-	-	11,586	71,194	12,924	-	1,028,793

(i) includes \$35,000 consultancy fees incurred during his appointment as Executive Chairman.

(ii) Mr. George resigned on 16 July 2019.

Short Term Incentives

Short Term Incentives (STIs) paid in the year, along with the total STI opportunity in each year, relating to the 2019 and 2020 financial years, are outlined in the table below:

Name	Amount Paid \$	Total 2019 STI Opportunity \$	Amount Paid \$	Total 2020 STI Opportunity \$	Assessment Criteria
Mr B Dixon	50,000	100,000	-	100,000	Group performance to budget and executive management to achieve KPIs
Ms F Conlan	-	50,000	-	100,000 (b)	Revenue achievement and KPIs
Mr T Peacock	-	N/A (a)	-	100,000 (b)	Revenue achievement and KPIs

(a) Not applicable as total bonus opportunity is based on a percentage of the Group's performance.

(b) A new STI plan was introduced in 2020 with a \$100,000 STI opportunity. A third assessed on revenue targets at the half year and the balance assessed on revenue targets and personal KPIs at the full year

No STIs were paid to key management personnel in relation to the 2020 financial year.

Remuneration Report (Continued)

Section 3: Details of remuneration (Continued)

Group 2019 Name	Short-term benefits			Long Term Benefits	Post- employment benefits	Share-based payment		Total \$
	Salary & fees \$	Short Term Incentive \$	Other \$	Long Service Leave \$	Super- annuation \$	Share Options \$	Performance Rights \$	
<i>Executive directors</i>								
Mr A Barlow (i)	228,262	-	-	-	8,676	-	-	236,938
Mr B Dixon	253,000	50,000	-	16,648	20,051	10,226	-	349,925
<i>Non-executive directors</i>								
Mr A Giles	75,000	-	-	-	-	-	-	75,000
Mr Q George	50,000	-	-	-	-	-	-	50,000
Ms S Morgan	68,493	-	-	-	6,507	-	-	75,000
Mr A Dyer	-	-	-	-	-	18,402	-	18,402
<i>Other key management personnel</i>								
Ms F Conlan	250,000	-	-	594	20,531	49,686	-	320,811
Mr T Peacock	231,500	-	-	7,522	20,531	49,686	-	309,239
Mr I Lowe (ii)	67,509	-	60,000	-	5,133	20,452	-	153,094
Totals	1,223,764	50,000	60,000	24,764	81,429	148,452	-	1,588,409

- (i) includes \$136,938 consultancy fees incurred during his appointment as Executive Chairman.
(ii) resigned as CEO and Executive Director on 27 February 2018. Continued to be a key management personnel until 27 July 2018.

Short Term Incentives

Short Term Incentives (STIs) paid in the year, along with the total STI opportunity in each year, relating to the 2018 and 2019 financial years, are outlined in the table below:

Name	Amount Paid \$	Total 2018 STI Opportunity \$	Amount Paid \$	Total 2019 STI Opportunity \$	Assessment Criteria
Mr B Dixon	-	100,000	50,000	100,000	Group performance to budget and executive management to achieve KPIs
Ms F Conlan	-	50,000	-	50,000	Performance related KPIs
Mr T Peacock	-	N/A (a)	-	N/A(a)	Performance related KPIs
Mr I Lowe	-	N/A	-	80,000 to 160,000	Bonus for completion of strategic project

- (a) Not applicable as total bonus opportunity is based on a percentage of the Group's performance.

No STIs were paid in relation to the 2018 financial year. Mr Dixon was the only key management personnel entitled to be paid an STI in the 2019 financial year, which was paid during the 2019 financial year.

Remuneration Report (Continued)

Section 4: Executive contracts of employment

Formal contracts of employment for all members of the key management personnel are in place. Contractual terms for most executives are similar but do, on occasions, vary to suit different needs. The following table summarises the key contractual terms for all key management personnel.

Length of contract	Open ended.
Fixed Remuneration	Remuneration comprises salary and statutory employer superannuation contributions.
Incentive Plans	Eligible to participate. Incentive criteria and award opportunities vary for each executive.
Notice Period	Key Management Personnel, including executive directors, have notice periods ranging from three to four months. The Chief Executive Officer has a notice period of four months and the Chief Financial Officer and Chief Commercial Officer have notice periods of three months. Other Executives have notice periods ranging from four weeks to three months.
Resignation	Employment may be terminated by giving notice consistent with the notice period.
Retirement	There are no financial entitlements due from the Group on retirement of an executive.
Termination by the Group	The Group may terminate the employment agreement by providing notice consistent with the notice period or payment in lieu of the notice period.
Redundancy	Payments for redundancy are discretionary and are determined having regard to the particular circumstances. There are no contractual commitments to pay redundancy over and above any statutory entitlement.
Termination for serious misconduct	The Group may terminate the employment agreement at any time without notice, and the executive will be entitled to payment of remuneration only up to the date of termination.

Remuneration Report (Continued)

Section 5: Long Term Incentives (equity-based compensation)

Incentive Option Plan

At the November 2017 Annual General Meeting, shareholders approved the creation of the Group's Incentive Option Plan which enables the Board to offer eligible employees and directors the right to options which convert to fully-paid ordinary shares upon exercise, subject to meeting certain vesting criteria.

The objective of the Incentive Option Plan is to attract, motivate and retain key employees and the Group considers that the adoption of the Incentive Option Plan and the future issue of options under the Incentive Option Plan will provide selected employees and directors with the opportunity to participate in the future growth of the Group.

Adslot continually reviews its operations, performance and the broader market conditions to ensure that incentives offered to key executives are aligned with the growth of the Group and shareholder outcomes whilst ensuring it can attract and retain experienced talent in a competitive industry. Adslot continues to operate within a highly competitive employment environment for experienced people in the technology and software field.

No amounts are paid or payable by the recipient on the receipt of the options. The options carry no voting rights. All options are subject to service periods which require the employees remain an employee or Director of the Group.

The following tables show grants and movements of share-based compensation to directors and senior management under the Incentive Option Plan during the current financial year and the previous financial year:

2020

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)	Vested and exercisable at the end of the year (Number)
Ian Lowe (i)	OP # 18-1	2,000,000	-	-	-	2,000,000	2,000,000
Ben Dixon	OP # 18-1	1,000,000	-	-	-	1,000,000	1,000,000
Felicity Conlan	OP # 18-2	1,000,000	-	-	-	1,000,000	1,000,000
Tom Peacock	OP # 18-2	1,000,000	-	-	-	1,000,000	1,000,000
Felicity Conlan	OP # 18-3	6,500,000	-	-	-	6,500,000	6,500,000
Tom Peacock	OP # 18-3	6,500,000	-	-	-	6,500,000	6,500,000
Andrew Dyer	OP # 18-5	4,000,000	-	-	-	4,000,000	4,000,000
Felicity Conlan	OP # 20-1	-	1,000,000	-	-	1,000,000	-
Tom Peacock	OP # 20-1	-	1,000,000	-	-	1,000,000	-
		22,000,000	2,000,000	-	-	24,000,000	22,000,000

- (i) Based on the Separation and Exit Deed signed with the Group, Mr Lowe is entitled to retain the 2,000,000 options issued to him. The Board has agreed to exercise its discretion to waive the vesting condition that Mr Lowe remains an employee.

On 7 August 2020 18,000,000 options were granted to Mr Ben Dixon, the issuing of the options is subject to shareholder approval at a general meeting.

Remuneration Report (Continued)

Section 5: Long Term Incentives (Continued)

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2020 included:

Model Input	OP # 20-1
Grant Date	03/09/19
Expiry Date	02/09/23
Exercise Price \$	0.041
5-day VWAP at Grant Date \$	0.028
Expected Volatility	62.60%
Risk Free Interest rate	0.99%

2019

Name	Series	Balance at beginning of the year (Number)	Granted during the year (Number)	Expired during the year (Number)	Exercised during the year (Number)	Balance at the end of the year (Number)	Vested and exercisable at the end of the year (Number)
Ian Lowe (i)	OP # 18-1	2,000,000	-	-	-	2,000,000	-
Ben Dixon	OP # 18-1	1,000,000	-	-	-	1,000,000	-
Felicity Conlan	OP # 18-2	1,000,000	-	-	-	1,000,000	-
Tom Peacock	OP # 18-2	1,000,000	-	-	-	1,000,000	-
Felicity Conlan	OP # 18-3	6,500,000	-	-	-	6,500,000	6,500,000
Tom Peacock	OP # 18-3	6,500,000	-	-	-	6,500,000	6,500,000
Andrew Dyer (ii)	OP # 18-5	4,000,000	-	-	-	4,000,000	3,000,000
		22,000,000	-	-	-	22,000,000	16,000,000

- (i) Based on the Separation and Exit Deed signed with the Group, Mr Lowe is entitled to retain the 2,000,000 options issued to him. The Board has agreed to exercise its discretion to waive the vesting condition that Mr Lowe remains an employee.
- (ii) In conjunction with his appointment as Director, Mr Dyer was granted 4,000,000 options. The exercise price of each Option is \$0.036 and the Options expire on 27 May 2022. 2,000,000 of the options vested immediately. The remaining 2,000,000 vest in four equal tranches in 6 month intervals from the date of appointment. Mr Dyer has agreed to waive his annual base director fees of \$50,000 per annum for the first two years of his directorship.

There were no new options granted to key management personnel under the Incentive Option Plan during the year ended 30 June 2019.

Remuneration Report (Continued)

Section 5: Long Term Incentives (Continued)

Details of Share Options, ESOP and other rights to ordinary shares in the Group provided as remuneration of directors and the key management personnel of the Group are set out below:

Name	Options Granted During the Year				Rights Vested During the Year			
	2020 (Options)		2019 (Options)		2020 (Rights)		2019 (Rights)	
	Number	\$	Number	\$	Number	\$	Number	\$
<i>Directors</i>								
Mr A Giles	-	-	-	-	-	-	-	-
Mr A Barlow	-	-	-	-	-	-	-	-
Mr B Dixon	-	-	-	-	-	-	250,000	31,250
Mr Q George (i)	-	-	-	-	-	-	-	-
Ms S Morgan	-	-	-	-	-	-	-	-
Mr A Dyer	-	-	-	-	-	-	-	-
<i>Other Key Management Personnel</i>								
Ms F Conlan	1,000,000	10,724	-	-	-	-	-	-
Mr T Peacock	1,000,000	10,724	-	-	-	-	375,000	46,875

(i) Mr. George resigned on 16 July 2019.

The assessed fair value at issue date of the rights, and the assessed fair value at grant date of the options, granted to the executive are allocated equally over the period from issue/grant date to vesting date, and the amount is included in the remuneration tables above.

Section 6: Culture, accountability and remuneration

The Group's values of respect, collaboration, communication, integrity and innovation remain critical to our culture and effectively guide our employees in making decisions that realise opportunity for the benefit of our clients, our shareholders, our employees and the communities in which we operate.

Employees are made aware that these values form the basis of all behaviours and actions. These behavioural expectations are outlined in the Board approved Code of Conduct. The Group communicates and reinforces our culture through executive communications, non-monetary performance recognition, policy reminders and updates, training, learning and development.

The Remuneration Committee and the Board are able to assess culture in many ways including through People & Culture reporting, senior management off-sites, department head presentations, staff survey results, as well as through personal observation of management and staff behaviours and actions.

The remuneration framework supports our principles by motivating staff to be innovative but also be accountable for their decisions within the business.

Remuneration Report (Continued)

Section 7: Equity holdings and transactions

The number of shares in the Group held during the financial year by each Director of Adslot Ltd and other key management personnel of the Group, including their personally related parties, are set out below:

2020				
Name	Balance at the start of the year	Received during the year on exercise of an option or right	Net other changes during the year	Balance at the end of the year
	(Number)	(Number)	(Number)	(Number)
<i>Directors</i>				
Mr A Giles	9,571,452	-	3,000,000	12,571,452
Mr A Barlow	48,102,668	-	10,250,000	58,352,668
Mr B Dixon	37,603,660	-	-	37,603,660
Mr Q George (i)	1,000,000	-	(1,000,000)	-
Ms S Morgan	200,500	-	-	200,500
Mr A Dyer	35,659,342	-	13,452,000	49,111,342
<i>Other key management personnel</i>				
Ms F Conlan	500,000	-	-	500,000
Mr T Peacock	3,375,000	-	-	3,375,000
Totals	136,012,622	-	25,702,000	161,714,622

(i) Mr. George resigned on 16 July 2019.

Section 8: Other transactions with Key Management Personnel

Transactions with Directors and their personally related entities:

During the year the Company earned revenue of \$ 28,242 from a company requiring web development and marketing services related to Mr. Adrian Giles on normal commercial terms and conditions. There were no other transactions with directors and their personally related entities for the financial years ending 30 June 2020 and 30 June 2019.

This marks the end of the audited remuneration report.

This report is made in accordance with a resolution of directors.

Andrew Barlow
 Chairman
 25 August 2020

Auditor's Independence Declaration

To the Directors of Adslot Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Adslot Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M J Climpson
Partner – Audit & Assurance

Melbourne, 25 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Total revenue for services rendered	3	9,787,867	9,839,017
Interest revenue	3	48,039	55,144
Total revenue from continuing operations	3	9,835,906	9,894,161
Other income	3	737,044	377,468
Total revenue and other income		10,572,950	10,271,629
Hosting & other related technology costs		(1,290,381)	(1,214,754)
Employee benefits expense	4,10	(7,654,417)	(7,817,748)
Directors' fees		(203,939)	(436,938)
Recruitment fees		(49,778)	(106,649)
Advertising expense		(204,018)	(258,976)
Lease – rental premises	4	(419,386)	(1,024,336)
Impairment of receivables	4,8	(19,565)	(3,489)
Listing & registrar fees		(79,858)	(87,620)
Legal fees		(174,754)	(65,835)
Travel expenses		(155,546)	(367,553)
Consultancy fees		(183,270)	(218,638)
Audit and accountancy fees		(189,819)	(196,012)
Other expenses	4	(890,524)	(919,212)
Share based payment expense	21	(207,270)	(118,127)
Depreciation and amortisation expenses	4	(3,665,792)	(4,367,983)
Impairment of Goodwill	10	(10,000,000)	-
Provision for R&D claim for financial year 2015/2016	8	(1,527,734)	-
Interest Expense		(148,041)	-
Total expenses		(27,064,092)	(17,203,870)
Loss before income tax expense		(16,491,142)	(6,932,241)
Income tax benefit / (expense)	5	(126,583)	(110,514)
Loss after income tax expense		(16,617,725)	(7,042,755)
Net loss attributable to members		(16,617,725)	(7,042,755)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation		31,588	107,591
Total other comprehensive income / (loss)		31,588	107,591
Total comprehensive loss attributable to the members		(16,586,137)	(6,935,164)
		2020 Cents	2019 Cents
Earnings per share (EPS) from loss from continuing operations attributable to the ordinary equity holders of the Group			
Basic earnings per share	17	(0.96)	(0.49)
Diluted earnings per share	17	(0.96)	(0.49)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

	Notes	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	7	6,160,440	8,165,544
Trade and other receivables	8	5,032,434	6,424,659
Total current assets		11,192,874	14,590,203
Non-current assets			
Property, plant & equipment	9	1,845,736	601,239
Deferred tax assets	5	36,370	36,370
Intangible assets	10	13,184,940	22,886,434
Total non-current assets		15,067,046	23,524,043
Total assets		26,259,920	38,114,246
Current liabilities			
Trade and other payables	11	3,098,704	6,538,788
Other liabilities	12	685,610	374,781
Lease liability	13	886,952	146,300
Provisions	14	634,916	658,736
Total current liabilities		5,306,182	7,718,605
Non-current liabilities			
Lease liability	13	960,915	323,110
Provisions	14	675,146	439,041
Deferred tax liabilities	5	36,370	36,370
Total non-current liabilities		1,672,431	798,521
Total liabilities		6,978,613	8,517,126
Net assets		19,281,307	29,597,120
Equity			
Issued capital	15	151,866,361	145,838,216
Reserves	16	939,474	649,149
Accumulated losses		(133,524,528)	(116,890,245)
Total equity		19,281,307	29,597,120

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

2020

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2019		145,838,216	649,149	(116,890,245)	29,597,120
Adjustment from adoption of AASB 16	1(a)	-	-	(16,558)	(16,558)
Adjusted balance at 1 July 2019		145,838,216	649,149	(116,906,803)	29,580,562
Movement in foreign exchange translation reserve	16	-	31,588	-	31,588
Other comprehensive income		-	31,588	-	31,588
Loss attributable to members of the Group		-	-	(16,617,725)	(16,617,725)
Total comprehensive income/(loss)		-	31,588	(16,617,725)	(16,586,137)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	15	6,079,612	-	-	6,079,612
Share based payments - third party	16	(51,467)	51,467	-	-
Increase in employees share based payments reserve	16	-	207,270	-	207,270
		6,028,145	258,737	-	6,286,882
Balance 30 June 2020		151,866,361	939,474	(133,524,528)	19,281,307

2019

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018		138,397,710	712,654	(109,762,365)	29,347,999
Adjustment from adoption of AASB 15		-	-	(85,125)	(85,125)
Adjusted balance at 1 July 2018		138,397,710	712,654	(109,847,490)	29,262,874
Movement in foreign exchange translation reserve	16	-	107,591	-	107,591
Other comprehensive income		-	107,591	-	107,591
Loss attributable to members of the Group		-	-	(7,042,755)	(7,042,755)
Total comprehensive income/(loss)		-	107,591	(7,042,755)	(6,935,164)
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	15	7,151,283	-	-	7,151,283
Reclassification of vested performance rights	16	184,223	(184,223)	-	-
Net movement in treasury shares		105,000	(105,000)	-	-
Increase in employees share based payments reserve	16	-	118,127	-	118,127
		7,440,506	(171,096)	-	7,269,410
Balance 30 June 2019		145,838,216	649,149	(116,890,245)	29,597,120

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from trade and other debtors		19,294,163	17,401,152
Interest received		49,746	56,077
Receipt of R&D tax incentive and other Grants		183,175	733,145
Payments to trade creditors, other creditors and employees		(22,769,767)	(19,300,249)
Income tax refund		4,338	-
Interest paid		(144,063)	-
Net cash outflows from operating activities	22	(3,382,408)	(1,109,875)
Cash flows from investing activities			
Payments for property, plant and equipment		(6,099)	(33,109)
Receipt of R&D tax incentive relating to capitalised assets		277,760	2,265,149
Payments for intangible assets		(4,562,586)	(5,021,387)
Net cash outflows from investing activities		(4,290,925)	(2,789,347)
Cash flows from financing activities			
Proceeds from issue of shares		6,400,000	7,500,000
Payments of equity raising costs		(328,250)	(392,949)
Payments for leased assets		(681,698)	-
Proceeds from borrowings	12(ii)	167,315	-
Net cash inflows from financing activities		5,557,367	7,107,051
Net increase / (decrease) in cash held		(2,115,966)	3,207,829
Cash at the beginning of the financial year		8,165,544	4,775,331
Effects of exchange rate changes on cash		110,862	182,384
Cash at the end of the financial year	7	6,160,440	8,165,544

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies

The financial report covers Adslot Ltd ('the Company') and controlled entities ('the Group'). Adslot Ltd is a listed public company, incorporated and domiciled in Australia. The financial report is for the financial year ended 30 June 2020 and is presented in Australian dollars.

The principal accounting policies adopted in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 'Leases'

AASB 16 'Leases' replaced AASB 117 'Leases' along with three interpretations namely; determining whether an arrangement contains a lease, operating leases-incentives and evaluating the substance of transactions involving the legal form of a lease.

AASB 16 'Leases' provides lessees with a choice between two transition approaches.

1. Fully Retrospective Approach - Under this method, the financial statements are presented as if AASB 16 'Leases' has always been applied. The impact of adoption is adjusted in the opening balance sheet of the earliest period presented and comparative amounts are reinstated for each prior period presented. The rate used to discount the cash flows should be the prevailing rate on the commencement date of the lease.
2. Modified Retrospective Method - The cumulative effect of adopting AASB 16 'Leases' is recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods are not restated. The Group has chosen this method as its method of transition.

The new standard has been adopted by the Group using the modified retrospective approach with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. In doing so, the Group has used the following practical expedients permitted by the standard when using the modified retrospective method:

- the use of a single discount rate to a portfolio of leases,
- relying in previous assessments on whether leases are onerous as an alternative to performing an impairment review,
- the accounting for operating leases with remaining lease term of less than 12 months of initial application as a short-term lease and recognise lease rentals as an expense,
- not carrying out transition adjustments for low value assets and accounting for same on a straight-line basis,
- exclusion of initial direct costs in arriving at the right-of-use asset value, and
- use of hindsight in determining the lease term where there are options to extend or terminate the lease.

For contracts which are classified as leases under AASB 16 'Leases', recognition of lease expenses on a straight-line basis and therefore being included in the operating costs, has been replaced with a depreciation charge for the right-of-use asset and an interest expense on the corresponding lease liability. Due to replacing of lease expenses otherwise included under operating costs, by interest expense and depreciation, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) has been improved.

A right-of-use asset has been recognised in the balance sheet, along with a corresponding lease liability, split between current and non-current liabilities.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(a) New or amended Accounting Standards and Interpretations adopted (Continued)

In the statement of cash flows, lease payments have been separated in to both a principal component (included under financing activities) and an interest component (included under operating activities). There is no impact to the net cash flow for the period.

The operating leases for the office premises in Sydney and Melbourne were classified as leases under AASB 16. Rental agreements for foreign entities did not fall into the category of leases under AASB 16 as the remaining lease term as at the initial adoption date of 1 July 2019, was less than 12 months. Further agreements for the hiring of printers did not qualify as leases as they are low value assets.

On transition to AASB 16 the incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 5.6%.

The following is a reconciliation of total operating lease commitments as at 30 June 2019 to the lease liabilities recognised as at 1 July 2019.

	\$
Total operating lease commitments disclosed as at 30 June 2019	2,838,515
Deduct: Low Value Assets	(7,704)
Deduct: Leases with remaining lease term of less than 12 months	(185,122)
Deduct: Variable Lease Payments not recognised	(341,057)
Adjustment for lease incentive liability excluded in operating lease commitments	482,424
Discounted using lessee's incremental borrowing rate of 5.6%	(314,257)
Lease Liability Recognised as at 1 July 2019	2,472,799

Upon adoption of AASB 16 'Leases', following amounts were recognised on 1 July 2019:

- a make good provision of \$151,266 which is the present value of estimated make good costs as at lease commencement date,
- depreciation relating to make good costs up to 30 June 2019 \$51,556,
- net book value of make good costs as at 1 July 2019 \$99,710,
- lease liabilities of \$2,472,799,
- reversal of existing lease incentive liability of \$469,411 (merged with the right-of-use asset),
- right-of-use assets of \$2,629,244 which included:
 - the lease liability \$2,472,799,
 - less existing lease incentive liability of \$469,411,
 - the net book value of leasehold improvements of \$526,145,
 - make good costs \$99,711 as at 1 July 2019.
- unwinding of discount relating to make good costs up to 30 June 2019 \$14,593, and
- reversal of existing make good provision of \$49,591 included under accrued expenses as of 30 June 2019.

On the date of the initial application of AASB16 'Lease', 1 July 2019, the impact to retained earnings of the Group was as follows:

Expense/Expense reversal	Other Equity	Accumulated Losses	Total Equity
	\$	\$	\$
Depreciation relating to make good costs up to 30 June 2019	-	(51,556)	(51,556)
Unwinding of discount relating to make good costs up to 30 June 2019	-	(14,593)	(14,593)
Reversal of existing make good provision included under accrued expenses	-	49,591	45,591
Total	-	(16,558)	(16,558)

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(a) New or amended Accounting Standards and Interpretations adopted (Continued)

The tables below highlight the impact of AASB 16 'Leases' on the Group's statement of profit or loss and other comprehensive income, the statement of financial position and the statement of cash flows for the financial year ending 30 June 2020.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract)	Amounts under AASB 117	Adjustments	Amounts under AASB 16
	\$	\$	\$
Lease - rental premises	1,023,775	(604,389)	419,386
Other expenses	921,845	(31,321)	890,524
Depreciation and amortisation expenses	3,029,977	635,815	3,665,792
Interest Expense	-	148,041	148,041
Loss after income tax expense	(16,469,579)	148,146	(16,617,725)
Total comprehensive loss for the half-year	(16,437,991)	148,146	(16,586,137)

Consolidated Statement of Financial Position (Extract)	Amounts under AASB 117	Adjustments	Amounts under AASB 16
	\$	\$	\$
Non-Current Assets			
Property, plant & equipment	391,501	1,454,235	1,845,736
Total Assets	24,805,685	1,454,235	26,259,920
Current Liabilities			
Trade and other payables	3,179,616	(80,912)	3,098,704
Lease incentive liability	146,300	(146,300)	-
Lease Liability	-	886,952	886,952
Non-Current Liabilities			
Lease incentive liability	176,811	(176,811)	-
Lease Liability	-	960,915	960,915
Provisions	-	175,095	175,095
Total Liabilities	5,359,674	1,618,939	6,978,613
Net Assets	19,446,011	(164,704)	19,281,307
Equity			
Accumulated losses	(133,359,824)	(164,704)	(133,524,528)
Total Equity	19,446,011	(164,704)	19,281,307

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(a) New or amended Accounting Standards and Interpretations adopted (Continued)

Consolidated Statement of Financial Position (Extract)	Amounts under AASB 117 \$	Adjustments \$	Amounts under AASB 16 \$
Cash Flows from Operating Activities			
Payments to trade creditors, other creditors and employees	(23,595,528)	825,761	(22,769,767)
Interest paid	-	(144,063)	(144,063)
Net cash outflow from operating activities	(4,064,106)	681,698	(3,382,408)
Cash flows from financing activities			
Payments for Leased Assets	-	(681,698)	(681,698)
Net cash outflow from financing activities	6,239,065	(681,698)	5,557,367
Net increase (decrease) in cash held	(2,115,966)	-	(2,115,966)

AASB Interpretation 23 Uncertainty over Income Tax Treatment

Interpretation 23 clarifies how the recognition and measurement requirements of AASB 112 Income Taxes are applied where there is uncertainty over income tax treatments.

The Group has adopted AASB Interpretation 23 Uncertainty over Income Tax Treatment in the 2020 financial year, which gives guidance on the accounting for uncertain tax provisions. The adoption of AASB Interpretation 23 has not resulted in a material change in relation to provisions for tax uncertainties held by the Group.

(b) Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

It is noted that Directors have considered the impact of the COVID-19 pandemic on accounting policies, judgements and estimates, as outlined in the applicable area in the Notes to the Financial Statements.

Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards as adopted in Australia. Compliance with Australian Accounting Standards ensures that the financial statements and notes of Adslot Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Adslot Ltd is a for-profit entity for the purpose of preparing the financial statements.

Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets. Under the historical cost convention assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(b) Basis of preparation (Continued)

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Going concern

Management continues to invest resources to support growth in trading fees, primarily from media agency holding companies and their subsidiaries in the US market.

In December 2019 the Group successfully raised \$6.4 million via a share placement, resulting in \$5.4 million net cash inflows in the period under review.

Inflows from financing activities of \$5.6 million, combined with the net cash outflows from operating and investing activities of \$7.7 million, resulted in net cash outflows of \$2.1 million in the 2020 financial year. Management anticipate incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

Based on the findings made by Innovation and Science Australia in relation to the FY16 R&D activities, the ATO amended the R&D Tax Incentive Offset for FY16. The ATO offset the \$1.5 million relating to the disputed FY2016 R&D claim from the FY2019 R&D refund, with a net \$0.3 million received in April 2020 for the FY2019 R&D claim. The Group continues to defend the legitimacy of its claim and has requested a review of the findings by the Administrative Appeals Tribunal (AAT). If successful, the \$1.5 million will be refunded to the Group.

The FY2020 R&D claim of \$1.9m is expected to be received in the first half of the 2021 financial year.

If a delay in expected growth in revenues, and/or a delay in payment of the FY2020 R&D claim was to occur, this has the potential to create a cash flow risk to the Group which could affect its ability to pay its debts as and when they fall due, and to realise its assets in the normal course of business.

However, the directors believe the Group will be able to continue to pay its debts as and when they fall due for the following reasons:

- the Group had a cash position of \$6.2 million at 30 June 2020;
- FY2020 R&D claim of \$1.9m is expected to be received in the first half of FY2021;
- Symphony licence fees which are largely recurring and predictable;
- \$0.7 million cash from the current COVID-19 related stimulus packages expected in the first half of FY2021;
- ongoing cost management initiatives, including current employee salary reductions in place in response to the COVID-19 pandemic;
- reduction to office space in each market, reducing the largest fixed cost of the business outside salaries;
- the opportunity to implement further cost reductions; and
- the Group has a proven track record of successfully raising capital from existing and new investors.

As part of the directors' consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios regarding the impact of the COVID-19 pandemic on the Group's current and future earnings were critically reviewed. The scenarios are most sensitive to the assumptions made for *Adslot Media* in the USA where the greatest revenue growth is expected.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(c) Going concern (Continued)

The primary growth in revenue expected in the 2021 financial year is from increased *Adslot Media* trading fees. While all the major holding companies (the Group's largest clients) are currently facing significant revenue decreases and responding with extensive cost reductions, the COVID-19 pandemic has also focused their strategic attention to automation and process improvement. This has enabled an acceleration of discussions with senior people about the role *Adslot Media* can play in the digital media booking workflow.

Further it is possible that the major agency holding companies may seek to reduce operating costs including those associated with existing software solutions in response to the COVID-19 pandemic. This may see currently deployed software solutions such as *Symphony* come under greater pricing pressure in FY2021 from customers seeking to reduce costs. Conversely, *Symphony* is also expected to benefit from prospective clients seeking to improve workflow efficiencies especially through technology solutions. For example, *Symphony* is currently undergoing the first market implementation for the Omnicom Group in the Netherlands.

While media spend globally reduced in the 2020 financial year, digital media (the group's market), had lower decreases compared to other channels, including cinema, out-of-home and print media. It is noted that all markets in which the Group operates have experienced increased media trading from the March 2020 low.

The Group is expected to receive \$0.7 million in the first half of FY2020 under current government stimulus packages from the markets the Group operates in. The Group may be eligible for additional stimulus, such as JobKeeper 2.0 in FY2021.

The full financial impacts of COVID-19 in Australia and across the globe are inherently uncertain. However as described above, the Group is well placed to respond to any opportunities.

Accordingly, the directors believe there exists a reasonable expectation that the Group can continue to pay its debts as and when they fall due, and the financial report has been prepared on a going concern basis.

(d) Principles of consolidation

Subsidiaries

The consolidated financial statements comprise those of the Group, and the entities it controlled at the end of, or during, the financial year. The Group controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All intra-group transactions, balances, income and expenses between entities in the Group included in the financial statements have been eliminated in full. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The accounting policies adopted in preparing the financial statements have been consistently applied by entities in the Group.

Investments in subsidiaries are accounted for at cost less impairment losses in the parent entity information in Note 24.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(d) Principles of consolidation (Continued)

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

The Group recognises identifiable assets and liabilities assumed in the business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values. Goodwill is stated after separate recognition of identifiable intangible assets calculated as the excess of the sum of the fair value of the consideration transferred over the acquisition date fair value of identifiable net assets. If the identifiable net assets exceed the consideration transferred, the excess amount is recognised in profit or loss immediately.

Any deferred settlement of cash consideration is discounted to its present value as at the date of acquisition. The discount rate used is the incremental borrowing rate that the Group can obtain from an independent financier under comparable terms and conditions.

Foreign Currency Exchange

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into Australian dollars at exchange rates prevailing on the reporting date. Income and expense items are translated at the closing exchange rates for the period. Exchange differences arising, if any, are charged/credited to other comprehensive income and recognised in the Group's foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation difference recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

(e) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and deposits at call which are readily convertible to cash and are not subject to significant risk of changes in value, net of bank overdrafts.

Publisher Account Cash represents share of advertising revenue held before release to Adslot Publishers.

Notes to the Financial Statements (Continued) For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Leasehold improvements are depreciated using the straight-line method over the remaining period of the underlying lease.

Depreciation is calculated on a straight-line basis for all plant and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of asset and is recognised in profit or loss. The following depreciation rates are used for each class of depreciable asset:

Computer Equipment	33– 40% per annum
Plant & Equipment	20 – 33% per annum
Leasehold Improvements	20 – 100% per annum

(g) Receivables

Trade receivables are recognised initially at fair value and thereafter are measured at amortised cost, less provision for impairment. They are non-derivative financial assets with fixed or determinable amounts not quoted in an active market. Trade accounts receivable are generally settled between 14 and 60 days and carried at amounts recoverable.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses. The amount of the expected credit loss is recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

(h) Trade and other creditors – financial liabilities

Trade accounts payable and other creditors represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(i) Borrowings

Borrowings are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method.

Notes to the Financial Statements (Continued) For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(j) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred except where they are incurred in the construction of a qualifying asset in which case the finance costs are capitalised as part of the asset.

(k) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities are always provided for in full.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Adslot Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Adslot Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right where the entity is subject to tax as part of the tax-consolidated group.

To the extent that it is not probable that taxable profit will be available in the foreseeable future against which the unused tax losses or unused tax credits can be utilised, the deferred tax assets of its own and its controlled entities are not recognised.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(I) Employee benefits

Wages and salaries, annual leave and sick leave

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'provisions'. The Group does not discount the leave liability calculations as the Group expects all annual leave for all employees to be used wholly within 12 months of the end of reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in provisions for employee entitlements and is measured at the amount expected to be paid when the liabilities are settled. The liability for long service leave expected to be settled more than 12 months from the reporting date, is recognised in the non-current provision for employee benefits and is measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Share-based compensation benefits

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value at grant date is determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value determined at the grant date of the equity-settled share-based payments is recognised as an expense, with a corresponding increase in equity (share-based payments reserve) on a straight line basis over the vesting period.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital while the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(m) Intangible Assets

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (acquisition date). Goodwill is measured as the excess of the fair value of consideration paid over the fair value of the identifiable net assets of the entity or operations acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment at least on an annual basis. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

Research and development expenditure

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development costs is tested for impairment annually when the asset is not yet available for use or more frequently when an indicator of impairment arises during the reporting period.

Intellectual property

The intellectual property relates to the platform technology, branding and domains acquired as a result of the acquisition of Adslot, QDC IP Technology and Facilitate Digital businesses. Where the useful life is assessed as indefinite, assets are not amortised and the carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment. It is carried at cost less impairment losses. For those assets assessed as having a finite life, they are amortised on a straight-line basis over the estimated useful life of the asset. The expected accounting useful life of intellectual property relating to the Adslot, QDC IP Technology and Facilitate Digital business is 4 to 5 years.

Domain name

Acquired domain names are accounted for at cost, useful life is assessed as indefinite and the assets are not amortised. The carrying value is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment. They are carried at cost less impairment losses.

Software

Software represents internally developed software platforms capitalised according to accounting standards. Software is assessed as having a finite life and is amortised on a straight-line basis over the estimated useful life of the asset. The expected accounting useful life of software is 5 years.

The carrying value of the software is tested for impairment when an indicator of impairment arises during the reporting period.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(n) Leased assets and liabilities

In line with AASB 16 'Leases', the Group recognises a right-of-use asset and a corresponding lease liability at the commencement of a lease. The right-of-use asset is recognised at an amount equal to the initial measurement of the lease liability, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

The lease liability is measured at the present value of future lease payments comprising; fixed lease payments less incentives, variable lease payments, residual guarantees payable, payment of purchase options where exercise is reasonably certain and any anticipated termination penalties. The lease payments are discounted at the rate implicit in the lease, or where not readily determinable, at the entity's incremental borrowing rate.

For all new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as a contract or a part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations as follows:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the liability is remeasured, the corresponding amount is reflected in the right-of-use asset.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(p) Revenue recognition

The Group derives revenue from trading technology and services. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is recognised for the major business activities as follows:

Revenue from Trading Technology - Licence Fees

Adslot and Symphony licence fees are derived by providing customers access to the Group's technology platforms. The fee is based on either annual contracted amounts, the number of users, a tier system based on historical volumes traded on the platform, and/or resources allocated. The contracts are ongoing but cancellable with defined notice periods. The Group is expected to maintain its performance obligations throughout the contracted period for the client to achieve the benefits of the platforms. As per AASB 15, revenue is recognised over time; since the promise to grant a licence as a performance obligation is satisfied over time. The client simultaneously receives and consumes the benefit from the Group's performance of providing access to the platforms.

Revenue from Trading Technology – Trading Fees

Adslot Publisher revenues are recognised over time. Only the portion of the media campaign that is retained by the Group for their services is recorded as revenue. This is typically a percentage of the total media transacted on the Adslot platform. Where media campaigns are realised over a period a time, the portion that extends beyond the reporting period is not taken up as revenue as the performance obligations have not been satisfied. Where the funds for these campaigns are prepaid by advertisers those amounts are treated as contract liabilities in the Consolidated Statement of Financial Position. As the fees are usage-based revenues the revenue is recognised over time when the usage occurs and the performance obligations are satisfied.

Funds collected or collectable from advertisers and due to be repaid to publisher clients are disclosed in the accounts as publisher creditors and categorised under Trade and other payables in the Consolidated Statement of Financial Position.

Symphony trading fees are charged for the use of the Symphony platform as a workflow solution. The fee is based on a percentage fee calculated from the total transacted value of campaigns. As per AASB 15, revenue is recognised over time when the usage occurs and the performance obligations are satisfied.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(p) Revenue recognition (Continued)

Rendering of services

Service revenue is recognised at a point in time or over time based on when the performance obligations are met, and the customer can realise benefit from service received without further involvement from the Group.

Symphony services revenue is derived as a once off Symphony activation fee or custom development work. The revenue is recognised at a point in time when the Group has completed its performance obligation and the customer has obtained the ability to direct the use of, and obtain substantially all of the remaining benefits from, the work carried out.

Website development revenue is recorded based on project delivery revenue over time as the project is completed. All projects are assigned percentages of project completion (based on actual work in progress) and all website development revenue applicable to percentage of incomplete work is recorded as contract liabilities. As such revenue is recognised over time when the performance obligations are met and when the Group receives a right to payment for performance completed to date.

Search Engine Optimisation and Search Engine Advertising attempts to improve search engine rankings of the client's website or bid on certain keywords in order for their clickable ads to appear in search results. These are ongoing contracts and can be cancelled with 90 days' notice. The Group needs to continuously manage these campaigns; as such the revenue is recognised over time as the clients simultaneously receive the service and the Group satisfies its performance obligations.

Hosting revenue is derived for hosting the client's websites in third party cloud servers managed by the Group. These contracts are ongoing and can be cancelled with 90 days' notice. Clients may pay upfront annually. The Group needs to continually satisfy the performance obligations of hosting the site and provide customer support, as and when required. Therefore, revenue is recognised over time.

For Domain Names Registration and SSL Certification at the time of initial activation the service has been transferred in full to the customer; and the customer is able to realise benefits from services received without further involvement from the Group. Furthermore, the Group separately prices and sells these products. There is no further performance obligation for the Group. As such revenue needs to be recognised at a point in time.

Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount can be measured reliably, taking into account the effective yield on the financial asset.

Government grants

In accordance with AASB 120, government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Where appropriate grants relating to expense items are recognised as other income in reporting the related expense, over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income and are amortised on a straight-line basis over the expected lives of the assets.

Sale of non-current assets

The net gain from the sale of non-current asset sales is recognised as income at the date control of the asset passes to the buyer, usually when the signed contract of sale becomes unconditional.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(q) Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through the profit or loss statement, and which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified as financial assets at amortised cost.

Classifications are determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as financial assets at fair value through profit and loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Trade and other receivables and contract assets are subject to review at least at each reporting date to identify expected credit losses.

At reporting date and throughout the reporting period the Group did not have any other financial instruments other than trade and other receivables.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(r) Leasehold improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

(s) Earnings per share

Basic earnings per share

Basic earnings per share for continuing operations and total operations attributable to members of the Group are determined by dividing net profit after income tax from continuing operations and the net profit attributable to members of the Group respectively, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period. The number of shares used in the calculation at any time during the period is based on the physical number of shares issued.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Dividends

Provision is made for the amount of any dividend determined or recommended by the directors on or before the end of the financial year but not distributed at reporting date.

(u) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Financial Statements (Continued) For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Chief Executive Officer.

Each of the operating segments is managed separately as each of these service lines requires different technologies, service different clients and sells different products. All inter-segment transactions are carried out at arm's length prices.

The Group reports its segments based on geographical locations:

- APAC – Australia, New Zealand and Asia;
- EMEA – Europe, the Middle East and Africa; and
- The Americas – North, Central and South America.

(w) Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

(x) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. It is noted that directors have considered the impact of the COVID-19 pandemic on accounting policies, judgements and estimates where appropriate.

Revenue recognition

In web development and web hosting business operations, management assesses stage of completion of each project and recognises revenue in the period in which development work is undertaken. In making its judgement, management considered the standard duration of such contracts, stage of progress in contracts and commencement date of such contracts. Accordingly, management has deferred recognising some web development and web hosting revenue of an estimated value of services to be rendered in the future.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(x) Critical accounting judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the fair value less costs to sell of the cash-generating units to which goodwill and intangible assets have been allocated. Under the market-based approach for fair value less costs to sell calculations, the entity is required to estimate the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Group's shares are traded on the Australian Stock Exchange, and in the absence of a binding sale agreement, the year-end share price is used to calculate the asset's market value.

In the event the share price falls, an impairment of the related intangible assets may result.

At 30 June 2020 an assessment of impairment was performed and the Group considered if there was an impairment to goodwill and intangible assets. The impacts of COVID-19 on the business was taken into consideration in the assessment.

Following a review of the carrying value of its intangible assets and in accordance with relevant accounting standards, goodwill was assessed to be impaired and a non-cash after tax impairment loss of \$10.0m has been recognised in the financial results for the year ended 30 June 2020.

The carrying amount of goodwill and intangible assets at the reporting date was \$13,184,940 (2019: \$22,886,434) and there was a goodwill impairment of \$10,000,000 (2019: nil) recognised during the current financial year. Refer to Note 10 for further details.

Capitalisation of internally developed software

Distinguishing the research and development phases of software projects and determining whether the recognition requirements for the capitalisation of development costs are met, requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

The capitalisation of internally developed software amount for the year was \$3,112,875 (2019: \$3,792,752). Refer to Note 10 for further details.

Share based payments

The calculation of the fair value of options issued requires significant estimates to be made in regards to several variables such as volatility and the probability of options reaching their vesting period. The estimations made are subject to variability that may alter the overall fair value determined. The share based payment expense for the year was \$207,270 (2019: \$118,127).

Unrecognised deferred tax assets

As disclosed in Note 5, the Group recognises deferred tax assets relating to temporary differences, capital losses or operating losses when it is probable that they will be able to be utilised in future reporting periods. Due to the continuing operating losses, the Directors have determined it is not appropriate to recognise deferred tax assets until a point in time where it is probable that future taxable income is going to be available to utilise the assets. The tax benefit of deferred tax assets not recognised is \$10,018,203 (2019: \$9,600,762). Refer to Note 5 for further details.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

1. Summary of Significant Accounting Policies (Continued)

(x) Critical accounting judgements and key sources of estimation uncertainty (Continued)

Research and development tax concessions

A receivable of \$1,888,385 (2019: \$2,051,661) has been recognised in relation to a research and development tax concession for the 2020 financial year. Refer to Note 8 for further details. The actual claim is yet to be submitted with the Australian Tax Office and therefore there remains some uncertainty in regards to the quantum of the concession to be received. The financial statements reflect the Directors' estimate of the receivable after taking into account the likelihood of each component of the claim being received.

(y) New standards and interpretations issued but not effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the AASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2020

2. Segment Information

2020	APAC	EMEA	The Americas	Total
Operating segments	\$	\$	\$	\$
Revenue for services rendered (i)	8,758,112	816,273	213,482	9,787,867
Segment result from continuing operations	(92,091)	(77,277)	(2,009,048)	(2,178,416)
Depreciation included in segment result (Note 9)	846,718	1,726	2,979	851,423
Amortisation included in segment result (Note 10)	2,814,369	-	-	2,814,369
Additions to non-current assets (PP&E) (Note 9)	2,554	-	3,290	5,844

Statement of financial position

Segment assets	29,182,734	341,101	240,564	39,664,399
Segment liabilities	17,900,803	116,713	238,976	18,256,492

2019	APAC	EMEA	The Americas	Total
Operating segments	\$	\$	\$	\$
Revenue for services rendered (i)	8,711,221	477,541	650,255	9,839,017
Segment result from continuing operations	(1,971,143)	(348,518)	(1,310,843)	(3,630,504)
Depreciation included in segment result (Note 9)	251,096	1,228	6,573	258,897
Amortisation included in segment result (Note 10)	4,109,086	-	-	4,109,086
Additions to non-current assets (PP&E) (Note 9)	23,208	3,784	-	26,992

Statement of financial position

Segment assets	39,658,875	295,844	180,112	40,134,831
Segment liabilities	19,555,388	127,145	131,484	19,814,017

Segment revenue reconciles to total revenue from continuing operations as follows:

Revenue	2020	2019
	\$	\$
Total segment revenue	9,787,867	9,839,017
Head office revenue	-	-
Interest revenue	48,039	55,144
Total revenue from continuing operations	9,835,906	9,894,161

(i) Refer to Note 3 for a description Revenue.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

2. Segment Information (Continued)

A reconciliation from segment result to operating profit before income tax is provided as follows:

Segment Result	2020	2019
	\$	\$
Total segment result	(2,178,416)	(3,630,504)
Interest revenue	48,039	55,144
Other revenue	737,044	377,468
Interest expenses	(148,041)	-
Share option expenses	(207,270)	(118,127)
Gain / (Loss) on foreign exchange	(28,549)	(32,263)
Income tax benefit/(expense)	(542)	732
Profit/ (Loss) on sale/write off of asset	-	(3,083)
Impairment of Goodwill	(10,000,000)	-
Provision for R&D claim for financial year 2015/2016	(1,527,734)	-
Other head office income/(expenses) not allocated in segment result	(3,312,256)	(3,692,122)
Loss before income tax from continuing operations	(16,617,725)	(7,042,755)

Reportable segment assets are reconciled to total assets as follows:

Segment assets	2020	2019
	\$	\$
Total segment assets	29,764,399	40,134,831
Head office assets	48,129,649	48,085,810
Intersegment eliminations	(51,634,128)	(50,106,395)
Total assets as per the statement of financial position	26,259,920	38,114,246

Reportable segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	2020	2019
	\$	\$
Total segment liabilities	18,256,492	19,814,017
Head office liabilities	2,265,740	491,016
Intersegment eliminations	(13,543,619)	(11,787,907)
Total liabilities as per the statement of financial position	6,978,613	8,517,126

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

2. Segment Information (Continued)

The Group's Total Revenue and Other Income (Note 3) and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2020		2019	
	\$		\$	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	7,391,131	15,058,442	7,526,723	23,511,419
USA	213,482	3,343	650,255	3,084
Other countries	2,968,337	5,261	2,094,651	9,540
Total	10,572,950	15,067,046	10,271,629	23,524,043

Revenues from external customers in the Group's domicile, Australia, as well as its major markets the USA, have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

Notes to and forming part of the segment information

Business segments

The Group reports its segments based on geographical locations:

- APAC – Australia, New Zealand and Asia;
- EMEA – Europe, the Middle East and Africa; and
- The Americas – North, Central and South America.

Accounting policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment profit represents the profit earned by each segment without investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, capitalised R&D and other intangible assets, net of related provisions but do not include non-current inter-entity assets and liabilities which are considered quasi-equity in substance.

Segment liabilities consist primarily of trade and other creditors, employee benefits and sundry provisions and accruals. Segment assets and liabilities do not include income taxes.

Inter-segment transfers

Segment revenue reported above represents revenue generated from external customers. There were no Inter segment revenue transfers or expenses to be eliminated on consolidation (2019: nil).

Major customers

The Group provides services to and derives revenue from a number of customers across all the divisions. The Group had certain customers whose revenue individually represented 10% or more of the Group's total revenue.

For the year to 30 June 2020, one customer accounted for 10% or more of revenue (2019: one).

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

3. Revenue and Other Income

	2020 \$	2019 \$
Revenue		
Revenue from Trading Technology	8,115,100	8,038,425
Revenue from Services	1,672,767	1,800,592
Total revenue for services rendered	<u>9,787,867</u>	<u>9,839,017</u>
Interest revenue	48,039	55,144
Total revenue from continuing operations	<u>9,835,906</u>	<u>9,894,161</u>
Other income		
Grant income	737,044	377,468
Total other income	<u>737,044</u>	<u>377,468</u>
Total revenue and other income	<u>10,572,950</u>	<u>10,271,629</u>
Grant Income		
R&D Tax Incentive - AusIndustry	407,336	366,444
Cashflow Boost Grant - Australian Taxation Office	200,000	-
JobKeeper - Australian Taxation Office	97,500	-
Export Market Development Grants - Austrade	14,251	11,024
Small Business Grant - UK Government	17,957	-
Total Grant Income	<u>737,044</u>	<u>377,468</u>

Revenue derived from the two product lines are described as follows:

Trading Technology

Comprises *Adslot Media*, a leading global media trading technology, and *Symphony*, market-leading workflow automation technology, purpose built for digital media agencies.

Services

Comprising marketing services that are provided by the Group's *Webfirm* division to SME clients and project-based customisation of *Trading Technology*.

Grant Income

Part of the Group qualified for Job Keeper in June 2020, recognising \$97,500 for JobKeeper in the 2020 financial year, with the corresponding cash received in financial year 2021. The Group expects to receive JobKeeper payments for 60 Australian employees in the three months to September 2020. The Group will assess further eligibility for JobKeeper 2.0 in the 2021 financial year.

The Group received \$50,000 each for two of its Australian employer entities as a Cashflow Boost Grant in the financial year 2020. A further \$50,000 each is expected in the financial year 2021. Since the Group has met all requirements to be eligible for the grant, the total \$200,000 has been recognised in the financial year 2020.

Cash for the US government stimulus under the US Paycheck Protection Program was received in the 2020 year in the form of a loan. The Group expects to apply for full forgiveness of the loan in the financial year 2021, as outlined in note 12. The forgiveness amount would be recognised as grant income when confirmation of forgiveness is received.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

4. Expenses

	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Amortisation – Software development costs	2,814,369	4,109,086
Amortisation – Leasehold improvements	-	163,354
Amortisation – Right of Use Assets	799,168	-
Depreciation – Computer & Equipment	48,237	90,090
Depreciation – Plant & equipment	4,018	5,453
Total depreciation and amortisation	<u>3,665,792</u>	<u>4,367,983</u>
Other charges against assets		
Impairment of trade receivables	19,565	3,489
Provision for R&D Claim for Financial Year 2015/2016	8 1,527,734	-
Impairment of Goodwill	10 10,000,000	-
Employee benefits expense	7,654,417	7,817,748
Total capitalised development wages	4,562,586	5,288,455
Employee benefits included in Share based payment expense	202,861	99,726
Total employee benefits	<u>12,419,865</u>	<u>13,205,929</u>
Defined contribution superannuation expense included in Employee benefit expense	806,565	840,297
Capitalised development wages (net of related grants)	3,112,875	3,792,752
Capitalised development wages included in the R&D grant	1,449,711	1,495,703
Total capitalised development wages	<u>4,562,586</u>	<u>5,288,455</u>
Rental expense	419,386	1,024,336
Foreign currency (gain) / loss included in Other expenses	28,549	32,264

Notes to the Financial Statements (Continued)
For the year ended 30 June 2020

5. Income Tax Expense

	2020	2019
	\$	\$
a) Numerical reconciliation of income tax expense to prima facie tax benefit		
Loss before income tax	(16,491,142)	(6,932,241)
Prima facie tax benefit on loss before income tax at 27.5% (2019: 27.5%)	(4,535,064)	(1,906,366)
Tax effect of:		
Other non-allowable items	6,340	12,766
Share based expensed during year	56,999	32,485
Research and development tax concession	1,191,220	1,297,027
Income tax benefit attributable to entity	(3,280,505)	(564,088)
Deferred tax income relating to utilisation of unused tax losses	-	-
Deferred tax assets relating to tax losses not recognised	417,440	433,327
Other – adjustments and net foreign exchange differences	2,736,482	20,247
Income tax benefit/(expense) attributable to entity	(126,583)	(110,514)

b) Movement in deferred tax balances

	Balance at 1 July 2019	Recognised in Profit & Loss	Acquired in Business combination	Balance at 30 June 2020		
				Net	Deferred tax assets	Deferred tax liabilities
	\$	\$	\$	\$	\$	\$
Trade and other receivables	(125,957)	10,496	-	(115,461)	-	(115,461)
Property, plant and equipment	199	(17)	-	182	-	182
Intangible assets	165,435	(13,786)	-	151,649	-	151,649
Unused tax losses	(39,677)	3,307	-	(36,370)	(36,370)	-
Net tax (assets) / liabilities	-	-	-	-	(36,370)	36,370

	Balance at 1 July 2018	Recognised in Profit & Loss	Acquired in Business combination	Balance at 30 June 2019		
				Net	Deferred tax assets	Deferred tax liabilities
	\$	\$	\$	\$	\$	\$
Trade and other receivables	(125,957)	10,496	-	(115,461)	-	(115,461)
Property, plant and equipment	199	(17)	-	182	-	182
Intangible assets	165,435	(13,786)	-	151,649	-	151,649
Unused tax losses	(39,677)	3,307	-	(36,370)	(36,370)	-
Net tax (assets) / liabilities	-	-	-	-	(36,370)	36,370

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

5. Income Tax Expense (Continued)

c) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out on Note 1(k) occur.

	2020	2019
	\$	\$
Temporary differences	(4,714,903)	(6,121,877)
Tax Losses:		
Operating losses	40,906,473	40,795,482
Capital losses	238,258	238,258
	<u>36,429,828</u>	<u>34,911,863</u>
Potential tax benefit (27.5% 2019: 27.5%)	<u>10,018,203</u>	<u>9,600,762</u>

The Group and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Adslot Ltd.

Deferred tax liabilities from temporary differences of \$1,296,568 (2019: \$1,683,516) have not been recognised as they have been offset with deferred tax assets of the same value.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

6. Dividends

The Group did not declare any dividends in the current year or prior year. There are no franking credits available to shareholders of the Group.

7. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	4,972,001	5,775,127
Cash held on behalf of Publishers	1,188,439	2,390,417
	6,160,440	8,165,544
	6,160,440	8,165,544

Included in the Cash at Bank is \$528,801 (2019: \$509,605) of funds held on term deposit as guarantee for our corporate credit card facilities and for the benefit of landlords under office lease agreements.

8. Trade and Other Receivables

	2020	2019
	\$	\$
Current:		
Trade debtors	2,639,552	4,260,637
Less: Allowance for impairment	(19,085)	(2,782)
Trade debtors not impaired	2,620,467	4,257,855
Research and Development grant receivable	3,416,119	1,887,381
Provision for R&D Claim for Financial Year 2015/2016 (i)	(1,527,734)	-
Other receivables	313,859	56,165
Prepayments	209,723	223,258
	5,032,434	6,424,659
	5,032,434	6,424,659

(i) During the period the Group made a one-off provision of \$1,527,734 for the part repayment of the FY16 R&D claim.

In December 2019 the Group was advised by Innovation & Science Australia that the preliminary decision regarding ineligible activities within the FY16 R&D claim was upheld. The Group continues to appeal these findings and defend the legitimacy of its claim and has requested a review of the findings by the Administrative Appeals Tribunal (AAT).

Based on the findings made by Innovation and Science Australia in relation to the FY16 R&D activities, the R&D Tax Incentive Offset for FY16 was offset against the FY2019 R&D refund of \$2.0 million, with the net balance of the FY2019 R&D refund paid in April 2020. In the event the Group is successful in overturning the AusIndustry decision, this provision will be reversed. The \$3.4 million R&D grant receivable includes \$1.5 million of the FY19 R&D receivable (offsetting the FY16 R&D provision) and \$1.9 million for the FY20 R&D grant receivable.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

8. Trade and Other Receivables (Continued)

The average age of the Group's trade debtors is 50 days (2019: 40 days). The increase in debtor days is due to recent collection delays experienced from our overseas clients resulting from COVID-19 disruptions. In response to these disruptions, management have implemented more frequent trade debtor reviews and new processes to proactively manage trade debtors and minimise risk to collection.

The increase in the Allowance for impairment relates primarily to an ongoing collection issue unrelated to the COVID-19 pandemic.

(a) Ageing of trade debtors not impaired

	2020	2019
	\$	\$
0 – 30 days	1,178,253	3,034,440
31 – 60 days	623,060	81,287
61 – 90 days	363,769	136,628
Over 91 days	455,385	1,005,500
	2,620,467	4,257,855

(b) Movement in the provision for impairment

	2020	2019
	\$	\$
Balance at beginning of the year	2,782	2,370
Impairment recognised during the year	19,085	2,782
Amounts written off as uncollectible	(2,782)	(2,370)
Balance at the end of the year	19,085	2,782

In determining the recoverability of a trade receivable, the Group considers any recent history of payments and the status of the projects to which the debt relates. No payment terms have been renegotiated. The concentration of credit risk is limited due to the customer base being large and unrelated.

While collection delays have been experienced, there has not been an increase in defaults resulting from COVID-19 disruptions to date.

Accordingly, the directors believe that there is no further provision required in excess of the allowance for impairment.

Fair value of receivables

Fair value of receivables at year end is measured to be the same as receivables net of the allowance for impairment.

Notes to the Financial Statements (Continued)
For the year ended 30 June 2020

9. Property, Plant and Equipment

	2020	2019
	\$	\$
Leasehold improvements – at cost	7,746	816,061
Less: Accumulated amortisation	<u>(7,746)</u>	<u>(289,915)</u>
	-	526,146
Right of use asset – at cost	2,616,195	-
Less: Accumulated depreciation	<u>(799,168)</u>	-
	1,817,027	-
Plant and equipment – at cost	95,151	93,119
Less: Accumulated depreciation	<u>(88,435)</u>	<u>(84,527)</u>
	6,716	8,592
Computer equipment – at cost	450,125	446,030
Less: Accumulated depreciation	<u>(428,132)</u>	<u>(379,529)</u>
	21,993	66,501
Total carrying amount of property, plant and equipment	1,845,736	601,239

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

2020

	Right of Use Assets	Leasehold Improvements	Plant and Equipment	Computer Equipment	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 July 2019		526,145	8,593	66,501	601,239
AASB 16 Adjustment (note 1(a))	2,629,244	(526,145)	-	-	2,103,099
Additions	-	-	2,009	3,835	5,844
Lease modifications	(13,049)	-	-	-	(13,049)
Depreciation / amortisation expense	(799,168)	-	(4,018)	(48,237)	(851,423)
Net foreign exchange differences	-	-	132	(106)	26
Carrying amount at 30 June 2020	1,817,027	-	6,716	21,993	1,845,736

2019

	Leasehold Improvements	Plant and Equipment	Computer Equipment	Total
	\$	\$	\$	\$
Carrying amount at 1 July 2018	689,499	11,253	132,081	832,833
Additions	-	2,757	30,257	33,014
Disposals/ Write Offs	-	-	(6,059)	(6,059)
Depreciation / amortisation expense	(163,354)	(5,453)	(90,090)	(258,897)
Net foreign exchange differences	-	36	312	348
Carrying amount at 30 June 2019	526,145	8,593	66,501	601,239

Notes to the Financial Statements (Continued)
For the year ended 30 June 2020

10. Intangible Assets

	Internally Developed Software \$	Domain Name \$	Intellectual Property \$	Goodwill \$	Total \$
Year ended 30 June 2020					
Opening net book amount	7,686,228	38,267	-	15,161,939	22,886,434
Additions	3,112,875	-	-	-	3,112,875
Amortisation	(2,814,369)	-	-	-	(2,814,369)
Impairment	-	-	-	(10,000,000)	(10,000,000)
Carrying amount at 30 June 2020	7,984,734	38,267	-	5,161,939	13,184,940
At 30 June 2020					
Cost	18,513,064	38,267	29,045,251	15,161,939	62,758,521
Accumulated amortisation and impairment	(10,528,330)	-	(29,045,251)	(10,000,000)	(49,573,581)
Carrying amount at 30 June 2020	7,984,734	38,267	-	5,161,939	13,184,940
Year ended 30 June 2019					
Opening net book amount	6,462,835	38,267	1,539,727	15,161,939	23,202,768
Additions	3,792,752	-	-	-	3,792,752
Amortisation	(2,569,359)	-	(1,539,727)	-	(4,109,086)
Carrying amount at 30 June 2019	7,686,228	38,267	-	15,161,939	22,886,434
At 30 June 2019					
Cost	15,400,189	38,267	29,045,251	15,161,939	59,645,646
Accumulated amortisation and impairment	(7,713,961)	-	(29,045,251)	-	(36,759,212)
Carrying amount at 30 June 2019	7,686,228	38,267	-	15,161,939	22,886,434

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

10. Intangible Assets (Continued)

Internally Developed Software

Internally developed software represents a number of software platforms developed within the Group. The following table shows the portion of platform development costs that are capitalised and expensed for the current financial year, 2020:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	\$	\$	\$
Adslot Publisher and Marketplace	1,534,726	(624,144)	910,582
Symphony	3,027,860	(825,567)	2,202,293
	<u>4,562,586</u>	<u>(1,449,711)</u>	<u>3,112,875</u>

The following table shows the portion of platform development costs that are capitalised and expensed for the prior financial year, 2019:

Platform	Capitalised Wages	R&D grants offsetting capitalised wages	Net Capitalised Wages
	\$	\$	\$
Adslot Publisher and Marketplace	1,592,262	(577,515)	1,014,747
Symphony	3,696,193	(918,188)	2,778,005
	<u>5,288,455</u>	<u>(1,495,703)</u>	<u>3,792,752</u>

The Directors have assessed the accounting useful life of these internally developed software systems, for accounting purposes, to be five years. This assessment has given regard to the expected financial benefits of the technology.

Domain names

Domain names opening carrying value of \$38,267 (2019: \$38,267) relates to the various domain names held by Webfirm and Adslot. The Directors have assessed that this intellectual property has an indefinite useful life on the basis that the Directors do not believe that there is a foreseeable limit on the period over which this asset is expected to generate cash inflows for the entity.

Intellectual property

Adslot Technologies Pty Ltd ("Adslot") holds valuable copyright and patent licences ("Licences") in respect of Combinatorial Auction Platform Technology ("CAP" or "Core IP") owned by Enterprise Point Pty Ltd and its controlled entities ("Enterprise"). \$5,932,006 (2019: \$5,932,006) of the opening balance relates to this "CAP" technology. Accumulated amortisation of this asset as at 30 June 2020 was \$5,932,006 (2019: \$5,932,006). This asset has been fully amortised.

QDC IP Technology ("QDC") is creative ad building and video advertising technology with licences to the Core IP valued at \$6,466,517 (2019: \$6,466,517) in the opening balance and attached to the Adslot CGU. Accumulated amortisation of this asset as at 30 June 2020 was \$6,466,517 (2019: \$6,466,517). This asset has been fully amortised.

The Symphony platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the Symphony technology platform intellectual property was \$16,191,496 (2019: \$16,191,496). Accumulated amortisation of this asset at 30 June 2020 was \$16,191,496 (2019: \$16,191,496). This asset has been fully amortised.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

10. Intangible Assets (Continued)

Intellectual property (Continued)

The Facilitate for Agencies (“FFA”) platform technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The fair value attributable to the FFA technology platform intellectual property was \$455,231 (2019: \$455,231). Accumulated amortisation of this asset at 30 June 2020 was \$455,231 (2019: \$455,231). This asset has been fully amortised.

The Directors have assessed the accounting useful life of all of the above technologies for accounting purposes to be five years. This assessment has given regard to the expected financial benefits of the technologies to be potentially well beyond a five year period, together with the risk that competitors could replicate these technologies and in light of the Group’s ongoing commitment to research and development of the Core IP.

Goodwill

The Goodwill balance relating to the acquisition of Facilitate has an attributed fair value of \$5,161,939 (2019: \$15,161,939) and has been impaired.

(a) Cash Generating Units (CGUs)

For the purpose of impairment testing, goodwill has been allocated to the group of CGUs that are expected to benefit from the acquisition, being both the Adslot and Symphony CGUs. A summary of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

CGU	2020		2019	
	Goodwill \$	Intangible assets with indefinite useful lives \$	Goodwill \$	Intangible assets with indefinite useful lives \$
Adslot and Symphony CGUs	5,161,939	-	15,161,939	-

(b) Impairment testing and key assumptions

The Group tests whether goodwill and other intangible assets have suffered any impairment in accordance with the Group’s accounting policies. In addition, directors have considered the impact on accounting policies, judgements and estimates in light of the impact of the COVID-19 pandemic.

The recoverable amounts of assets and CGUs have been determined using a fair value less costs to sell approach. The directors have assessed the fair value having regard to a market-based approach and have determined a non-cash impairment of \$10.0 million.

The directors’ determination of fair value using a market-based approach is the market capitalisation of the Group, less the value attributed to business units that are not part of the group of CGUs attributed to goodwill, less other net assets.

The most significant judgements and key assumptions pertaining to the calculation are:

- the Group’s share price (ASX: ADS) in the months leading up to 30 June 2020;
- a 4x valuation multiple on EBITDA to estimate the value of the business unit (Webfirm) that is not part of the group of CGUs attributed to goodwill; and
- costs to sell including a transaction fee (3.5% of total value) plus estimate of legal, account and other consultant costs (\$200k).

The Group’s directors appointed an independent expert to review the approach adopted by management in assessing the carrying value of the intangible assets of the Group as at 30 June 2018. The review supported the selection of methodology and the assessment of the value of the Group under the primary quoted security price approach. The director’s determined the same methodology be adopted for the tests at 30 June 2020.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

10. Intangible Assets (Continued)

Intellectual property (Continued)

(c) Sensitivity analysis

The Group's share price forms the basis of the market-based approach. A material adverse change in the Group's share price would likely result in the carrying amount exceeding the recoverable amount.

While headroom exists under the market-based approach using the year end share price of \$0.018, the results from the market-based approach were revisited in light of the impact of the COVID-19 pandemic on Australian financial markets and the Group's share price in the 2020 financial year.

The COVID-19 pandemic developed rapidly in early 2020, impacting the Australian stock market and Adslot Limited's share price. The measures taken to contain the virus continue to have adverse effects on economic activity and disrupt businesses. Due to ongoing increased uncertainty resulting from the COVID-19 pandemic, the directors widened the range of reasonably possible changes in the Adslot Limited share price assumptions.

Sensitivity Analysis has been performed, using the share price low of \$0.007 on 27 March 2020 and the 31 March 20 closing share price of \$0.010. With all other elements of the 30 June calculation remaining equal, this results in a significant deficit fair value over carrying value of the intangible assets at each share price.

Taking into consideration the lows in March 2020, the closing balance at the end of March 2020, the average April 20 share price of \$0.015, and the 30 June 2020 year end share price, a discounted share price in the range of \$0.010 to \$0.012 has been used as the more prudent base for the impairment testing, representing impairment ranges from \$8 million to \$12 million.

There are no other material sensitivities involved in the directors' determination of fair value using a market based approach.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

11. Trade and Other Payables

	2020	2019
	\$	\$
Trade creditors	218,716	518,498
Publisher creditors (i)	2,381,870	5,154,892
Other creditors	498,118	865,398
	3,098,704	6,538,788

(i) Refer to Note 1(p) for further information on publisher creditors.

12. Other Liabilities

	2020	2019
	\$	\$
Current: Contract liabilities (i)	527,258	374,781
Current: Short term loan (ii)	158,352	-
	685,610	374,781

(i) Contract liabilities relates to website development and hosting invoices that are rendered based on full contract terms at the contracts' inception, however performed over stages which straddle the reporting date, licence fees billed in advance and advertising campaigns that have been purchased but whose delivery will occur after the reporting date.

(ii) In May, the Group's US subsidiary Adslot Inc applied for and received a Paycheck Protection Program loan through HSBC USA. It is a no fee loan provided by the US Federal Government for businesses impacted by COVID-19. The loan is for a two-year period, at 1.00% fixed interest rate and the loan payments deferred for the first six months. No collateral or guarantees were required. The full loan amount is available forgiveness provided the loan is utilised for allowable expenditure. The Group expects to apply for full forgiveness in the financial year 2021. The proceeds from borrowings disclosed in the Consolidated Statement of Cash Flows is at historical exchange rate at the day of the receipt of loan, while the amount included in the Consolidated Statement of Financial Position is at the exchange rate as at 30 June 2020.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

13. Lease Liabilities

	2020	2019
	\$	\$
Current: Lease incentive liability	-	146,300
Current: Lease liability	886,952	-
Non-current: Lease incentive liability	-	323,110
Non-current: Lease liability	960,915	-

Current year (2020) represents lease liabilities as per AASB 16 and prior year (2019) represents lease liabilities as per AASB 117. Refer Note 1 (a) for further information.

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

At 30 June 2020 short term and low value leases that were not recognised as a liability represented a total commitment of \$ 176,483 for the Group.

14. Provisions

	2020	2019
	\$	\$
Current: Employee benefits	634,916	658,736
Non-current: Employee benefits	500,051	439,041
Non-current: Provision for make good costs (i)	175,095	-
	675,146	439,041

(i) Refer Note 1 (a) for further information.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

15. Contributed equity

	2020 Number	2019 Number	2020 \$	2019 \$
Ordinary Shares – Fully Paid	1,843,875,994	1,587,875,994	151,866,361	145,838,216

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the numbers of shares.

At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movements in Paid-Up Capital

Date	Details	Number of shares Number	Issue price \$	Capital raising costs \$	Value \$
01-Jul-18	Balance (including Treasury shares)	1,288,006,269		(2,622,047)	138,699,400
09-Aug-18	Share Placement	118,000,000	\$0.025	(97,305)	2,852,695
19-Sep-18	Share Placement	22,000,000	\$0.025	(18,142)	531,858
09-May-19	Share Placement	160,000,000	\$0.025	(233,270)	3,766,730
30-Jun-19		1,588,006,269		(2,970,764)	145,850,683
	Less: Treasury shares	(130,275)		-	(12,467)
30-Jun-19	Balance	1,587,875,994		(2,970,764)	145,838,216
01-Jul-19	Balance (including Treasury shares)	1,588,006,269		(2,970,764)	145,850,683
10-Dec-19	Share Placement	226,000,000	\$0.025	(347,127)	5,302,573
29-Jan-20	Share Placement	30,000,000	\$0.025	(24,728)	725,772
30-Jun-20		1,844,006,269		(3,342,619)	151,878,828
	Less: Treasury shares	(130,275)		-	(12,467)
30-Jun-20	Balance	1,843,875,994		(3,342,619)	151,866,361

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

15. Contributed equity (Continued)

Treasury Shares

Treasury shares are shares in Adslot Ltd that are held by the Adslot Employee Share Trust, which administers the Adslot Employee Share Ownership Plan (ESOP). This Trust has been consolidated in accordance with Note 1(d). Shares are held by the Trust on behalf of eligible employees are shown as treasury shares in the financial statements. Shares issued under this scheme will, subject to the provision of the Trust deed, rank equally in all respects and will have the same rights and entitlements as ordinary shares under the Constitution of the Group. The Employee Share Ownership Plan (ESOP) has now been discontinued and the balance shares held by the Trust is an excess balance.

Treasury Shares movements during the financial year are summarised below:

Issue Type	Issue or Acquisition Date	Issue Price \$	Balance at beginning of the year (Number)	Issued during the year (Number)	Transfers during the year (Number)	Balance at end of the year (Number)
Employee ESOP	01/05/15	0.090	130,275	-	-	130,275
			130,275	-	-	130,275

Options movements during the financial year are summarised below:

Issue Type	Expiry Date	Exercise Price \$	Balance at beginning of the year (Number)	Issued during the year (Number)	Forfeited during the year (Number)	Exercised during the year (Number)	Balance at end of the year (Number)
Ordinary options	04/10/21	0.073	3,000,000	-	-	-	3,000,000
Ordinary options	25/11/21	0.060	5,600,000	-	-	-	5,600,000
Ordinary options	25/02/22	0.035	23,500,000	-	-	-	23,500,000
Ordinary options	15/05/22	0.034	11,400,000	-	-	-	11,400,000
Ordinary options	27/05/22	0.036	4,000,000	-	-	-	4,000,000
Ordinary options	30/01/23	0.060	5,800,000	-	(750,000)	-	5,050,000
Ordinary options	02/09/23	0.041	-	11,900,000	(200,000)	-	11,700,000
Ordinary options	12/12/23	0.045	-	4,000,000	-	-	4,000,000
Ordinary options	15/12/22	0.044	-	8,000,000	-	-	8,000,000
Ordinary options	29/01/24	0.032	-	8,000,000	-	-	8,000,000
			53,300,000	31,900,000	(950,000)	-	84,250,000

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

16. Reserves

	2020 \$	2019 \$
Reserves		
Share-based payments reserve	693,619	434,882
Foreign currency translation reserve	245,855	214,267
	<u>939,474</u>	<u>649,149</u>
<i>Share-based payments reserve</i>		
Opening balance	434,882	605,978
Reclassification of Treasury Shares	-	(105,000)
Reclassification vested Performance Rights	-	(184,223)
Share based payment expenses - third Party (i)	51,467	
Share based payment expense - employees	207,270	118,127
Closing balance	<u>693,619</u>	<u>434,882</u>
<i>Foreign currency translation reserve</i>		
Opening balance	214,267	106,676
Movement on currency translation	31,588	107,591
Closing balance	<u>245,855</u>	<u>214,267</u>

(i) Refer Equity Based Payments on Note 21

The Share-based payments reserve is used to record the value of options accounted for in accordance with AASB 2: Share Based Payments.

The foreign currency translation reserve is used to record the value of aggregate movements in the translation of foreign currency in accordance with AASB 121: The Effects of Changes in Foreign Exchange Rates.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

17. Earnings Per Share

	2020	2019
	Cents	Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Group	(0.96)	(0.49)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Group	(0.96)	(0.49)
(c) Reconciliation of earnings used on calculating earnings per share (i)		
Loss from continuing operations attributable to the members of the Group used on calculating basic and diluted earnings per share	(16,617,725)	(7,042,755)
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of basic EPS	1,725,848,672	1,432,078,391
(e) Weighted average number of shares used as the denominator		
Weighted average number of shares on issue used in the calculation of diluted EPS	1,725,848,672	1,432,078,391
 (i) During 2019 and 2018 there were no discontinued operations or values attributable to minority interests.		
Weighted average number of rights and options that could potentially dilute basic earnings per share in the future, but are not included in the calculation of diluted EPS because they are anti-dilutive for the period presented.	72,438,525	50,428,767

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

18. Contingencies

No contingent assets and liabilities are noted.

19. Remuneration of auditors

	2020	2019
	\$	\$
During the year the following fees were paid/payable to the auditor of the Group:		
Audit services		
Audit and review of financial reports	109,000	115,000
During the year the following fees were paid/payable to a related entity of the auditor of the Group:		
Other services		
Taxation compliance, GroupM compliance audit and taxation advice (Research and Development grant, JobKeeper grant and transfer pricing)	93,911	96,503
	<u>202,911</u>	<u>211,503</u>

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

20. Key Management Personnel Disclosures

Directors

The following persons were directors of the Group during the financial year:

- Mr Andrew Barlow (Executive Chairman) (i)
- Mr Adrian Giles (Non-Executive Director)
- Ms Sarah Morgan (Non-Executive Director)
- Mr Andrew Dyer (Non-Executive Director)
- Mr Ben Dixon (Executive Director & CEO)
- Mr Quentin George (Non-Executive Director) (ii)

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position
Ms Felicity Conlan	Chief Financial Officer and Company Secretary
Mr Tom Peacock	Chief Commercial Officer

Key management personnel compensation

	2020	2019
	\$	\$
Short-term employee benefits	933,089	1,333,764
Post-employment benefits	71,194	81,429
Other long-term employee benefits	11,586	24,764
Share based payments	12,924	148,452
Total compensation (a)	1,028,793	1,588,409

- (i) On 28 July 2020, Mr Barlow reverted to a Non-Executive Chairman role
- (ii) Mr George resigned on 16 July 2019

(a) There were 8 key management personnel throughout 2020, some of whom have a part year of service (2019: 9).

Business Acquisitions:

There were no related party transactions during the year ended 30 June 2020.

Transactions with Directors and their personally related entities:

During the year the Company earned revenue of \$ 28,242 from a company requiring web development and marketing services related to Mr. Adrian Giles on normal commercial terms and conditions. There were no other transactions with Directors and their personally related entities for the financial years ending 30 June 2020 and 30 June 2019.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

21. Share Based Payments

Employee Share Option Plan (ESOP)

In November 2012 the Group gained approval to establish an employee incentive scheme comprising the Adslot Limited Share Option Plan and the Adslot Employee Share Trust. Awards of rights to shares were available to be issued to eligible employees and was subject to a two-year service period and if this service period is not met, the rights to shares were to be forfeited by the eligible employee. Shares held by the Trust under the scheme had voting and dividend rights and had the right to participate in further issues pro-rata to all ordinary shareholders. ESOP rights to shares were valued at fair value at the date the options were granted.

The ESOP was replaced by the Performance Rights over Shares Plan in financial year 2015. As such there have been no new ESOP rights granted since the end of financial year 2015. All remaining ESOP shares were vested and transferred to the employees; and the plan concluded during the 2019 financial year.

The following tables shows the movement of share-based compensation to employees under the ESOP for the financial year 2019.

2019

Grant Date	Escrow End Date	Valuation Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
15/06/14	15/06/15	0.105	250,000	-	(250,000)	-	-	-
15/06/14	2016-2018	0.105	750,000	-	(750,000)	-	-	-
Total			1,000,000	-	(1,000,000)	-	-	-
Weighted average share price			\$0.105	-	\$0.105	-	-	-

Weighted average remaining contractual life at 30 June 2019 (days)

-

Performance Rights over Shares

At the November 2014 Annual General Meeting the shareholders approved the creation of Performance Rights over Shares which enables the Board to offer eligible employees the right to Performance Rights which convert to shares subject to the employee's performance against certain performance criteria. No amounts were paid or payable by the recipient on receipt of the right. The rights carried no voting rights. All rights were subject to service periods which required the employees remain an employee of the Group.

The Performance Rights over Shares Plan was replaced by the Incentive Option Plan in financial year 2018 and no new Performance Rights granted during since then. With the transfer of the final rights, Plan concluded during the 2019 financial year.

The following table shows grants of share-based compensation to directors and senior management under the Performance Rights over Shares Plan during the 2019 financial year:

2019

Grant Date	Assessment period	Valuation Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Transferred during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested at the end of the year (Number)
01/09/16	2 years	0.125	2,125,000	-	(1,925,000)	(200,000)	-	-
Total			2,125,000	-	(1,925,000)	(200,000)	-	-

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

21. Share Based Payments (continued)

Rights over Shares

Upon commencement of employment (8 October 2012) Mr Lowe was granted the right to receive the following shares after the share price of the Group trades above a 30-day volume-weighted average price (VWAP) as per the table below. Each right would convert into one ordinary share of Adslot Ltd when the VWAP criteria is met. In the event of a Change of Control of the Group some of these Rights would vest on a sliding scale between the take-over price and required VWAP of the next eligible series.

No amounts were paid or payable by the recipient on receipt of the right. The rights carried no voting rights. Some rights are subject to escrow per the below table and all rights are subject to Mr Lowe remaining an employee of the Group.

These shares were forfeited with the departure of Mr Lowe during the financial year 2019. The following table shows movement in the Rights over Shares for the financial year 2019:

2019

Issue Date	Required VWAP Price \$	Escrow Required from award	Valuation Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Vested during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)
8-Oct-2012	0.20	2 years	64,500	3,000,000	-	-	3,000,000	-
8-Oct-2012	0.30	-	66,000	4,000,000	-	-	4,000,000	-
8-Oct-2012	0.40	-	73,000	5,000,000	-	-	5,000,000	-
8-Oct-2012	0.50	-	63,500	5,000,000	-	-	5,000,000	-
Total			267,000	17,000,000	-	-	17,000,000	-

Employee Option Plan

Shareholders approved at the November 2017 Annual General Meeting the creation of Incentive Option Plan which enables the Board to offer eligible employees and directors the right to options which can be exercised to shares subject to the certain vesting criteria.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Group that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees and directors with the opportunity to participate in the future growth of the Group.

No amounts are paid or payable by the recipient on the receipt of the options. The options carry no voting rights. All options are subject to service periods which require the employees remain an employee or Director or the Group.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

21. Share Based Payments (continued)

The following table shows grants and movements of share-based compensation to employees under the Employee Option Plan during the current financial year:

2020

Grant Date	Expiry Date	Exercise Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Lapsed during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested and exercisable at the end of the year (Number)
05/10/17	04/10/21	0.073	3,000,000	-	-	-	-	3,000,000	3,000,000
26/11/17	25/11/21	0.060	5,600,000	-	-	-	-	5,600,000	5,600,000
26/02/18	25/02/22	0.035	23,500,000	-	-	-	-	23,500,000	23,500,000
16/05/18	15/05/22	0.034	11,400,000	-	-	-	-	11,400,000	11,400,000
28/05/18	27/05/22	0.036	4,000,000	-	-	-	-	4,000,000	4,000,000
30/01/19	30/01/23	0.060	5,800,000	-	-	-	(750,000)	5,050,000	2,650,000
03/09/19	02/09/23	0.041	-	11,900,000	-	-	(200,000)	11,700,000	-
13/12/19	12/12/23	0.045	-	4,000,000	-	-	-	4,000,000	2,000,000
30/01/20	29/01/24	0.032	-	8,000,000	-	-	-	8,000,000	-
Total			53,300,000	23,900,000	-	-	(950,000)	76,250,000	52,150,000
Weighted average exercise price			\$0.042	\$0.039	-	-	\$0.056	\$0.041	\$0.041

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2020 included:

Model Input	OP # 20-1	OP # 20-2	OP # 20-3
Grant Date	03/09/19	13/12/19	30/01/20
Expiry Date	02/09/23	12/12/23	29/01/24
Exercise Price \$	0.041	0.045	0.032
5-day VWAP at Grant Date \$	0.028	0.031	0.032
Expected Volatility	62.60%	61.60%	63.79%
Risk Free Interest rate	0.99%	0.88%	0.88%

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

21. Share Based Payments (continued)

2019

Grant Date	Expiry Date	Exercise Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Lapsed during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested and exercisable at the end of the year (Number)
05/10/17	04/10/21	0.073	3,000,000	-	-	-	-	3,000,000	-
26/11/17	25/11/21	0.060	5,800,000	-	-	-	(200,000)	5,600,000	-
26/02/18	25/02/22	0.035	23,500,000	-	-	-	-	23,500,000	23,500,000
16/05/18	15/05/22	0.034	12,700,000	-	-	-	(1,300,000)	11,400,000	11,400,000
28/05/18	27/05/22	0.036	4,000,000	-	-	-	-	4,000,000	3,000,000
31/01/19	30/01/23	0.060	-	5,800,000	-	-	-	5,800,000	-
Total			49,000,000	5,800,000	-	-	(1,500,000)	53,300,000	37,900,000
Weighted average exercise price			\$0.040	\$0.060	-	-	\$0.037	\$0.042	\$0.035

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2019 included:

Model Input	OP # 19-1
Grant Date	31/01/19
Expiry Date	30/01/23
Exercise Price \$	0.060
5-day VWAP at Grant Date \$	0.041
Expected Volatility	92.93%
Risk Free Interest rate	0.99%

Equity Based Payments

During the financial year the Group granted 8,000,000 new Options under mandate to Peloton Capital Pty Ltd as consideration for corporate advisory services provided. The exercise price of the Options are \$0.044 (175% premium to the December 2019 placement price of \$0.025 - announced to the ASX on 4 December 2019). The Options were vested on issue and have an expiry date of 15 December 2022.

Grant Date	Expiry Date	Exercise Price \$	Balance at start of the year (Number)	Granted during the year (Number)	Exercised during the year (Number)	Lapsed during the year (Number)	Forfeited during the year (Number)	Balance at end of the year (Number)	Vested and exercisable at the end of the year (Number)
30/01/20	15/12/22	0.044	-	8,000,000	-	-	-	8,000,000	8,000,000

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

21. Share Based Payments (continued)

The options are valued using the Black-Scholes pricing model. The model inputs for options granted were:

Model Input	EOP # 20-1
Grant Date	30/01/20
Expiry Date	15/12/22
Exercise Price \$	0.044
5-day VWAP at Grant Date \$	0.032
Expected Volatility	63.79%
Risk Free Interest rate	0.88%

22. Cash Flow reconciliation

	2020	2019
	\$	\$
Reconciliation of Net Cash Flows from Operating Activities to Loss for the year		
Loss for the year after income tax	(16,617,725)	(7,042,755)
<u>Add/(less) non-cash and other items</u>		
Adjustment from adoption of AASB 15 (movement in contract liabilities)	-	(85,125)
Depreciation and amortisation	3,665,792	4,367,983
Cash based: depreciated leasehold fitout	-	(146,300)
Impairment of Goodwill	10,000,000	-
Share based payment	207,270	118,127
Provision for impairment of 2016 R&D receivables	1,527,734	-
Impairment of receivables	19,565	3,489
(Profit)/Loss on asset write off	-	3,083
Unrealised foreign currency loss / (gain)	3,009	(31,327)
Movements in receivables relating to investing activities	1,171,950	(1,036,515)
<u>Changes in assets and liabilities (net of effects of acquisition and disposal of entities)</u>		
(Increase)/Decrease in receivables	(151,812)	(952,734)
(Decrease)/Increase in payables and other provisions	(3,208,191)	3,692,199
Net cash outflow from operating activities	<u>(3,382,408)</u>	<u>(1,109,875)</u>

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

23. Financial Risk Management

The Group's operations expose it to various financial risks including market, credit, liquidity and cash flow risks. Risk management programmes and policies are employed to mitigate the potential adverse effects of these exposures on the results of the Group.

Financial risk management is carried out by the Chief Financial Officer with oversight provided by the Audit & Risk Committee and Board.

(a) Market risks

Market risks include foreign exchange risk, interest rate risk and other price risk. The Group's activities expose it to the financial risks of changes in foreign currency, interest rate risk relating to interest earned on cash and cash equivalents.

Disclosures relating to foreign currency risks are covered in Note 23(d) and interest rate risk is covered in Note 23(e). The Group does not have formal policies that address the risks associated with changes in interest rates or changes in fair values on available-for-sale financial assets.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, other than investments, of the Group which have been recognised in the Consolidated Statement of Financial Position is the carrying amount net of any provision for doubtful debts.

The Group has no significant concentrations of credit risk. As disclosed in Note 8(a), 'Impairment of receivables', the Group has policies in place to ensure that sales of services are made to customers with appropriate credit history. Before accepting any new customers, the Group internally reviews the potential customer's credit quality. A substantial deposit on contract in website development and hosting segment of the Group mitigates initial credit risk.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

23. Financial Risk Management (Continued)

The Group held the following financial assets with potential credit risk exposure:

Financial assets

	2020	2019
	\$	\$
Cash and cash equivalents	6,160,440	8,165,544
Trade debtors and Other receivables (Note 8)	5,032,434	6,424,659
	<u>11,192,874</u>	<u>14,590,203</u>

(c) Liquidity risk

Financial liabilities

	2020	2019
	\$	\$
Trade and other payables	<u>3,140,929</u>	<u>6,538,788</u>

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying business, the Board aims at maintaining flexibility in funding by keeping committed credit lines and sufficient cash available.

All financial liabilities are expected to be settled within 12 months of the reporting date, per the contractual terms of the obligations.

(d) Foreign currency risk

Most of the Group's financial assets and liabilities in Australian Dollars (AUD). Exposures to currency exchange rates arise from the Group's overseas operations which are primarily denominated in US dollars (USD), Pound Sterling (GBP), Euros (EUR), New Zealand dollars (NZD), Chinese Yuan (CNY) and Malaysian Ringgit (MYR).

Foreign currency exposure is monitored by the Board on a periodic basis.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	USD A\$	GBP A\$	EUR A\$	NZD A\$	CNY A\$	MYR A\$
30 June 2020						
Financial Assets	5,093,083	342,619	332,667	27,660	54,587	2,035
Financial Liabilities	(3,013,410)	(594,247)	(175,353)	(3,655)	(28,754)	-
Total Exposure	<u>2,079,673</u>	<u>(251,628)</u>	<u>157,314</u>	<u>24,005</u>	<u>25,833</u>	<u>2,035</u>
30 June 2019						
Financial Assets	7,473,794	310,516	159,241	63,779	47,189	2,746
Financial Liabilities	(4,670,052)	(365,601)	(105,015)	(6,511)	(34,406)	-
Total Exposure	<u>2,803,742</u>	<u>(55,085)</u>	<u>54,226</u>	<u>57,268</u>	<u>12,783</u>	<u>2,746</u>

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

23. Financial Risk Management (Continued)

The following table illustrates the sensitivity on profit and equity in relation to the Group's financial assets and liabilities and the USD/AUD exchange rate, GBP/AUD exchange rate, EUR/AUD exchange rate, NZD/AUD exchange rate and CNY/AUD exchange rate 'all other things being equal'. It assumes a +/- 10% change of the following exchange rates for the year ended 30 June 2020 (30 June 2019:10%).

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. There is no Equity exposure to foreign currency risk.

	+10%						
	USD	GBP	EUR	NZD	CNY	MYR	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$
30 June 2020							
Impact on Profit	(174,825)	38,265	(13,666)	-	-	(185)	(150,411)
Impact on Reserves	(14,236)	(15,390)	(635)	(2,182)	(2,348)	-	(34,791)
Impact on Equity	(189,061)	22,875	(14,301)	(2,182)	(2,348)	(185)	(185,202)
30 June 2019							
Impact on Profit	(250,745)	15,674	(6,185)	-	(357)	(250)	(241,863)
Impact on Reserves	(4,141)	(10,666)	1,255	(5,206)	(805)	-	(19,563)
Impact on Equity	(254,886)	5,008	(4,930)	(5,206)	(1,162)	(250)	(261,426)
	-10%						
	USD	GBP	EUR	NZD	CNY	MYR	Total
	A\$	A\$	A\$	A\$	A\$	A\$	A\$
30 June 2020							
Impact on Profit	213,675	(46,768)	16,703	-	-	226	183,836
Impact on Reserves	17,400	18,809	776	2,667	2,870	-	42,522
Impact on Equity	231,075	(27,959)	17,479	2,667	2,870	226	226,358
30 June 2019							
Impact on Profit	306,466	(19,157)	7,560	-	437	305	295,611
Impact on Reserves	5,061	13,037	(1,535)	6,363	983	-	23,909
Impact on Equity	311,527	(6,120)	6,025	6,363	1,420	305	319,520

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

23. Financial Risk Management (Continued)

(e) Cash flow and interest rate risk

As the Group has no significant interest-bearing assets or liabilities (except cash), the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on exposure to interest rates on interest bearing bank balances throughout the reporting period. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates (also comparable to movement in interest rates during the reporting year).

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would:

	+1% \$	-1% \$
30 June 2020	34,017	(29,447)
30 June 2019	30,800	(28,163)

This is mainly attributable to the Group's exposure to interest rate on its bank balances bearing interest.

(f) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and other short-term financial assets and financial liabilities of the Group approximates their carrying value.

The net fair value of other financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

24. Parent Entity Information

The following details of information are related to the parent entity, Adslot Ltd, at 30 June 2020. This information has been prepared using consistent accounting policies as presented in Note 1.

	2020	2019
	\$	\$
Current assets	2,081,735	3,630,511
Non-current assets	45,750,149	44,463,013
Total assets	47,831,884	48,093,524
Current liabilities	962,435	306,357
Non-current liabilities	1,136,010	323,111
Total liabilities	2,098,445	629,468
Contributed equity	151,878,829	145,850,683
Share-based payments reserve	693,617	434,880
Retained losses	(106,839,007)	(98,821,507)
Total equity	45,733,439	47,464,056
Loss for the year	(8,000,943)	(7,118,262)
Total comprehensive loss for the year	(8,000,943)	(7,118,262)

25. Related Party Transactions

Other than the transactions disclosed in Note 20 relating to key management personnel, there have been no related party transactions that have occurred during the current or prior financial year.

Notes to the Financial Statements (Continued)

For the year ended 30 June 2020

26. Events Subsequent to Reporting Date

The Company granted the following unlisted share options:

- 25,625,000 options issued to employees as outlined in the Appendix 3G lodged on 22 July 2020.
- 18,000,000 options granted to Mr Ben Dixon, CEO and executive director as outlined in the ASX release on 12 August 2020.

COVID-19 Pandemic

The outbreak of the coronavirus pandemic in early 2020 has had an adverse impact on the business across all geographic regions. It is not practicable to estimate the duration or potential quantum of the impact of the health and economic crisis, after the reporting date. The situation continues to develop and any further impact will be dependent on any measures imposed by the Australian Government and other Governments around the world including restrictions on social and work environments and economic stimulus.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

Notes to the Financial Statements (Continued)
 For the year ended 30 June 2020

27. Consolidated Entities

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2020	2019
Parent entity		%	%
Adslot Ltd	Australia		
Controlled entities			
Adslot Technologies Pty Ltd	Australia	100	100
Ansearch.com.au Pty Ltd	Australia	100	100
Ansearch Group Services Pty Ltd	Australia	100	100
Webfirm Pty Ltd	Australia	100	100
QDC IP Technologies Pty Ltd	Australia	100	100
Adslot UK Limited	United Kingdom	100	100
Adslot Inc.	United States	100	100
Symphony International Solutions Limited	Australia	100	100
Symphony Workflow Pty Ltd	Australia	100	100
Symphony Media Pty Ltd	Australia	100	100
Facilitate Digital (Shanghai) Software Service Co., Ltd	China	100	100
Facilitate Digital Limited	New Zealand	100	100
Facilitate Digital Trust	New Zealand	100	100
Facilitate Digital, LLC	United States	100	100
Facilitate Digital UK Limited	United Kingdom	100	100
Facilitate Digital Deutschland GmbH	Germany	100	100

Equity interests in all controlled entities are by way of ordinary shares.

Directors' Declaration

The directors declare that the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, as set out on pages 30 to 82 are in accordance with the *Corporations Act 2001* and:

- (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements in Australia;
- (b) give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (c) the Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

In the directors' opinion:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (b) the audited remuneration disclosures set out on pages 16 to 24 of the Directors' Report comply with section 300A of the *Corporations Act 2001*.

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Andrew Barlow
Chairman
Adslot Ltd

25 August 2020

Independent Auditor's Report

To the Members of Adslot Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Adslot Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 (c) in the financial statements, which indicates that the Group incurred a loss during the year ended 30 June 2020, and management anticipate incurring further net losses from operations until such time as sufficient revenue growth is achieved. As stated in Note 1 (c), these events or conditions, along with other matters as set forth in Note 1 (c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Intangible assets and goodwill impairment testing</p> <p>Note 10</p> <p>Goodwill and other intangibles included within the Group's statement of financial position amounted to \$13.2m At 30 June 2020. This value is after a goodwill impairment charge of \$10.0m was recognised.</p> <p>An entity is required, per <i>AASB 136 Impairment of Assets</i>, to assess at the end of each reporting period whether there is any indication that a definite life intangible asset may be impaired. Should any indication of impairment exist, the entity shall estimate the recoverable amount of the asset. Further, <i>AASB 136</i> requires indefinite life intangible assets to be tested for impairment annually.</p> <p>Impairment testing of goodwill and intangible assets requires a high degree of estimation and judgement by management and there is subjectivity involved relating to assumptions and key inputs.</p> <p>This area is a key audit matter as impairment testing of goodwill and intangible assets requires a high degree of estimation and judgement by management and there is subjectivity involved relating to assumptions and key inputs.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing the impairment model for compliance with <i>AASB 136 Impairment of Assets</i>; • Reviewing indicators of impairment and assessing impairment testing where such indicators were identified; • Assessing management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which segments operate and the Group's internal reporting structure; • Testing the mathematical accuracy and appropriateness of the methodology of the underlying model calculations; • Assessing the reasonableness of inputs and assumptions used in the market based model prepared by management; • Performing a sensitivity analysis of the key assumptions in model; and • Reviewing relevant disclosures for adequacy in the financial statements.
<p>Research and development grants and capitalised wages</p> <p>Note 8</p> <p>During the year ended 30 June 2020, the Group has recognised \$3.1m relating to capitalised developments costs as intangible assets. The Group has also claimed associated research and development (R&D) grants to the value of \$1.9m under the R&D Tax Incentive Scheme from Aus. Industry, for estimated and submitted R&D claims at year end.</p> <p>A high level of judgement is required in determining whether the criteria for capitalising R&D costs are met and as such there is a risk that the criteria for capitalisation in accordance with <i>AASB 138 Intangible Assets</i> costs are not achieved.</p> <p>Per <i>AASB 120 Accounting for Government Grants and Disclosure of Government Assistance</i>, grants received relating to costs that are capitalised are required to be offset against the capitalised amount, while grants relating to costs that are not capitalised are to be recognised as income. Estimated R&D grant claims pertaining to costs incurred during the 2020 financial year as well as R&D grant claims submitted but not yet received relating to costs incurred in the previous financial year, are to be recognised as a receivable.</p> <p>This area is a key audit matter given the subjectivity and management judgement applied in assessing whether costs meet the recognition criteria of <i>AASB 138</i>.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the capitalisation process and how costs are allocated to the project; • Reviewing compliance with criteria for capitalisation of costs under <i>AASB 138</i>; • Assessing the reasonableness of total development costs against expectations, having regard to prior year costs and current year budgeted costs; • Testing on a sample basis, capitalised development costs incurred to underlying supporting documentation; • Ensuring the above sample meets the recognition requirements of accounting standing <i>AASB 138</i>; • Tracing the R&D receivable to submitted claims and where applicable, subsequent cash receipt; • Testing the mathematical accuracy of R&D grant claims accrued for; • Obtaining an understanding of the current status of discussions with AusIndustry in relation to R&D claims; • Utilise Grant Thornton's internal R&D expert to review FY20 receivable for reasonableness and • Assessing the appropriateness of the disclosures in the financial statements.

Revenue Recognition

Note 3

The Group derives revenue through the rendering of services which are performed under the terms of the contractual agreements.

Determining the appropriate revenue recognition methods for multiple contractual agreements can be complex and involves management judgement, which include determination of each performance obligation within contracts, allocation of consideration to individual performance obligations and identifying when performance obligations are satisfied so revenue can be recognised.

The area is a key audit matter due to the application of judgement to the arrangements in the contracts with customers.

Our procedures included, amongst others:

- Reviewed the revenue recognition policies to ensure compliance with AASB 15 *Revenues from Contracts with Customers*;
 - Performed substantive analytical testing of revenue balances;
 - Reviewed significant customer contracts to ensure revenue was being appropriately recognised;
 - Selected a statistical sample of revenue transactions from Adslot Marketplace and Symphony to ensure transactions exist and receipts were appropriately recognised;
 - Reviewed the deferred revenue and publisher liability accounts to ensure these were appropriately treated; and
 - Assessing the adequacy of the Group's disclosures within the financial statements.
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Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Adslot Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M J Climpson
Partner – Audit & Assurance

Melbourne, 25 August 2020

Corporate Governance Statement

In accordance with Listing Rule 4.10.3, Adslot's Corporate Governance Statement can be found at <http://www.adslot.com/investor-relations/governance/>

Shareholder Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 13 August 2020.

Distribution of equity securities

The number of shareholders by size of shareholding are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	207	22,941
1,001 – 5,000	313	1,038,457
5,001 – 10,000	453	3,616,350
10,001 – 100,000	1,168	44,871,461
100,001 +	870	1,794,457,060
TOTAL	3,011	1,844,006,269

The number of shareholders holding less than a marketable parcel of shares (19,231 shares):

1,321 9,571,070

Twenty largest shareholders

Listed Ordinary Shares

The names of the twenty largest holders of quoted shares are:

	Number of Shares	% of Shares
1 NATIONAL NOMINEES LIMITED	225,372,208	12.22
2 MR PETER DIAMOND + MRS DIANA DIAMOND	200,000,000	10.85
3 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	139,394,209	7.56
4 DAWNIE DIXON PTY LTD	86,046,522	4.67
5 J & M BARLOW PENSION FUND	60,440,000	3.28
6 INVIA CUSTODIAN PTY LIMITED	60,252,850	3.27
7 MR ANDREW BARLOW	58,352,668	3.16
8 CAPITAL ACCRETION PTY LTD	34,235,296	1.86
9 ZERO NOMINEES PTY LTD	33,500,000	1.82
10 AMBLESIDE VENTURES PTY LTD	33,091,710	1.79
11 SAPEAME PTY LTD	30,700,000	1.66
12 CITICORP NOMINEES PTY LIMITED	27,659,170	1.50
13 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,382,837	1.16
14 STOCK RANGE PTY LTD	19,764,704	1.07
15 HILLBOI NOMINEES PTY LTD	19,540,512	1.06
16 CHARMED5 PTY LTD	17,055,000	0.92
17 MR PETER STANKOVIC	15,500,000	0.84
18 G & D DIXON INVESTMENTS PTY LTD	12,302,184	0.67
19 MR VLADIMIR ANTHONY VITEZ & MS CATHERINE MARY DOWLAN	11,000,000	0.60
20 MR ANTONY ANDREW SHEIL	10,773,499	0.58
Total Top 20 holders of Ordinary Shares	1,116,363,369	60.54
Remaining holders balance	727,642,900	39.46

Classes of Shares - Adslot Ltd has only one class of share on issue, being fully paid ordinary shares.

Substantial Shareholders

	Shares	% Shares
Peter Diamond	200,000,000	10.85
Private Portfolio Managers Pty Ltd	115,781,145	6.28
Geoff Dixon	107,599,566	5.84
Jencay Capital Pty Ltd	93,545,083	5.07

Voting Rights - All ordinary shares carry one vote per share without restrictions.

Corporate Directory

Directors

Mr Andrew Barlow – Non-Executive Chairman
Mr Ben Dixon – Executive Director
Mr Adrian Giles – Non-Executive Director
Ms Sarah Morgan – Non-Executive Director
Mr Andrew Dyer – Non-Executive Director

Chief Executive Officer

Mr Ben Dixon

Company Secretary

Ms Felicity Conlan

Auditors

Grant Thornton Australia
Collins Square, Tower 5
727 Collins Street
Melbourne, VIC 3008
Australia

Bankers

National Australia Bank Limited
330 Collins Street,
Melbourne, VIC 3000
Australia

Share Register

Computershare Registry Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3001
Australia

Home Stock Exchange

Australian Securities Exchange Limited
Level 45, South Tower
Rialto, 525 Collins Street
Melbourne, VIC 3000
Australia
ASX Code: ADS

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