

ASX Announcement

31 July 2018

Trading Update

- ***Symphony*, Adslot's enterprise SaaS business, to grow license fee revenues by 38.7% in FY19.**
- **Adslot Media sees first significant trades in US following launch of *Audience First*.**
- **Media traded via Adslot Media stand alone for month of July (to date) is 79% of entire June quarter.**
- **Cost reduction plan delivers cash savings – cash positive in June quarter including R&D Tax Rebate.**

Adslot Ltd (ASX: ADJ) is pleased to provide an update on trading activity for the June 2018 quarter and the month of July 2018.

Progress on Strategic Plan

Further to the Company's renewed strategy announced in February 2018, the Company is pleased to provide the following update on progress against the three strategic objectives:

1. Maintain Symphony and grow the user base

- *Symphony* was successfully deployed and activated in the India market for Group M agencies on schedule in June 2018.
- India is the largest market deployed for GroupM since the announcement of the Company's global contract with GroupM in August 2016.
- Key updates to GroupM's global contract have been negotiated, resulting in:
 - Agreed accelerated target market implementations with a minimum of five markets targeted for deployment across APAC and EMEA over the next 12 months; and,
 - Expected growth in variable license fees for some large markets already deployed.
- The Company provided guidance on *Symphony* Licence Fees for FY19, showing an increase in revenue of 38.7% from \$3.96M to \$5.50M.
- The Company is very pleased to see this important underlying enterprise SaaS business return to strong growth in FY19.

2. Focus on US market for trading fee revenues

- In late June the company launched *Audience First*, an innovative offering that allows large advertisers to leverage their existing data to purchase targeted advertising via the Adslot platform. This feature was designed to address the needs of large US advertisers.
- In the subsequent weeks since launch initial trades for *Audience First* have occurred. These include multiple trades for a US Top 5 advertiser with tier one US publishers, all of whom are members of the ComScore Top 50 US Digital Media Properties.
- The value of media traded via the stand alone Adslot Media platform in the month of July (to date) represents 79% the total value traded for the entire June quarter.
- The average campaign value for *Audience first* trades is \$147,000 compared to a historical average of \$41,000 for the US market.

3. Implement a cost reduction plan

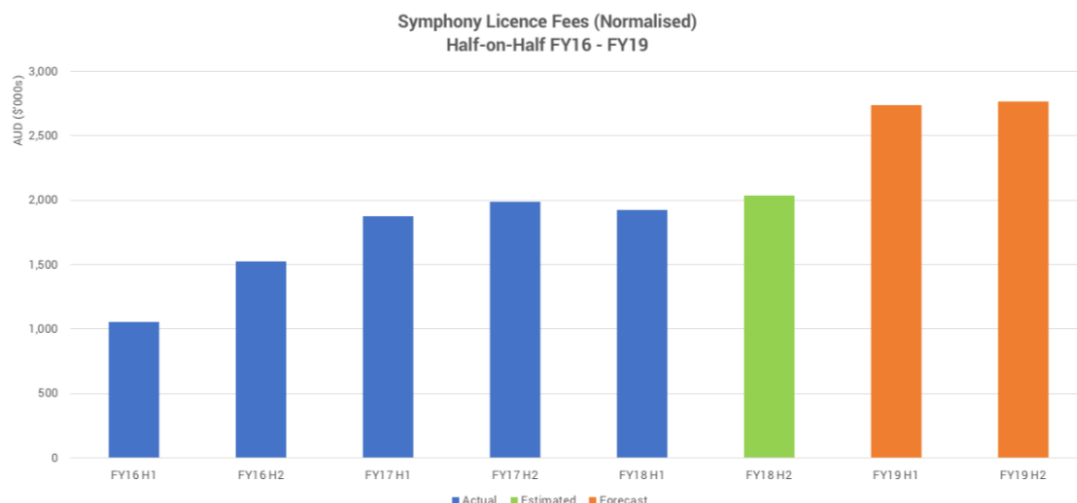
- The cost reduction plan announced and implemented in the March 2018 quarter has helped deliver a cash positive result (including the R&D refund) in the June quarter.
- Excluding the R&D refund, the Company still realised a cash saving of \$0.845m in the June 2018 quarter vs the March 2018 quarter.

Licence Fees

The Company is pleased to confirm that *Symphony* was successfully deployed for GroupM in the Indian market on schedule in June 2018. India is the second largest market after China to deploy *Symphony*.

In addition, the Company was also pleased to announce during the quarter that it had agreed to updated terms with GroupM in relation to its global contract, which resulted in GroupM agreeing to accelerated deployment of *Symphony* in five new markets in FY19, and expected higher variable Licence Fees in major markets already deployed.

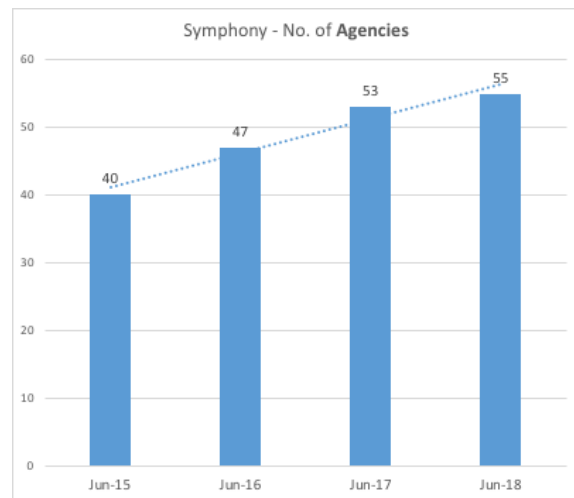
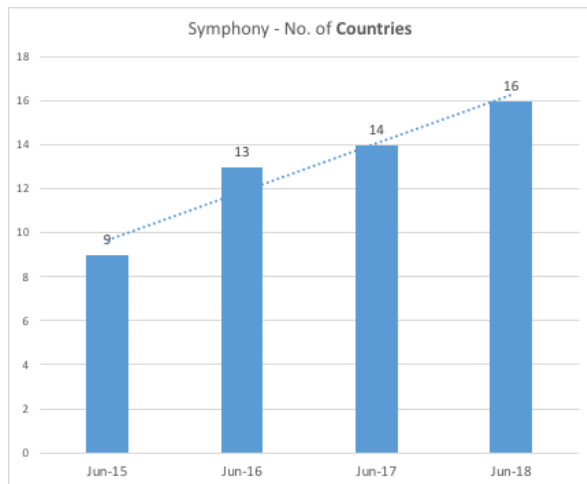
Following the renegotiation with GroupM, the Company was also pleased to provide guidance on *Symphony* Licence Fee revenues for FY18 (normalised) and FY19, anticipating a return to growth of 38.7% in FY19, growing from \$3.96M in FY18 to \$5.50M in FY19. It's important to note that, despite GroupM agreeing to five additional market deployments in FY19, the Company has only provided guidance on known, fixed, contracted revenue. Updated guidance will be provided as further markets are deployed, and those deployments impact revenue guidance by more than 10%.



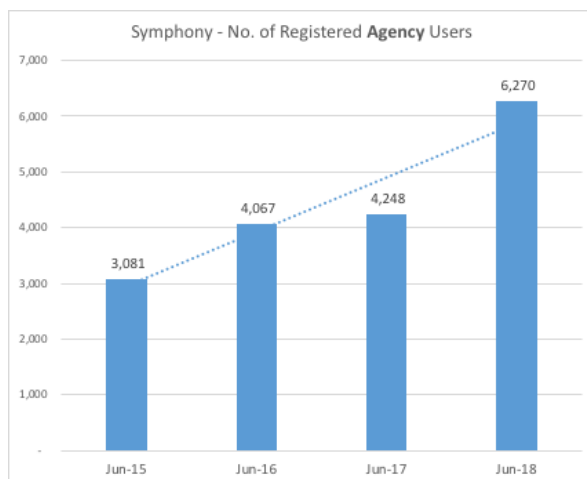
In addition to forecast revenue guidance on *Symphony* Licence Fees, the Company is pleased to provide the following historical metrics to aid investors' understanding of the business. In summary, *Symphony* is currently deployed to 55 individual agencies in 16 countries with 13,497 registered users, with 57,966 campaigns worth more than \$3 billion being managed on the platform in the last 12 months.

Please note: these metrics do not necessarily correlate to revenue, as Licence Fees are determined independent of the number of users and campaigns. Variable licence fees are impacted by dollar ad spend.

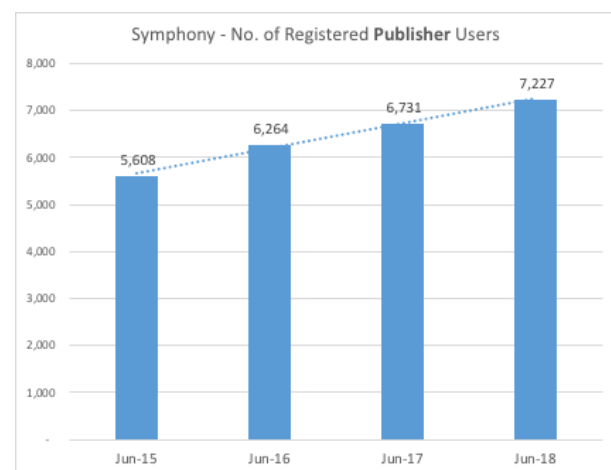
Number of Countries and Agencies into which *Symphony* is deployed



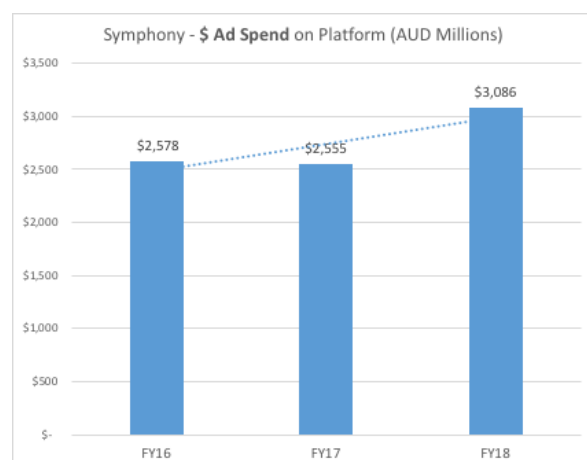
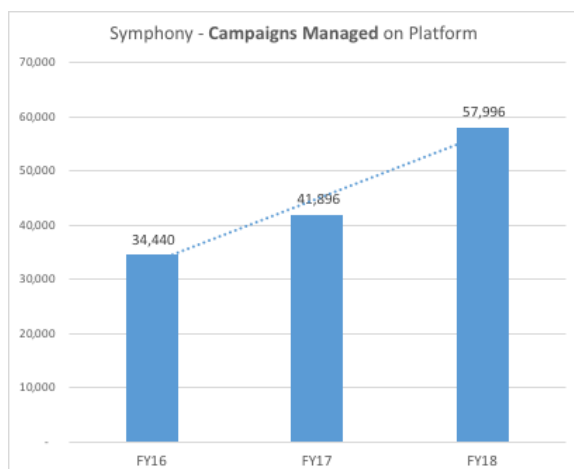
Number of registered Agency Users on *Symphony*



Number of registered Publishers Users on *Symphony*



Number of Campaigns and \$ Ad Spend (AUD) managed on *Symphony*

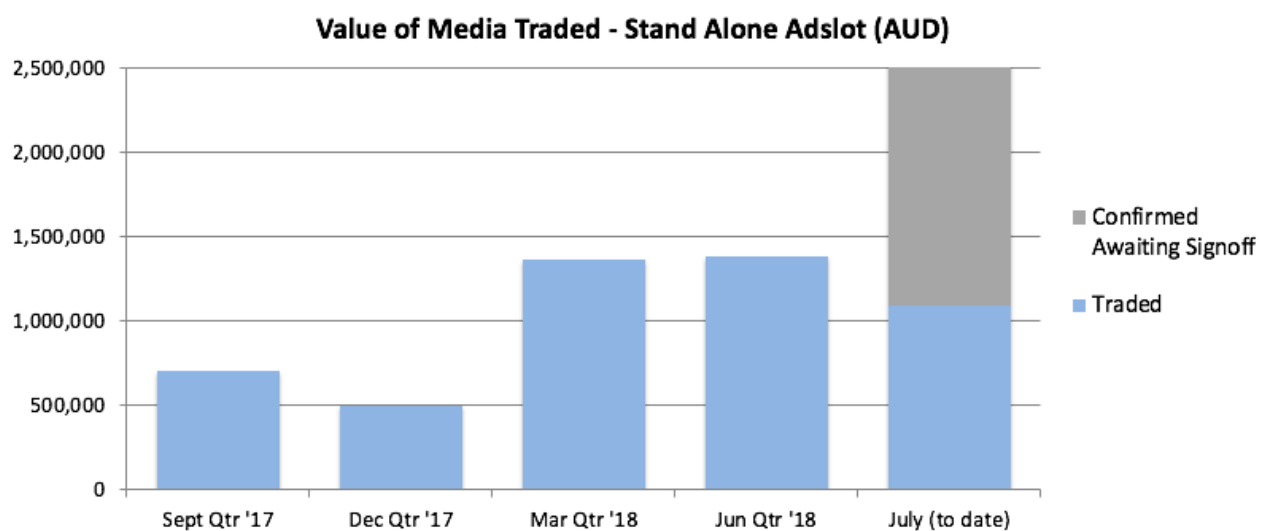


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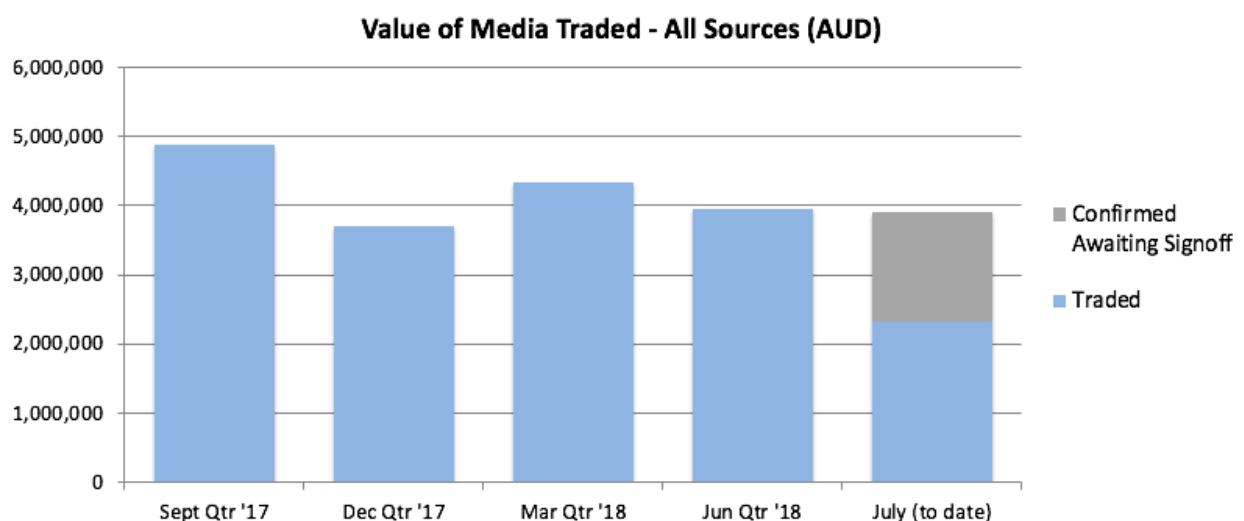
Trading Fees

The Company confirms that in the June 2018 quarter, the gross value of media transactions from which the Company derives Trading Fee revenues was \$3.951M, an 8.8% decrease on the March 2018 quarter. This was driven primarily by a further decrease in the value of transactions traded via Symphony (-13.7%) whereas the value of transactions traded via the standalone Adslot platform were flat (2% growth).

The Company can advise that it has seen strong improvements in the value of media transactions conducted via the standalone Adslot platform during the month of July and following the launch of its *Audience First* feature. Transactions via the standalone Adslot platform for July (to date) total \$1.1m. This amount represents 79% of the value of transactions for the entire June quarter. In addition there are approximately \$1.59m in additional trades which are confirmed in the platform and which are expected to transact shortly.

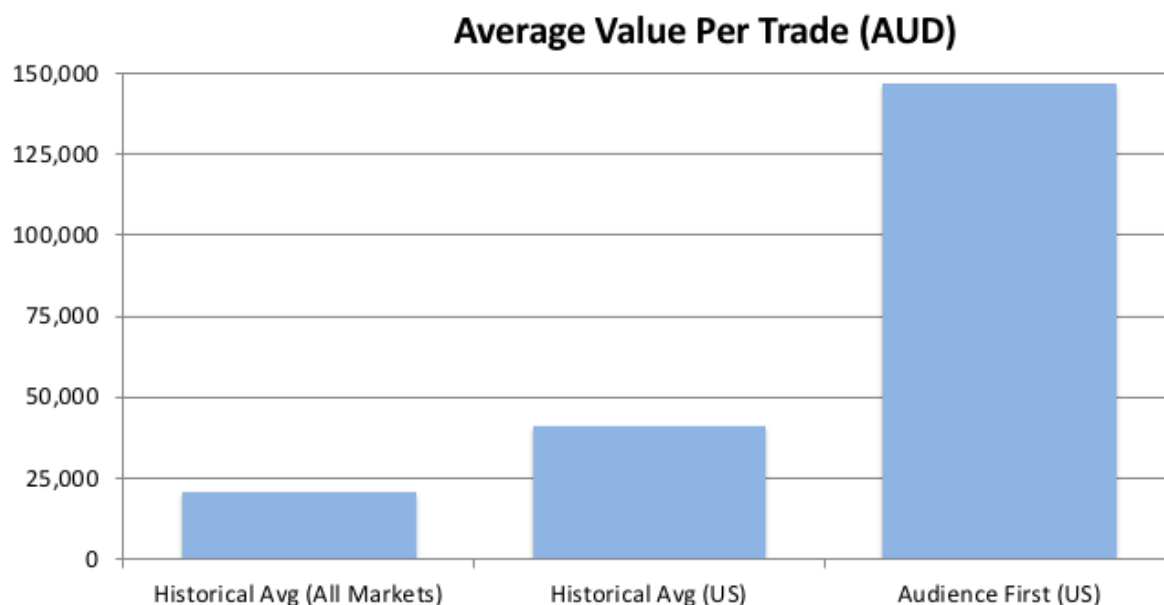


The Company can advise that the value of media transactions in July (to date) from both the standalone Adslot platform and via Symphony is currently \$2.32m. This amount represents 59% of the value of transactions for the entire June quarter.



Audience First Update

Initial trades via *Audience First* have occurred during July. These trades were for a Top 5 US advertiser and followed on from successful pilot activity in the prior quarter. The average value of trades to date via *Audience First* is approximately \$147k compared to a historical average of approximately \$21k for all markets and \$41k for the US market. The Company believes that these trades will continue to grow in frequency and value in the current quarter and beyond, and the Company remains focused on the US market in realising significant Trading Fees.



The company has also continued its efforts to onboard additional publishers to the Audience First capability. US based publishers who have recently been onboarded to Audience First include **Gannett** (publisher of USA Today), **Hearst** and **Uproxx**. Commercial discussions are underway with a number of large publishers across the US and UK markets.

The company has also continued to onboard audience data from advertisers in anticipation of future trading. Audience First now contains records of more than 650m unique users across all advertisers. This data is available for targeting by the respective advertisers across the portfolio of Audience First enabled publishers.

Cost Reductions and Cash Position

Net cash generated from operating activities was \$180k positive in the June quarter due to receipt of the R&D payment of \$2.7m and a \$1.0m reduction in cash payments on the previous quarter. Outgoing payments were \$734k below forecast. The cost reduction plan implemented on 28 February 2018 was responsible for delivering \$830k in cost savings. Cash at 30 June 2018 was higher than expected at \$4.8m.

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

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

Outlook

The Company expects to see *Symphony* Licence Fees grow as forecast in FY19.

In addition, having achieved recent trading validation, the Company maintains its focus on realising significant Trading Fee revenue from its operations in the US market, and expects further growth in the quarters ahead.

Full year financial results will be released by end of August 2018.

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About Adslot

Adslot's mission is to automate the trading of forward guaranteed display advertising, referred to as automated guaranteed. Our leading technology is a purpose built, global media trading platform. Adslot benefits a global community of media buyers and sellers, including media agencies, publishers and advertisers, by providing trading efficiencies and effectiveness made possible only via technology, and by doing so the basis on which the \$80B online display advertising industry will realise its full growth potential.

Adslot is a global organisation with operations in North America, Europe and Asia Pacific and is headquartered in Australia.