Adslot.



# 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 2023** |
| Previous Corresponding Period | Financial Year ended | **30 June 2022** |

***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 | $ | **9,229,962** |
| Previous corresponding period | $ | **9,461,797** |
| Percentage change up or down from the previous corresponding period of revenue from ordinary activities | % | **(2.45%)** |

***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 | $ | **(12,078,360)** |
| Previous corresponding period | $ | **(4,647,402)** |
| Percentage change up or down from the previous corresponding period of loss from ordinary activities after tax attributable to members | % | **(159.89%)** |

***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 | $ | **(12,078,360)** |
| Previous corresponding period | $ | **(4,647,402)** |
| Percentage change up or down from the previous corresponding period of net loss for the period attributable to members | % | **(159.89%)** |

***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 | **0.02** |
| Previous Corresponding Period | cents | **0.22** |

***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 solution providing market-leading workflow automation technology to the world's largest media buying agencies; and
    - **Trading Fees** (% of trade value), derived predominantly from *Adslot Media*, 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 Trading Technology revenues.

| Principal Activity | Profile | FY2023 Revenue ($) | FY2022 Revenue ($) | YOY Growth Rate |
|---|---|---|---|---|
| Trading Technology | Global opportunity, rapidly emerging, highly strategic, and key growth driver | **7,462,448** | 7,281,354 | 2% |
| Services | Complimentary to Trading Technology, stand-alone non-strategic | **1,457,274** | 1,701,727 | (14%) |

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

***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 to 14 respectively.

# ADSLOT LTD

ABN 70 001 287 510

# FINANCIAL STATEMENTS

## for the year ended 30 June 2023

# Contents

## 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 2023 and the auditor's report thereon.

### Information on Directors and Company Secretary

All directors listed below were directors for the whole financial year and up to the date of this report.

**Mr Andrew Dyer**
**Chairman**

Andrew Dyer is Chair of Rozetta Institute, an independent, not-for-profit research organisation that seed-funds transformative research centres to deliver societal impact. He is Chair of the Strategic Advisory Committee of the Digital Financial Cooperative Research Centre and a member of the Finance Committee of the Council of the Australian National University. Mr Dyer is also a Senior Partner Emeritus and Senior Advisor of The Boston Consulting Group (BCG), and a member of BCG's global Senior Partner Emeritus Council.

In his 29 years with BCG Mr Dyer supported senior executives in leading companies around the world. He also held local, regional and global leadership positions, including leading BCG's People & Organization and Enablement Practices and was also a member of BCG's global Executive Committee, including roles on several BCG Board Committees.

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

Mr Dyer is also an advisor to several public and private company CEO's and boards.

Mr Dyer is a member of the Adslot's Audit & Risk Committee and Remuneration Committee.

My Dyer was appointed as Chairman of Adslot on 9 June 2023.

**Mr Ben Dixon**
**CEO and Executive Director**

Ben Dixon has over 27 years' experience in the advertising and ad-tech industries. This includes both media planning and strategy roles at leading agencies groups such as Publicis and Omnicom. During this period, he was involved in the development of digital media strategies for a number of prominent technology and telecommunications brands in Australia.

Mr Dixon was then a founder of Facilitate Digital where he was involved in conceptualizing and developing the *Symphony* Media workflow platform. During his tenure as Chief Executive Officer at Facilitate Digital he oversaw the international expansion of *Symphony* and its first adoption by global agency groups.

Following the acquisition of Facilitate Digital by Adslot in late 2013 he became an Executive Director of Adslot Limited

Mr Dixon was appointed as the CEO in February 2018.

**Mr Andrew Barlow**
**Non-Executive Director**

Andrew Barlow is the Founder and Non-Executive Director of Adslot.

An experienced technology entrepreneur, Mr Barlow co-founded online competitive intelligence company, Hitwise, with Adrian Giles in 1997. Hitwise was ranked one of the Top 10 fastest growing companies by Deloitte for five years running, before being sold to Experian Group (LSX.EXPN) 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 also led the seed investment round in Nitro Software Limited (ASX: NTO) and served as a non-executive director and strategic advisor to Nitro (from January 2007 until August 2020).

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, currently focused on emerging fintech and crypto platforms.

Mr Barlow is also a member of the Remuneration Committee.

Mr Barlow was appointed Chairman of Adslot on 15 February 2010 and stepped down as Chair on 9 June 2023.

**Mr Adrian Giles**
**Non-Executive Director**

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: EXPN) in one of Australia's most successful venture capital backed trade sales.

Mr Giles is also 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**

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 Future Generation Global Investment Limited (from July 2015), Intrepid Group Pty Ltd (from January 2019), and Whispir Limited (from January 2019). Ms Morgan was previously a Non-Executive Director of Hansen Technology Limited (from October 2014 to December 2019) and Nitro Software Limited (from November 2019 to March 2023).

Ms Morgan is Chair of the Audit and Risk Committee.

**Mr Tom Triscari**
**Executive Director**

Tom Triscari is a leading expert in the programmatic AdTech industry. He is the founder and CEO of Lemonade Projects, a programmatic innovation firm based in NYC running strategic projects and experiments at the intersection of economics, game theory, and principles of radical transparency. The underlying thesis of Tom's work is based on his methodology paper Programmatic Lemon Market Game published in May 2020.

Mr Triscari's programmatic experience began in 2007 developing addressable TV and data product requirements as a consultant for Project Canoe in New York, an initiative led by Comcast and Time Warner. He managed a multi-market team at Yahoo! Europe in Barcelona with responsibility for Right Media, the first programmatic exchange. At pre-IPO Criteo in London, Mr Triscari built and managed supply-side and data science teams. Mr Triscari was brought on as CEO to reposition Amsterdam-based Yieldr, a DSP platform. In 2015, he founded Labmatik, a programmatic transformation consultancy.

Mr Triscari has a B.A. in Economics from UCLA, an MBA from the University of Notre Dame, and hosts Quo Vadis, a leading industry newsletter.

Mr Triscari was appointed as a non-executive director on 9 August 2021 and Executive Director, Head of Corporate Development and Interim Chief Financial Officer on 6 April 2022.

**Mr Mark Licciardo**
**Company Secretary**

Mark Licciardo was the founder and Managing Director of Mertons Corporate Services, and is now Managing Director, Listed Company Services for Acclime. Acclime provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. He is also a former Company Secretary of ASX listed companies Transurban Group and Australian Foundation Investment Company Limited.

Mr Licciardo holds a Bachelor of Business Degree (Accounting) and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Australian Institute of Company Directors, the Governance Institute of Australia and the Institute of Company Secretaries and Administrators.

Mr Licciardo is a non-executive director of ASX listed Frontier Digital Ventures (ASX: FDV), Weebit-Nano (ASX: WBT) and a number of other unlisted public and private companies.

Mr Licciardo joined Adslot Ltd as Company Secretary on 20 April 2022.

### Directorships of other listed companies

Other than those disclosed on pages 5 to 7 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 | 126,746,264 | 42,002,876 |
| Mr Adrian Giles | 17,328,483 | - |
| Mr Ben Dixon | 58,965,528 | 36,210,940 |
| Ms Sarah Morgan | 2,410,409 | 634,320 |
| Mr Andrew Dyer | 101,811,652 | 43,914,681 |
| Mr Tom Triscari | - | 6,000,000 |

### 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 2023 and the number of meetings attended by each Director.

| | Board of Directors | | Remuneration Committee | | Audit and Risk Committee | |
|---|---|---|---|---|---|---|
| Directors | Held | Attended | Held | Attended | Held | Attended |
| Mr Andrew Barlow | 8 | 8 | 1 | - | - | - |
| Mr Adrian Giles | 8 | 6 | 1 | 1 | 4 | 3 |
| Mr Ben Dixon | 8 | 8 | - | - | - | - |
| Ms Sarah Morgan | 8 | 8 | - | - | 4 | 4 |
| Mr Andrew Dyer | 8 | 7 | 1 | 1 | 4 | 4 |
| Mr Tom Triscari | 8 | 8 | - | - | - | - |

**Principal activities**

Adslot Ltd derives revenue from two principal activities:

1. **Trading Technology** - comprises *Adslot Media*, a leading global media trading technology platform, and *Symphony*, market-leading workflow automation technology for media agencies.

2. **Services** - comprises digital marketing services - provided by the Group's *Webfirm* division - and project-based customisation of Trading Technology.

## Operating Results

| | 2023 | 2022 | Movement | |
|---|---|---|---|---|
| | $ | $ | $ | % |
| **Revenue from Trading Technology** | **7,462,448** | 7,281,354 | 181,094 | 2% |
| **Revenue from Services** | **1,457,274** | 1,701,727 | (244,453) | (14%) |
| **Total revenue and other income** | **9,229,962** | 9,461,797 | (231,835) | (2%) |
| **EBITDA (loss)** | **(8,371,565)** | (728,276) | (7,643,289) | (1,050%) |
| **Adjusted EBITDA (loss)**[1] | **(2,086,826)** | (2,238,006) | 151,180 | 7% |
| **NPAT (loss)** | **(12,078,360)** | (4,647,402) | (6,308,158) | (160%) |
| **Adjusted NPAT (loss)**[1] | **(5,793,621)** | (6,157,131) | 363,510 | 6% |

[1] Adjusted EBITDA (loss) and Adjusted NPAT (loss): Adding back impairment of intangible assets of $6,284,739 (refer note 10 for further information) for FY2023, and in FY2022 removal of provision reversal for R&D Claim for Financial Year 2015/2016 of $1,527,734 (refer note 4 for further information) to EBITDA and NPAT. Adjusted EBITDA (loss) and Adjusted NPAT (loss) are non-IFRS metrics used for management reporting. The Group believes Adjusted EBITDA (loss) and Adjusted NPAT (loss) reflects what it considers to be the underlying performance of the business.

## Review of Operations

Total revenue and other income for FY2023 was $9,229,962 a decrease of 2% versus FY2022 ($9,461,797), despite a 2% increase in Trading Technology revenue.

The Consolidated Group operating loss before interest, income tax, depreciation and amortisation (EDITDA) in FY2023 was $8,371,565 a 1,050% increase in losses versus FY2022 ($728,276). The Consolidated Group operating loss after tax (NAPT) of $12,078,360 is 160% higher than the loss for the prior year of $4,647,402.

EBITDA and NPAT performance were substantially impacted by an impairment of intangible assets of $6,284,739 recognised in the financial year. Adjusted EBITDA losses improved by 7% to $2,086,826 and adjusted NPAT losses improved by 6% to $5,793,621 in FY2023.

**Review of Operations (Continued)**

## Trading Technology

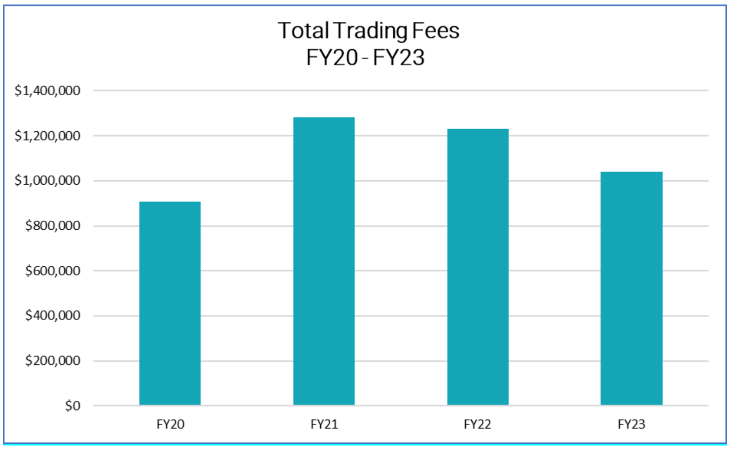
The strategic focus of the business remains Trading Technology revenues. These revenues are comprised of:

- *Trading Fees* – fees charged as a percentage of media traded; generated primarily from *Adslot Media* but also from *Symphony*. Trading fees generated via the *Adslot Media* platform attract a higher % fee and represent a significant majority of Trading Fees; and

- *Licence Fees* – generated primarily from *Symphony*, a market-leading workflow automation tool for Media Agencies, and also from customised solutions developed for Publishers.

## Trading Fees

Total Trading Fee revenues across *Symphony* and *Adslot Media* were $1.0 million in FY2023, a small decrease on the prior financial year (FY2022: $1.2 million).




During the 2023 Financial Year, the Group successfully launched the integration of the *Symphony - Adslot Media* solution. Customers in the Australian market benefit greatest from this integration. This project was a substantial driver of the growth in monetised Total Transaction Values (TTV) and this trading is expected to be recurring in nature. The Group notes the following impacts of this integrated offering:

- A number of publishers in the Australian market are active on fixed (i.e. SaaS) fees which are accounted for as Licence Fees.
- Average percentage fees for trading sourced via *Symphony - Adslot Media* solution are generally lower than that for stand-alone trading, particularly trading seen in markets such as the US and UK.
- To ensure ease of trading for Symphony buyers, the Group elected to allow trading with publishers and other trading partners with whom the Group does not yet have a commercial relationship. This activity has been disclosed by the Group separately as un-monetised TTV.

Whilst expected trading activity did not materialise in the US and UK markets in FY2023, considerable activity and progress was made towards this outcome. Delays in expected trading were, in part, due to key agencies IPG (USA) and GroupM (UK), implementing major business restructures. In both cases this has seen operational use of the *Adslot Media* platform shift from centralised buying units to individual agencies within those agency groups. The Group anticipates that this alignment of platform usage with the agency units who control media budgets will be a positive development for scaling of trading.

FY2023 also saw significant progress with the Group's efforts to activate the German market. The Group believes this market is well suited to the Adslot Media proposition given its centralised publisher market and low adoption of programmatic media compared to other large markets. During the second half of FY2023 the Group commenced activation activities with two leading agency groups, Publicis and IPG, with discussions ongoing with a third group.

**Review of Operations (Continued)**

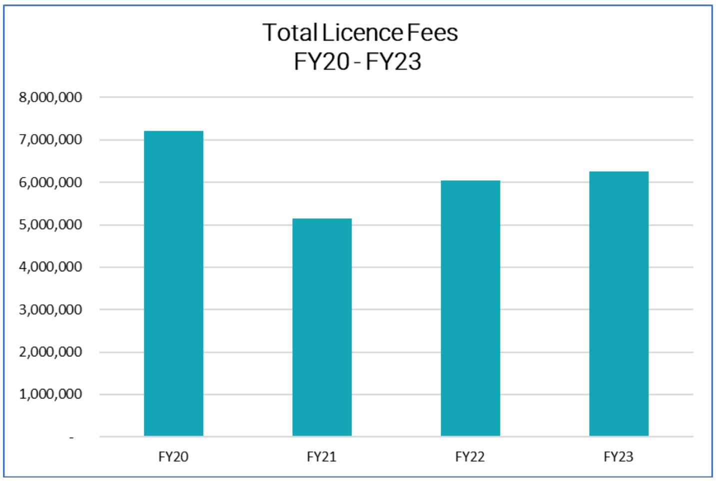
Monetised TTV for the *Adslot Media* platform in FY2023 was $47.9 million, representing an 88% increase on FY2022 ($25.5 million). *Adslot Media* trading fees for FY2023 were $0.9 million, a 9% decrease compared to the prior period (FY2022: $1.0 million). The decline in trading fees was a result of the changed composition of TTV in FY2023 with a greater contribution from the *Symphony – Adslot Media* integrated solution and lower contributions from the US and UK markets.

The Group expects to see growth in trading fee revenues in the year ahead. These are expected to come from multiple sources including;

- the re-activation of Partner Marketplace trading in the US and UK markets following successful re-organisation of key relationships with agency groups,
- additional buyers being activated on the now established Australian marketplace,
- further activation of the integrated *Symphony – Adslot Media* solution in new markets, and
- trading in the German market with an emphasis on Connected Television (CTV) inventory.

**Licence Fees**

Total Licence Fee revenues across *Symphony* and *Adslot Media* were $6.4 million in FY2023, representing a 6% growth on the prior financial year (FY2022: $6.0 million).




Growth in Licence fees in FY2023 were driven by increased Symphony licence fees. This growth was driven by fee increases in the second half of FY2022 and improved exchange rates on US$ denominated contracts. The period did see the withdrawal of Symphony from four low activity markets in South East Asia and Europe which partially offset the aforesaid growth.

The Group expects growth in licence fee revenues to continue in FY2024. This is expected to come from three primary sources:

- New market deployments for from both new and existing clients;
- SaaS based fees for use of the *Adslot Media* platform for emerging use cases, particularly in the US market; and
- Licence fees related to partnership opportunities such as the Company's announced marketing alliance with Operative in the US market.

## Review of Operations (Continued)

### Services

Services revenue, including Webfirm and custom development work for *Symphony* and *Adslot Media* customers was $1.5 million in FY2023, a $0.2 million decrease on the previous year (FY2022: $1.7 million).

Webfirm revenue for FY2023 remained consistent at $1.4 million (FY2022: $1.4 million).

### Cost Management

Total operating costs of $11.3 million for FY2023 represents a $0.4 million (3%) decrease in costs (FY2022: $11.7million). Total operating costs are derived by adding back non-cash and non-operating expenses to Total expenses.

| | **2023** | **2022** |
|---|---|---|
| | **$** | **$** |
| **Total expenses** | **21,084,780** | 13,906,467 |
| Depreciation and amortisation expenses | (3,413,260) | (3,642,837) |
| Interest Expenses | (84,693) | (82,956) |
| Reversal of provision for R&D Claim for Financial Year 2015/2016 | - | 1,527,734 |
| R&D write off | - | (18,004) |
| Impairment - Goodwill | (5,161,939) | - |
| Impairment - Intangible assets | (1,122,800) | - |
| **Total operating costs** | **11,302,088** | 11,690,404 |

As disclosed to the market in August 2022 and March 2023, the Group made pre-emptive steps to reduce cash outflows and extend its cash operating runway via a series of targeted cost reductions across the business. Cost reductions were targeted to ensure continued investment in strategic and revenue-generating product development, and no disruption to existing client relationships.

Headcount savings were made through natural attrition and optimising internal workflows and represent $1.0 million in savings on an annualised basis.

### EBITDA

The EBITDA loss for FY2023 was $8.4 million, a $7.6 million increase on the prior year (FY2022: $0.7 million).

FY2023 includes $6.3 million impairment of intangible assets while FY2022 included a reversal of a $1.5 million provision in relation to the FY2016 R&D claim that was refunded following the successful resolution at the Administrative Appeals Tribunal. Excluding the intangible assets impairment, the adjusted EBITDA loss for FY2023 was $2.1 million, a $0.1 million decrease on the prior year (FY2022: $2.2 million excluding the R&D reversal). Similarly, the adjusted NPAT loss improved from $6.2 million in FY2022 to $5.8 million in FY2023.

### Cash Management

Net cash outflows from operating activities for FY2023 were $1.6 million, representing a $0.7 million decrease (FY2022: $2.3 million). Receipts from R&D incentives and other grants at $0.3 million, were a $0.6 million reduction on the prior period (FY2022: $0.9 million) primarily due to two R&D grants (FY2016 and FY2021) received in the prior year.

The total R&D incentives received in FY2023 was $1.2 million which was recorded across operating activities ($0.3 million) and investing activities ($0.9 million).

The Group also concluded a successful capital raising towards the end of FY2023 and start of FY2024. $1.1 million was raised through a Share Placement of 275 million fully paid ordinary shares before the end of the year.

Cash as at 30 June 2023 was $2.9 million (FY2022: $6.0 million).

## Review of Operations (Continued)

### Strategic Review

During the year a strategic review was conducted with the assistance of US based advisor, East Wind Partners. The review did not result in any specific transactions but has led to a number of strategic partnership opportunities, including the announced relationship with leading US ad tech business Operative. The Company will continue to develop these opportunities in FY2024.

### Business growth strategy

The Group's growth strategy is focussed on expanding and maximising opportunities developed over FY2023 including:

- Scaling trading on contracted Partner Marketplaces with large agency groups in the US and the UK;
- Expansion of the integrated *Symphony – Adslot Media* solution into new markets;
- Activation of trading in Germany with a focus on Connected Television (CTV) inventory; and
- Additional *Symphony* deployments with existing and prospective clients to drive licence fee revenue.

In addition, the Group will continue its focus on cost management as it progresses towards cash flow break-even.

### Material business risks

The Group is subject to risks of both a general nature and those specific to its business activities including, but not limited to:

- Retaining existing customers and keeping them engaged in the product;
- Attracting new customers and achieving revenue growth;
- Cyber security incidents involving unauthorised access to data and assets, causing disruption to services;
- Retaining key personnel and attracting new personnel; and
- Ongoing access to funds in capital markets.

The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards.

## Matters Subsequent to the End of the Financial Year

On 9 June 2023, the Company announced a capital raise comprising a Share Placement and Entitlement Offer. The Share Placement was concluded in FY2023 and on 6 July 2023, the Company successfully concluded the Entitlement Offer. The latter raised $3.15 million before costs the issue of 787 million ordinary shares. In addition, in July, 1,062 million options attached to the Share Placement and Entitlement Offer were issued.

On July 31, 2023, the Company announced its intention to conduct a buyback of unmarketable parcels (UMPs). The buyback enables UMP Holders to sell their shares in the Company in accordance with the Company's constitution without incurring brokerage and other expenses. A 'buyback' approach also allows eligible UMP Holders to receive the proceeds from the sale of their shares on a timelier basis than if a 'share sale facility' approach was used to dispose of shares.

The buyback will also assist in reducing share registry and other administrative costs associated with maintaining a large number of small shareholders. Of the Company's 2,665 current shareholders, approximately 73.2% hold Unmarketable Parcels.

## 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 this report are:

| Issue Type | Expiry Date | Exercise Price $ | Balance at beginning of the period (Number) | Issued during the period (Number) | Lapsed/ Forfeited during the period (Number) | Exercised during the period (Number) | Balance at end of the period (Number) |
|---|---|---|---|---|---|---|---|
| Ordinary options | 30/01/2023 | 0.060 | 5,050,000 | - | (5,050,000) | - | - |
| Ordinary options | 02/09/2023 | 0.041 | 9,100,000 | - | (500,000) | - | 8,600,000 |
| 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) | - | - |
| Ordinary options | 12/07/2024 | 0.028 | 19,000,000 | - | (2,333,333) | - | 16,666,667 |
| Ordinary options | 06/08/2024 | 0.034 | 18,000,000 | - | - | - | 18,000,000 |
| Ordinary options | 16/12/2024 | 0.043 | 2,500,000 | - | - | - | 2,500,000 |
| Ordinary options | 29/07/2025 | 0.041 | 9,500,000 | - | (1,000,000) | - | 8,500,000 |
| Ordinary options | 29/07/2025 | 0.041 | 6,250,000 | - | - | - | 6,250,000 |
| Ordinary options | 08/08/2025 | 0.028 | 6,000,000 | - | - | - | 6,000,000 |
| Ordinary options | 11/10/2025 | 0.040 | 2,500,000 | - | - | - | 2,500,000 |
| Ordinary options | 15/06/2026 | 0.018 | 38,800,000 | - | (1,200,000) | - | 37,600,000 |
| Ordinary options | 15/06/2026 | 0.018 | - | 3,200,000 | - | - | 3,200,000 |
| Ordinary options (i) | 31/12/2024 | 0.006 | - | 96,562,817 | - | - | 96,562,817 |
| | | | **132,700,000** | **99,762,817** | **(26,083,333)** | **-** | **206,379,484** |

(i) After the conclusion of the financial year, as part of the Entitlement Offer finalised on 6 July 2023, the Directors of Adslot Ltd including their personally related parties received attaching share options.

**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 2023 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 financial year by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 – Part 4A of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

## Audited Remuneration Report

The audited 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 $600,000 per annum agreed to by shareholders at the Annual General Meeting held on 23 November 2021. To preserve the independence and integrity of their position, non-executive directors do not receive performance-based bonuses.

For the 2023 financial year, the Chairman's fees were $100,000 per annum and non-executive directors' fees were $50,000 per annum. Mr Andrew Dyer received options in lieu of his non-executive director fees up to end of March 2023. 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.

In March 2023, the Chairman and the non-executive directors agreed to defer all non-executive directors' remuneration until end of June 2023. Accordingly, the Chairman and the non-executive directors' fees from March 2023 have been accrued but not paid.

Mr Tom Triscari has been engaged via his consulting company, Lemonade Projects, to provide advisory services (US$50,000 per annum). These have been included in key management personnel remuneration.

**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.

The Board has regard to the following variables to assess the Group's performance and benefits for shareholder wealth:

| Item | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| EPS (cents) | (0.55) | (0.23) | (0.33) | (0.96) | (0.49) |
| Net loss ($) | (12,078,360) | (4,647,402) | (6,280,774) | (16,617,725) | (7,042,755) |
| Share price at 30 June ($) | 0.003 | 0.012 | 0.028 | 0.018 | 0.028 |

## Audited 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 as Director** |
|---|---|---|
| Mr Andrew Dyer | Non-Executive Director<br>Non-Executive Chairman | Appointed 28 May 2018<br>Appointed 9 June 2023 |
| Mr Andrew Barlow | Non-Executive Director<br>Non-Executive Chairman | Appointed 15 February 2010<br>Resigned 9 June 2023 |
| Mr Ben Dixon | Chief Executive Officer<br>Executive Director | Appointed 1 February 2018<br>Appointed 23 December 2013 |
| Mr Adrian Giles | Non-Executive Director | Appointed 26 November 2013 |
| Ms Sarah Morgan | Non-Executive Director | Appointed 27 January 2015 |
| Mr Tom Triscari | Non-Executive Director<br>Executive Director, Head of Corporate Development and Interim Chief Financial Officer | Appointed 9 August 2021<br>Appointed 6 April 2022 |
| **Executive Officers** | **Position** | **Date appointed/resigned as Executive** |
| Mr Tom Peacock | Chief Commercial Officer | Appointed 23 December 2013 |

## Audited Remuneration Report (Continued)

| Group 2023 | Short-term benefits | | | Long Term Benefits | Post-employment benefits | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| Name | Salary & fees $ | Short Term Incentive $ | Other $ | Long Service Leave $ | Super-annuation $ | Share Options Expensed $ | Performance Rights $ | $ |
| *Executive directors* | | | | | | | | |
| Mr B Dixon | 300,000 | - | - | 6,406 | 25,292 | 13,513 | - | 345,211 |
| Mr T Triscari (i) | 299,902 | - | 13,509 | - | - | 26,748 | - | 340,159 |
| *Non-executive directors* | | | | | | | | |
| Mr A Barlow (ii) | 87,868 | - | - | - | 6,335 | - | - | 94,203 |
| Mr A Giles | 70,249 | - | - | - | 4,751 | - | - | 75,000 |
| Ms S Morgan | 70,249 | - | - | - | 4,751 | - | - | 75,000 |
| Mr A Dyer (ii) | 18,297 | - | - | - | - | 24,889 | - | 43,186 |
| *Other key management personnel* | | | | | | | | |
| Ms F Conlan (iii) | 52,171 | - | - | - | 3,150 | 14,044 | - | 69,365 |
| Mr T Peacock | 259,000 | - | - | 5,956 | 25,292 | 29,329 | - | 319,577 |
| **Totals** | **1,157,736** | **-** | **13,509** | **12,362** | **69,571** | **108,523** | **-** | **1,361,701** |

(i) In May 2023, Mr Tom Triscari agreed to a reduced fee for his executive roles.
(ii) Mr Andrew Dyer was appointed as Chairman by the Board on 9th June 2023 replacing Mr. Andrew Barlow who resigned as Chairman on 9th June 2023.
(iii) Ms Conlan resigned as the Chief Financial officer on 6 April 2022 and as the Company Secretary on 20 April 2022. She remained with the Company till 30 August 2022 and was considered a KMP until her last day.
(iv) In March 2023, the Chairman and the non-executive directors agreed to defer all non-executive directors' remuneration until end of June 2023. Accordingly, Chairman's fees $33,333 and the non-executive directors' fees of $62,500 were accrued but not paid. Those amounts have been included in the above table.

### *Short Term Incentives*

Short Term Incentives (STIs) paid in the year, along with the total STI opportunity in each year, relating to the 2022 and 2023 financial years, are outlined in the table below:

| Name | Amount Paid $ | Total 2022 STI Opportunity $ | Amount Paid $ | Total 2023 STI Opportunity $ | Assessment Criteria |
|---|---|---|---|---|---|
| Mr B Dixon | - | 100,000 | - | 100,000 | Group performance to budget and executive management to achieve KPIs |
| Ms F Conlan | - | 100,000 (a) | - | - | Group revenue achievement and individual KPIs |
| Mr T Peacock | 5,000 | 100,000 (a) | - | 100,000 (a) | Group revenue achievement and individual KPIs |
| Mr T Triscari | - | USD 100,000 (b) | - | USD 100,000 (b) | Achieving key performance criteria in the realization of shareholder value |

(a) 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.
(b) The Company may in its absolute discretion pay a performance bonus of up to USD$100,000, based on achieving key performance criteria in the realization of shareholder value, with such performance criteria to be agreed between the Company and the Employee.

No STIs were paid to key management personnel in relation to the 2023 financial year.

## Audited Remuneration Report (Continued)

| Group 2022 | Short-term benefits | | | Long Term Benefits | Post-employment benefits | Share-based payment | | Total |
|---|---|---|---|---|---|---|---|---|
| Name | Salary & fees $ | Short Term Incentive $ | Other $ | Long Service Leave $ | Super-annuation $ | Share Options Expensed $ | Performance Rights $ | $ |
| *Executive directors* | | | | | | | | |
| Mr B Dixon | 300,000 | - | - | 5,978 | 23,568 | 33,031 | - | 362,577 |
| Mr T Triscari (i) | 124,659 | - | 3,172 | - | - | 56,496 | - | 184,327 |
| *Non-executive directors* | | | | | | | | |
| Mr A Barlow | 90,909 | - | - | - | 9,091 | - | - | 100,000 |
| Mr A Giles | 68,182 | - | - | - | 6,818 | - | - | 75,000 |
| Ms S Morgan | 68,182 | - | - | - | 6,818 | - | - | 75,000 |
| Mr A Dyer | - | - | - | - | - | 35,161 | - | 35,161 |
| *Other key management personnel* | | | | | | | | |
| Ms F Conlan (ii) | 277,500 | - | - | 1,727 | 23,568 | 14,560 | - | 317,355 |
| Mr T Peacock | 244,000 | 5,000 | - | 10,651 | 23,568 | 15,213 | - | 298,432 |
| **Totals** | **1,173,432** | **5,000** | **3,172** | **18,356** | **93,431** | **154,461** | **-** | **1,447,852** |

(i) Mr Triscari was appointed as a Non-Executive Director on 9 August 2021 and took over executive positions of Head of Corporate Development and Interim Chief Financial Officer on 6 April 2022.

(ii) Ms Conlan resigned as the Chief Financial officer on 6 April 2022 and as the Company Secretary on 20 April 2022. She remained with the company through the end of the financial year and was considered as an KMP till 30 June 2022.

During the 2022 financial year the Options outlined below expired without being exercised. These expiring options are excluded from the above Share-based remuneration figures. These amounts were previously included as share-based remuneration when they were expensed in the financial statements. On the date of expiry, the total amounts that were already expensed were moved from share-based payments reserve to retained earnings in the financial statements. There were no such expiring options in 2021 financial year.

| Name | Options Expired (Number) | Value ($) |
|---|---|---|
| Mr B Dixon | 1,000,000 | 19,600 |
| Mr A Dyer | 4,000,000 | 55,202 |
| Ms F Conlan | 7,500,000 | 84,722 |
| Mr T Peacock | 7,500,000 | 84,722 |
| | **20,000,000** | **244,246** |

## Audited Remuneration Report (Continued)

### *Short Term Incentives*

Short Term Incentives (STIs) paid in the year, along with the total STI opportunity in each year, relating to the 2021 and 2022 financial years, are outlined in the table below:

| Name | Amount Paid<br>$ | Total 2021 STI Opportunity<br>$ | Amount Paid<br>$ | Total 2022 STI Opportunity<br>$ | Assessment Criteria |
|---|---|---|---|---|---|
| Mr B Dixon | - | 100,000 | - | 100,000 | Group performance to budget and executive management to achieve KPIs |
| Ms F Conlan | - | 100,000 (a) | - | 100,000 (a) | Group revenue achievement and individual KPIs |
| Mr T Peacock | - | 100,000 (a) | 5,000 | 100,000 (a) | Group revenue achievement and individual KPIs |
| Mr T Triscari | - | - | - | USD 100,000 (b) | Achieving key performance criteria in the realization of shareholder value |

(a) 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.

(b) The Company may in its absolute discretion pay a performance bonus of up to USD$100,000, based on achieving key performance criteria in the realization of shareholder value, with such performance criteria to be agreed between the Company and the Employee.

Other than the amounts disclosed for Mr Peacock above, no other STIs were paid to key management personnel in relation to the 2022 financial year.

### 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. |

## Audited 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. For current options in issue the only vesting criteria are service conditions. The Incentive Option Plan was re-approved by shareholders at the January 2021 Annual General Meeting.

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 during the current financial year and the previous financial year:

**2023**

| Name | Series | Balance at beginning of the year (Number) | Granted during the year (Number) | Lapsed/ Forfeited 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) |
|---|---|---|---|---|---|---|---|
| Felicity Conlan(i) | OP # 20-1 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| Tom Peacock | OP # 20-1 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 |
| Felicity Conlan | OP # 21-1 | 1,250,000 | - | - | - | 1,250,000 | 833,333 |
| Tom Peacock | OP # 21-1 | 1,250,000 | - | - | - | 1,250,000 | 833,333 |
| Ben Dixon | OP # 21-2 | 18,000,000 | - | - | - | 18,000,000 | 16,000,000 |
| Andrew Dyer | DOP # 21-1 | 2,500,000 | - | - | - | 2,500,000 | 2,500,000 |
| Felicity Conlan | OP # 22-1 | 1,000,000 | - | - | - | 1,000,000 | 333,333 |
| Tom Peacock | OP # 22-1 | 1,000,000 | - | - | - | 1,000,000 | 333,333 |
| Tom Triscari | DOP # 22-1 | 6,000,000 | - | - | - | 6,000,000 | 3,500,000 |
| Andrew Dyer (ii) | DOP # 22-2 | 2,500,000 | - | - | - | 2,500,000 | 2,500,000 |
| Felicity Conlan | OP # 22-2 | 2,000,000 | - | - | - | 2,000,000 | 666,667 |
| Tom Peacock | OP # 22-2 | 6,000,000 | - | - | - | 6,000,000 | 2,000,000 |
| Andrew Dyer (ii) | DOP # 23-1 | - | 3,200,000 | - | - | 3,200,000 | 3,200,000 |
| | | **43,500,000** | **3,200,000** | **-** | **-** | **46,700,000** | **34,699,999** |

(i) Ms Conlan resigned as the Chief Financial officer on 6 April and as the Company Secretary on 20 April 2022. She remained with the Company till 30 August 2022 and was considered a KMP until her last day. The Board agreed that Ms Conlan will retain all 5,250,000 options after cessation of employment under the same conditions, other than the condition that she continued to be an employee.

(ii) Mr Dyer's options were granted outside of the Option Plan and are subject to the same terms and conditions as set out in the Option Plan. The grants were approved at the Annual General Meetings on 23 November 2021 and 16 November 2022.

**Audited Remuneration Report (Continued)**

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2023 included:

| Model Input | DOP # 23-1 |
|---|---|
| Grant Date | 16/11/22 |
| Expiry Date | 15/06/26 |
| Exercise Price $ | 0.018 |
| Grant Date Share Value $ | 0.012 |
| Expected Volatility | 80.73% |
| Risk Free Interest Rate | 2.71% |

**2022**

| Name | Series | Balance at beginning of the year (Number) | Granted during the year (Number) | Lapsed/ Forfeited 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) |
|---|---|---|---|---|---|---|---|
| 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) | - | - | - |
| Tom Peacock | OP # 18-3 | 6,500,000 | - | (6,500,000) | - | - | - |
| Andrew Dyer | OP # 18-5 | 4,000,000 | - | (4,000,000) | - | - | - |
| Felicity Conlan | OP # 20-1 | 1,000,000 | - | - | - | 1,000,000 | 666,667 |
| Tom Peacock | OP # 20-1 | 1,000,000 | - | - | - | 1,000,000 | 666,667 |
| Felicity Conlan | OP # 21-1 | 1,250,000 | - | - | - | 1,250,000 | 416,667 |
| Tom Peacock | OP # 21-1 | 1,250,000 | - | - | - | 1,250,000 | 416,667 |
| Ben Dixon | OP # 21-2 | 18,000,000 | - | - | - | 18,000,000 | 14,000,000 |
| Andrew Dyer | DOP # 21-1 | 2,500,000 | - | - | - | 2,500,000 | 2,500,000 |
| Felicity Conlan | OP # 22-1 | - | 1,000,000 | - | - | 1,000,000 | - |
| Tom Peacock | OP # 22-1 | - | 1,000,000 | - | - | 1,000,000 | - |
| Tom Triscari (i) | DOP # 22-1 | - | 6,000,000 | - | - | 6,000,000 | - |
| Andrew Dyer (ii) | DOP # 22-2 | - | 2,500,000 | - | - | 2,500,000 | 1,250,000 |
| Felicity Conlan | OP # 22-2 | - | 2,000,000 | - | - | 2,000,000 | - |
| Tom Peacock | OP # 22-2 | - | 6,000,000 | - | - | 6,000,000 | - |
| | | **45,000,000** | **18,500,000** | **(20,000,000)** | **-** | **43,500,000** | **19,916,668** |

(i) In conjunction with his appointment as a Non-Executive Director, Mr Triscari was granted 6 million unlisted options to acquire fully paid ordinary shares.

(ii) Mr Dyer's options were granted outside of the Option Plan and are subject to the same terms and conditions as set out in the Option Plan. The grant was approved at the Annual General Meeting on 23 November 2021.

## Audited Remuneration Report (Continued)

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2022 included:

| Model Input | OP # 22-1 | DOP # 22-1 | DOP # 22-2 | OP # 22-2 |
|---|---|---|---|---|
| Grant Date | 30/07/21 | 09/08/21 | 23/11/21 | 16/06/22 |
| Expiry Date | 29/07/25 | 08/08/25 | 11/10/25 | 15/06/26 |
| Exercise Price $ | 0.041 | 0.028 | 0.040 | 0.018 |
| Grant Date Share Value $ | 0.028 | 0.028 | 0.028 | 0.012 |
| Expected Volatility | 75.67% | 73.27% | 65.07% | 80.73% |
| Risk Free Interest Rate | 0.02% | 0.02% | 0.69% | 2.71% |

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 | | | |
|---|---|---|---|---|
| | 2023 (Options) | | 2022 (Options) | |
| | Number | $ | Number | $ |
| *Directors* | | | | |
| Mr A Giles | - | - | - | - |
| Mr A Barlow | - | - | - | - |
| Mr B Dixon | - | - | - | - |
| Ms S Morgan | - | - | - | - |
| Mr A Dyer | 3,200,000 | 20,473 | 2,500,000 | 27,338 |
| Mr T Triscari | - | - | 6,000,000 | 91,538 |
| *Other key management personnel* | | | | |
| Ms F Conlan (resigned 30 Aug 2022) | - | - | 3,000,000 | 26,057 |
| Mr T Peacock | - | - | 7,000,000 | 51,648 |

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.

## Audited 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:

| **2023**<br>**Name** | **Balance at the start of the year (Number)** | **Received during the year on exercise of an option or right (Number)** | **Net other changes during the year (Number)** | **Balance at the end of the year (Number)** |
|---|---|---|---|---|
| *Directors* | | | | |
| Mr A Giles | 17,328,483 | - | - | 17,328,483 |
| Mr A Barlow | 84,743,388 | - | - | 84,743,388 |
| Mr B Dixon | 40,754,588 | - | - | 40,754,588 |
| Ms S Morgan | 1,776,089 | - | - | 1,776,089 |
| Mr A Dyer | 66,096,971 | - | - | 66,096,971 |
| Mr T Triscari | - | - | - | - |
| *Other key management personnel* | | | | |
| Ms F Conlan (resigned on 30 Aug 2022) | 544,118 | - | - | 544,118 |
| Mr T Peacock | 3,375,000 | - | - | 3,375,000 |
| **Totals** | **214,618,637** | **-** | **-** | **214,618,637** |

After the conclusion of the financial year, as part of the Entitlement Offer finalised on 6 July 2023, the Directors of Adslot Ltd including their personally related parties obtained the below shares and share options.

| **Name** | **Shares (Number)** | **Options (Number)** |
|---|---|---|
| Mr A Barlow | 42,002,876 | 42,002,876 |
| Mr B Dixon | 18,210,940 | 18,210,940 |
| Ms S Morgan | 634,320 | 634,320 |
| Mr A Dyer | 35,714,681 | 35,714,681 |
| **Totals** | **96,562,817** | **96,562,817** |

**Audited Remuneration Report (Continued)**

**Section 8: Other transactions with Key Management Personnel**

***Transactions with Directors and their personally related entities:***

During the year the Company earned revenue of $10,215 (FY2022: $7,960) from a company requiring web development, hosting and marketing services related to Mr Adrian Giles on normal commercial terms and conditions.

In the previous financial year 2022 the Company paid $1,688 as underwriting fees to a company connected to Mr Andrew Barlow. There were no such payments in FY2023.

There were no other transactions with directors and their personally related entities for the financial years ending 30 June 2023 and 30 June 2022.

After the conclusion of the financial year, as part of the Entitlement Offer finalised on 6 July 2023 the Company incurred below sub-underwriting fees paid/payable to Directors of Adslot Ltd including their personally related parties:

- Mr. Andrew Barlow $1,078.76;
- Mr. Andrew Dyer $1,111.52; and
- Mr. Benjamin Dixon $335.58.

This marks the end of the audited remuneration report.

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

Andrew Dyer
Chairman
31 August 2023

**Grant Thornton Audit Pty Ltd**
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# 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 Limited for the year ended 30 June 2023, 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

E W Passaris
Partner – Audit & Assurance

Melbourne, 31 August 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

| | Notes | 2023 $ | 2022 $ |
|---|---|---|---|
| Total revenue from continuing operations | 3 | **8,934,422** | 8,992,480 |
| Other income | 3 | **295,540** | 469,317 |
| **Total revenue and other income** | | **9,229,962** | 9,461,797 |
| Hosting & other related technology costs | | **(1,084,846)** | (1,217,618) |
| Employee benefits expense | 4,10 | **(7,380,620)** | (7,756,399) |
| Other operating expenses | 4 | **(2,419,794)** | (2,412,065) |
| Share-based payment expense | 21 | **(416,828)** | (322,326) |
| Depreciation and amortisation expenses | 4 | **(3,413,260)** | (3,642,837) |
| Reversal of provision for R&D Claim for Financial Year 2015/2016 | 4 | **-** | 1,527,734 |
| Impairment losses | 4 | **(6,284,739)** | - |
| Interest expense | | **(84,693)** | (82,956) |
| **Total expenses** | | **(21,084,780)** | (13,906,467) |
| **Loss before income tax expense** | | **(11,854,818)** | (4,444,670) |
| Income tax benefit/(expense) | 5 | **(223,542)** | (202,732) |
| **Loss after income tax expense** | | **(12,078,360)** | (4,647,402) |
| **Net loss attributable to the members** | | **(12,078,360)** | (4,647,402) |
| **Other comprehensive income/(loss)** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign exchange translation | | **91,601** | 52,328 |
| Total other comprehensive income/(loss) | | **91,601** | 52,328 |
| **Total comprehensive loss attributable to the members** | | **(11,986,759)** | (4,595,074) |

| | Notes | 2023 Cents | 2022 Cents |
|---|---|---|---|
| **Earnings per share (EPS) from loss from continuing operations attributable to the ordinary equity holders of the Group** | | | |
| Basic earnings per share | 17 | **(0.55)** | (0.23) |
| Diluted earnings per share | 17 | **(0.55)** | (0.23) |

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 2023

| | Notes | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | **2,874,746** | 5,951,807 |
| Trade and other receivables | 8 | **4,902,035** | 4,552,666 |
| Prepayments | | **19,282** | 294,480 |
| Total current assets | | **7,796,063** | 10,798,953 |
| **Non-current assets** | | | |
| Property, plant & equipment | 9 | **1,654,882** | 2,237,912 |
| Intangible assets | 10 | **5,560,974** | 12,167,061 |
| Total non-current assets | | **7,215,856** | 14,404,973 |
| Total assets | | **15,011,919** | 25,203,926 |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **5,743,146** | 4,686,011 |
| Other liabilities | 12 | **326,512** | 370,979 |
| Lease liability | 13 | **590,933** | 495,488 |
| Provisions | 14 | **531,838** | 670,717 |
| Total current liabilities | | **7,192,429** | 6,223,195 |
| **Non-current liabilities** | | | |
| Lease liability | 13 | **1,077,921** | 1,659,944 |
| Provisions | 14 | **794,478** | 683,233 |
| Total non-current liabilities | | **1,872,399** | 2,343,177 |
| Total liabilities | | **9,064,828** | 8,566,372 |
| **Net assets** | | **5,947,091** | 16,637,554 |
| **Equity** | | | |
| Issued capital | 15 | **160,134,280** | 159,242,345 |
| Reserves | 16 | **1,371,381** | 1,203,847 |
| Accumulated losses | | **(155,558,570)** | (143,808,638) |
| **Total equity** | | **5,947,091** | 16,637,554 |

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 2023

**2023**

| | Notes | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2022** | | **159,242,345** | **1,203,847** | **(143,808,638)** | **16,637,554** |
| Movement in foreign exchange translation reserve | 16 | **-** | **91,601** | **-** | **91,601** |
| Other comprehensive income | | **-** | **91,601** | **-** | **91,601** |
| Loss attributable to members of the Group | | **-** | **-** | **(12,078,360)** | **(12,078,360)** |
| **Total comprehensive income/(loss)** | | **-** | **91,601** | **(12,078,360)** | **(11,986,759)** |
| **Transactions with equity holders in their capacity as equity holders** | | | | | |
| Contributions of equity, net of transaction costs | 15 | **879,468** | **-** | **-** | **879,468** |
| Cancellation of Treasury Shares | 15 | **12,467** | **(12,467)** | | **-** |
| Vested options lapsed or expired | 16 | **-** | **(328,428)** | **328,428** | **-** |
| Share-based expenses | 16 | **-** | **416,828** | **-** | **416,828** |
| | | **891,935** | **75,933** | **328,428** | **1,296,296** |
| **Balance 30 June 2023** | | **160,134,280** | **1,371,381** | **(155,558,570)** | **5,947,091** |

**2022**

| | Notes | Issued Capital $ | Reserves $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2021** | | 155,607,845 | 1,473,259 | (139,805,302) | 17,275,802 |
| Movement in foreign exchange translation reserve | 16 | - | 52,328 | - | 52,328 |
| Other comprehensive income | | - | 52,328 | - | 52,328 |
| Loss attributable to members of the Group | | - | - | (4,647,402) | (4,647,402) |
| **Total comprehensive income/(loss)** | | - | 52,328 | (4,647,402) | (4,595,074) |
| **Transactions with equity holders in their capacity as equity holders** | | | | | |
| Contributions of equity, net of transaction costs | 15 | 3,634,500 | - | - | 3,634,500 |
| Reclassification of vested options lapsed or expired | 15 | - | (644,066) | 644,066 | - |
| Share-based expenses | 16 | - | 322,326 | - | 322,326 |
| | | 3,634,500 | (321,740) | 644,066 | 3,956,826 |
| **Balance 30 June 2022** | | 159,242,345 | 1,203,847 | (143,808,638) | 16,637,554 |

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 2023

| | Notes | 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from trade and other debtors | | **15,967,590** | 16,753,032 |
| Interest received | | **9,140** | 9,703 |
| Receipt of R&D tax incentive and other Grants | | **318,834** | 912,075 |
| Payments to trade creditors, other creditors and employees | | **(17,811,204)** | (19,884,625) |
| Income tax refund | | **-** | - |
| Interest paid | | **(86,811)** | (78,675) |
| Net cash outflows from operating activities | 22 | **(1,602,451)** | (2,288,490) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | **(5,388)** | (103,577) |
| Receipt of R&D tax incentive relating to capitalised assets | | **913,537** | 1,884,849 |
| Payments for intangible assets | | **(3,189,305)** | (3,405,041) |
| Net cash outflows from investing activities | | **(2,281,156)** | (1,623,769) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | **1,100,000** | 3,782,031 |
| Payments of equity raising costs | | **(58,197)** | (148,879) |
| Payments for leased assets | | **(522,349)** | (627,180) |
| Repayment of borrowings | 3(ii) | **-** | (177,236) |
| Net cash inflows from financing activities | | **519,454** | 2,828,736 |
| Net increase/(decrease) in cash held | | **(3,364,153)** | (1,083,523) |
| Cash at the beginning of the financial year | | **5,951,807** | 6,826,853 |
| Effects of exchange rate changes on cash | | **287,092** | 208,477 |
| **Cash at the end of the financial year** | 7 | **2,874,746** | 5,951,807 |

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 2023

## 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 2023 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

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. For the reporting period the Group adoption below Accounting Standards and Interpretations which did not have any impact on the financial performance or position of the group.

<u>AASB 2020-3 Annual Improvements 2018–2020 and Other Amendments</u>

AASB 2020-3 amends:

(a) AASB 1 to simplify the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences;

(b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;

(c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability;

(d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset;

(e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and

(f) AASB 141 to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.

This Standard applies to annual periods beginning on or after 1 January 2022. The Group has adopted the changes and there was no impact on the financial statements.

There are other new, revised or amended Accounting Standards or Interpretations that are not yet mandatory and have not been early adopted. Below are the unadopted new accounting standards that are relevant to the Group.

<u>AASB 2020-1 Amendments – Classification of Liabilities as current or non-current and AASB 2022-6 Amendments – non-current Liabilities with Covenants</u>

In March 2020, the AASB issued AASB 2020-1 which makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The mandatory effective date of AABS 2020-1 has been deferred to 1 January 2023 by AASB 2020-6.

In December 2022, the AASB issued AASB 2022-6 which amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group has not yet assessed the full impact of this Standard.

## 1. Summary of Significant Accounting Policies (Continued)

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

AASB 2021-2 Amendments – Disclosure of Accounting Policies and Definition of Accounting Estimates

AASB 2021-2 amends the following Australian Accounting Standards:

- AASB 7 Financial Instruments: Disclosures (August 2015);
- AASB 101 Presentation of Financial Statements (July 2015);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (August 2015); and
- AASB 134 Interim Financial Reporting (August 2015).

The Standard also makes amendments to AASB Practice Statement 2 Making Materiality Judgements (December 2017).

These amendments arise from the issuance by the International Accounting Standards Board (IASB) in February 2021 of the following International Financial Reporting Standards:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); and
- Definition of Accounting Estimates (Amendments to IAS 8).

The Group has not yet assessed the full impact of this Standard.

AASB 2021-5 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

AASB 2021-5 amends the initial recognition exemption in AASB 112 Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences.

The Group has not yet assessed the full impact of this Standard.

### (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.*

***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***

The financial statements have been prepared under the historical cost convention except for where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

***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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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 EU, US and UK markets.

In July 2023 the Group successfully concluded a $4.25 million (before cost) capital raise via a share placement ($1.1 million) and a fully underwritten Entitlement Offer ($3.15 million). The capital raised from the share placement was received in FY2023 and the Entitlement Offer component in July 2023.

The Group incurred a net loss of $12.0 million during the full year ended 30 June 2023 including a $6.3 million impairment of Goodwill and other intangibles.

Inflows from financing activities of $0.5 million, combined with the net cash outflows from operating and investing activities of $3.9 million, resulted in net cash outflows of $3.4 million in FY2023. Management anticipates incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

The FY2022 R&D claim of $1.2 million was received in November 2022. The FY2023 R&D claim of $1.0 million is expected to be received in the first half of FY2024.

A delay in expected growth in revenues, and/or a delay in payment of the FY2023 R&D claim, 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's cash position of $2.9 million at 30 June 2023;
- on conclusion of the capital raise in July 2023 the Group received a further $2.5 million (after cost) for operations, after leaving any potential outflows relating to unmarketable parcels share buyback program announced on 31 July 2023;
- receipt of the FY2023 R&D claim of $1.0 million which is expected to be received in the first half of FY2024;
- receipt of *Symphony* licence fees which are largely recurring and predictable;
- reduced cash outflow generated by already implemented cost management initiatives announced to the market in August 2022 and March 2023 and the opportunity to implement further cost reductions;
- potential of a further $6.4 million inflow of through the exercise of options issued as part of the recent capital raise; and
- additional capital cash inflows given the Group has a proven track record of successfully raising capital from existing and new investors.

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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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.

***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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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.

Cash held on behalf of Publishers represents the share of campaign fees held before release to Adslot Publishers.

### (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 initially measured at their transaction price if they do not contain a significant financing component. 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 AASB 9 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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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.

### (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.

## 1. Summary of Significant Accounting Policies (Continued)

### (l) 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 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 an appropriate 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 dividends 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.

## 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 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 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***

Internally developed 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.

## 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 assesses 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.

## 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 recognised for the major business activities for each category as follows:

***Revenue from Trading Technology***

*Revenue from Trading Technology - Licence Fees*

*Adslot* and *Symphony* licence fees are derived by providing customers access to the Group’s technology platform. 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* and *Symphony* trading fees are derived based on the transaction value transacted via Group’s technology platforms in a given period.

*Adslot* trading fee 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 to publishers 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.

## 1. Summary of Significant Accounting Policies (Continued)

### (p) Revenue recognition (Continued)

***Revenue from 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.

A one-off *Symphony* activation fee is charged to customers when new markets are activated, to cover work required to deploy *Symphony* in a new market. The work typically involves (but not limited to);

- In-country workshops to establish current media buying and business processes,
- information gathering to identify country specific product requirements,
- user training, and
- account set-up.

Activation fees are recognised over a period of time when the Group satisfies its performance obligation by measuring the progress towards satisfaction of that performance obligation based on output method prescribed in AASB 15.

Revenue derived from custom development work is recognised over a period of time when the Group satisfies its performance obligation and the customer obtains the ability to direct the use of, and obtain substantially all of the remaining benefits from, the work carried out. Revenue is recognised by measuring the progress towards satisfaction of performance obligations based on the output method prescribed in AASB 15.

Website development revenue is recognised over time. All projects are assigned percentages of project completion which can be reliably measured based on actual work in progress Revenue is recognised over time when the performance obligations are met and when the Group receives an enforceable right to payment for performance completed to date. Any incomplete website development project amounts invoiced are recorded as contract liabilities.

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, 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.

## 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.

### (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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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. Where the assets do not generate cash inflows that are not largely independent of the cash inflows of other assets, 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.

### (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.

The Company's global platforms and services form one operating segment.

### (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.

## 1. Summary of Significant Accounting Policies (Continued)

### (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.

***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 $18,187,746 (FY2022: $16,268,069). Refer to Note 5 for further details.

***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.

### 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***

At 31 December 2022, for the purpose of impairment testing, goodwill had been allocated to a group of CGUs (Adslot and Symphony CGU's) that was expected to benefit from the Facilitate acquisition.

Since the acquisition, the Group has allocated significant resources to integrate Adslot Media and Symphony platforms. The aim was to offer clients an integrated solution, foster adoption of value added features, increase trading volumes and maximise the deal synergies expected at acquisition.

In FY2023, the Group successfully launched the integrated Symphony - Adslot Media solution. The impact of this launch was the transition of Symphony publishers to the integrated Adslot Media and Symphony platform. The Group concluded the transition process by retiring the Symphony Publisher functionality towards the end of the FY2023.

As per AASB136 Impairment of Assets, if it is not possible to estimate the recoverable amount of the individual asset due to the asset not generating cash flows that are largely independent of those from other assets; an entity shall determine the recoverable amount of the CGU to which the asset belongs.

Even though two separate assets were historically disclosed in the financial statements as internally generated software, namely Adslot Platform and Symphony Platform; with the launch of the integrated Symphony - Adslot Media solution, clients can now transact seamlessly between the two platforms and the platforms are now highly interdependent, therefore considered a single asset. As a result of the interdependency of the two platforms, the previously recognised Adslot and Symphony CGUs are combined into a single CGU..

At 30 June 2023, the impairment testing of intangible assets has considered the aggregated recoverable amount of the single CGU in assessing the value in use of all intangible assets.

## 1. Summary of Significant Accounting Policies (Continued)

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

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the underlying cash-generating unit. The value in use calculations requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. The future cash flows included in the assessments are predicated largely on growth and integration of platforms.

In the event that these products do not generate revenues as planned an impairment of the related intangible assets may result.

The carrying amount of intangible assets at the reporting date was $5,560,974 (FY2022: $12,167,061). Refer to Note 10 for further details of goodwill and intangible assets.

***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 $2,505,316 (FY2022: $2,487,327). Refer to Note 10 for further details.

***Share-based payments***

The calculation of the fair value of options issued requires significant assumptions to be made in regard to volatility, along with market and non-vesting conditions. The estimations made are subject to variability that may alter the overall fair value determined. The share-based payment expense for the year was $416,828 (FY2022: $322,326).

***Research and development tax concessions***

A receivable of $970,516 (FY2022: $1,223,357) has been recognised in relation to a research and development tax concession for the 2023 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 regard 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.

***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.

## 2. Segment Information

The Group examines performance both from a product and geographic perspective and has identified that the Group operates as one reporting segment. However, 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:

| | 2023 $ | | 2022 $ | |
|---|---|---|---|---|
| | Revenue | Non-Current Assets | Revenue | Non-Current Assets |
| Australia (Domicile) | **5,135,537** | **7,208,598** | 4,872,216 | 14,392,877 |
| EMEA | **1,412,092** | **1,641** | 1,622,029 | 4,336 |
| The Americas | **42,979** | **5,617** | 492,562 | 7,760 |
| Other countries | **2,639,354** | **-** | 2,474,990 | - |
| **Total** | **9,229,962** | **7,215,856** | 9,461,797 | 14,404,973 |

Revenues from external customers in the Group's domicile, Australia, as well as other major geographical areas have been attributed on the basis of the customer's geographical location. There is no individual foreign country where 10% or more of the Group's revenue from services rendered could be attributed to.

### Major customers

For the year ended to 30 June 2023, one customer accounted for 10% or more of revenue from services rendered (FY2022: one).

## 3. Revenue and Other Income

| | 2023 $ | 2022 $ |
|---|---|---|
| **Revenue** | | |
| Licence fees | **6,423,549** | 6,048,902 |
| Trading fees | **1,038,899** | 1,232,452 |
| Revenue from Trading Technology | **7,462,448** | 7,281,354 |
| Revenue from Services | **1,457,274** | 1,701,727 |
| Total revenue for services rendered | **8,919,722** | 8,983,081 |
| Interest revenue | **14,700** | 9,399 |
| Total revenue from continuing operations | **8,934,422** | 8,992,480 |
| **Other income** | | |
| Grant income | **295,540** | 469,317 |
| Total other income | **295,540** | 469,317 |
| **Total revenue and other income** | **9,229,962** | 9,461,797 |

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*.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

**2023**

| | Trading Technology $ | Services $ | Total $ |
|---|---|---|---|
| Services transferred over time | **7,462,448** | **1,441,626** | **8,904,074** |
| Services transferred at a point in time | **-** | **15,648** | **15,648** |
| | **7,462,448** | **1,457,274** | **8,919,722** |

**2022**

| | Trading Technology $ | Services $ | Total $ |
|---|---|---|---|
| Services transferred over time | 7,281,354 | 1,679,502 | 8,960,856 |
| Services transferred at a point in time | - | 22,225 | 22,225 |
| | 7,281,354 | 1,701,727 | 8,983,081 |

| | 2023 $ | 2022 $ |
|---|---|---|
| **Grant income** | | |
| R&D Tax Incentive – AusIndustry (i) | **295,540** | 292,081 |
| Paycheck protection program - US Government (ii) | **-** | 177,236 |
| **Total Grant income** | **295,540** | 469,317 |

(i) Amounts recognised as revenue in relation to financial year 2023 R&D Tax Incentive.
(ii) The Group's US subsidiary Adslot Inc applied for and received Paycheck Protection Program loans through HSBC USA. They were provided by the US Federal Government for businesses impacted by COVID-19. The Group applied and received full forgiveness on the first tranche of the loan $141,260 in the 2021 financial year and the second tranche $177,236 in the 2022 financial year.

## 4. Expenses

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Loss before income tax includes the following specific expenses:** | | |
| **Other operating expenses** | | |
| Recruitment fees | 8,974 | 80,925 |
| Directors' fees | 262,500 | 250,000 |
| Marketing costs | 10,484 | 28,731 |
| Short term lease - rental premises | 119,524 | 144,069 |
| Rent outgoings | 91,477 | 88,444 |
| Listing & registrar fees | 69,198 | 84,022 |
| Legal fees | 105,369 | 200,667 |
| Travel expenses | 59,887 | 124,563 |
| Consultancy fees | 588,412 | 399,846 |
| Audit and accountancy fees | 277,675 | 257,290 |
| Foreign exchange (gain)/loss | 36,568 | (68,801) |
| Insurance expenses | 230,903 | 200,798 |
| Impairment of trade receivables | (20,049) | 27,667 |
| Write off of trade receivables | 29,832 | - |
| R&D write off (i) | - | 18,004 |
| Other expenses | 549,040 | 575,840 |
| Total other operating expenses | 2,419,794 | 2,412,065 |
| **Depreciation and amortisation** | | |
| Amortisation – Software development costs | 2,826,663 | 3,014,350 |
| Amortisation – Right of use assets | 546,227 | 604,331 |
| Depreciation – Computer & equipment | 40,078 | 22,459 |
| Depreciation – Plant & equipment | 292 | 1,697 |
| Total depreciation and amortisation | 3,413,260 | 3,642,837 |
| **Other charges against assets** | | |
| Impairment of trade receivables | (20,049) | 27,667 |
| Write off of trade receivables | 29,832 | - |
| Reversal of provision for R&D Claim for Financial Year 2015/2016 (i) | - | (1,527,734) |
| R&D write Off (i) | - | 18,004 |
| Impairment of Goodwill (ii) | 5,161,939 | - |
| Impairment of Internally Developed Software (iii) | 1,122,800 | - |

(i) In December 2019 the Group was advised by Innovation & Science Australia that the preliminary decision regarding ineligible activities within the FY2016 R&D claim was upheld. Based on these findings R&D Tax Incentive Offset for FY2016 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. During FY2020 the Group made a one-off provision of $1,527,734 for the part repayment of the FY2016 R&D claim. The Group appealed these findings and defended the legitimacy of its claim. A review of the findings was conducted by the Administrative Appeals Tribunal (AAT). During FY2022 the Group was successful in overturning the AusIndustry decision. As part of the settlement the Group agreed to write off $18,004 of this claim. The balance $1,509,730 plus interest was received in March 2022. The provision made in FY2020 was reversed in full in FY2022.

(ii) Goodwill balance of $5,161,939 relating to the acquisition of Facilitate has been fully impaired in FY2023 (refer to note 10).

(iii) Intangible assets relating to internally developed software were impaired by $1,122,800 in FY2023 (refer to note 10).

## 4. Expenses (Continued)

| | 2023 $ | 2022 $ |
|---|---|---|
| **Loss before income tax includes the following specific expenses:** | | |
| Employee benefits expense | **7,380,620** | 7,756,399 |
| Total capitalised development wages | **3,204,733** | 3,405,041 |
| Employee benefits included in share-based payment expense | **336,239** | 314,824 |
| Total employee benefits | **10,921,592** | 11,476,264 |
| Defined contribution superannuation expense included in employee benefit expense | **813,432** | 836,495 |
| Capitalised development wages (net of related grants) | **2,505,316** | 2,487,327 |
| Capitalised development wages included in the R&D grant | **699,417** | 917,714 |
| Total capitalised development wages | **3,204,733** | 3,405,041 |

## 5. Income Tax Expense

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **a) Numerical reconciliation of income tax expense to prima facie tax benefit** | | |
| Loss before income tax | **(11,854,818)** | (4,444,670) |
| Prima facie tax benefit on loss before income tax at 25% (FY2022: 25%) | **(2,963,705)** | (1,111,168) |
| Tax effect of: | | |
| Other non-allowable items | **2,874** | 4,206 |
| Share-based expenses during year | **104,207** | 80,582 |
| Research and development tax concession | **557,768** | 703,079 |
| Income tax benefit attributable to entity | **(2,298,856)** | (323,301) |
| Deferred tax income relating to utilisation of unused tax losses | **-** | - |
| Deferred tax assets relating to tax losses not recognised | **1,919,676** | 5,918,101 |
| Other – adjustments and net foreign exchange differences | **155,638** | (5,797,532) |
| Income tax benefit/(expense) attributable to entity | **(223,542)** | (202,732) |

**b) Movement in deferred tax balances**

| | Balance at 1 July 2022 | Recognised in Profit & Loss | Acquired in Business combination | Balance at 30 June 2023 Net | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Trade and other receivables | **(104,964)** | **-** | **-** | **(104,964)** | **-** | **(104,964)** |
| Property, plant and equipment | **165** | **-** | **-** | **165** | **-** | **165** |
| Intangible assets | **137,863** | **-** | **-** | **137,863** | **-** | **137,863** |
| Unused tax losses | **(33,064)** | **-** | **-** | **(33,064)** | **(33,064)** | **-** |
| Net tax (assets)/liabilities | **-** | **-** | **-** | **-** | **(33,064)** | **33,064** |

| | Balance at 1 July 2021 | Recognised in Profit & Loss | Acquired in Business combination | Balance at 30 June 2022 Net | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Trade and other receivables | (109,163) | 4,199 | - | (104,964) | - | (104,964) |
| Property, plant and equipment | 172 | (7) | - | 165 | - | 165 |
| Intangible assets | 143,377 | (5,514) | - | 137,863 | - | 137,863 |
| Unused tax losses | (34,386) | 1,322 | - | (33,064) | (33,064) | - |
| Net tax (assets)/liabilities | - | - | - | - | (33,064) | 33,064 |

## 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.

| | 2023 $ | 2022 $ |
|---|---|---|
| Temporary differences | **(3,278,162)** | (5,187,566) |
| Tax Losses: | | |
| Operating losses | **54,172,574** | 49,965,365 |
| Capital losses | **21,856,570** | 20,294,479 |
| | **72,750,982** | 65,072,278 |
| Potential tax benefit (25% FY2022: 25%) | **18,187,746** | 16,268,069 |

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. The operating losses above includes all estimated losses available to the Group including from overseas jurisdictions.

Deferred tax liabilities from temporary differences of $819,541 (FY2022: $1,296,892) have not been recognised as they have been offset with deferred tax assets of the same value.

After conducting an assessment of recoverability of the Group's intercompany loan with a non-Australian resident entity, an Australian resident entity forgave that loan. This resulted in an increase of capital losses of the Australian tax-consolidated group by $1,562,091. The FY2022 calculations included capital losses of $20,056,221 intercompany loans either forgiven or converted to equity.

## 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

| | 2023 $ | 2022 $ |
|---|---|---|
| Cash at bank and on hand | **2,874,746** | 5,951,807 |

Included in the Cash at Bank is $462,400 (FY2022: $421,091) 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

| Current: | 2023 $ | 2022 $ |
|---|---|---|
| Trade debtors | **3,674,534** | 3,314,675 |
| Less: Allowance for impairment | **(9,104)** | (27,667) |
| Trade debtors not impaired | **3,665,430** | 3,287,008 |
| Research and Development grant receivable | **970,516** | 1,223,357 |
| Other receivables | **266,089** | 42,301 |
| | **4,902,035** | 4,552,666 |

The average age of the Group's trade debtors is 46 days (FY2022: 44 days).

### (a) Ageing of trade debtors not impaired

| | 2023 $ | 2022 $ |
|---|---|---|
| 0 – 30 days | **1,142,619** | 1,418,386 |
| 31 – 60 days | **1,133,400** | 1,006,099 |
| 61 – 90 days | **677,660** | 532,318 |
| Over 91 days | **711,751** | 330,205 |
| | **3,665,430** | 3,287,008 |

### (b) Movement in the provision for impairment

| | 2023 $ | 2022 $ |
|---|---|---|
| Balance at beginning of the year | **27,667** | - |
| Provision Impairment recognised during the year | **9,104** | 27,667 |
| Amounts recovered during the year | **(68)** | - |
| Amounts written off as uncollectible | **(29,086)** | - |
| Net foreign exchange differences | **1487** | - |
| Balance at the end of the year | **9,104** | 27,667 |

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.

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.

## 9. Property, Plant and Equipment

| | 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Leasehold improvements – at cost | **7,817** | 8,168 |
| Less: Accumulated amortisation | **(7,817)** | (8,168) |
| | **-** | - |
| Right of use asset – at cost | **3,501,823** | 3,502,228 |
| Less: Accumulated depreciation | **(1,896,547)** | (1,350,320) |
| | **1,605,276** | 2,151,908 |
| Plant and equipment – at cost | **59,517** | 59,475 |
| Less: Accumulated depreciation | **(59,191)** | (58,857) |
| | **326** | 618 |
| Computer equipment – at cost | **425,416** | 535,314 |
| Less: Accumulated depreciation | **(376,136)** | (449,928) |
| | **49,280** | 85,386 |
| Total carrying amount of property, plant and equipment | **1,654,882** | 2,237,912 |

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:

**2023**

| | Right of Use Assets | Plant and Equipment | Computer Equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Carrying amount at 1 July 2022 | **2,151,908** | **618** | **85,386** | **2,237,912** |
| Additions | **-** | **-** | **5,147** | **5,147** |
| Disposal/write -off | **-** | **-** | **(1,488)** | **(1,488)** |
| Lease Modifications | **(405)** | **-** | **-** | **(405)** |
| Depreciation/amortisation expense | **(546,227)** | **(292)** | **(40,078)** | **(586,597)** |
| Net foreign exchange differences | **-** | **-** | **313** | **313** |
| Carrying amount at 30 June 2023 | **1,605,276** | **326** | **49,280** | **1,654,882** |

**2022**

| | Right of Use Assets | Plant and Equipment | Computer Equipment | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Carrying amount at 1 July 2021 | 1,765,514 | 2,232 | 13,216 | 1,780,962 |
| Additions | - | - | 95,733 | 95,733 |
| Disposal/write -off | - | - | (1,439) | (1,439) |
| Lease Modifications | 990,725 | - | - | 990,725 |
| Depreciation/amortisation expense | (604,331) | (1,697) | (22,459) | (628,487) |
| Net foreign exchange differences | - | 83 | 335 | 418 |
| Carrying amount at 30 June 2022 | 2,151,908 | 618 | 85,386 | 2,237,912 |

## 10. Intangible Assets

| | Internally Developed Software $ | Domain Name $ | Intellectual Property $ | Goodwill $ | Total $ |
|---|---|---|---|---|---|
| **Year ended 30 June 2023** | | | | | |
| Opening net book amount | **6,966,855** | **38,267** | **-** | **5,161,939** | **12,167,061** |
| Additions | **2,505,315** | **-** | **-** | **-** | **2,505,315** |
| Amortisation | **(2,826,663)** | **-** | **-** | | **(2,826,663)** |
| Impairment of assets | **(1,122,800)** | | | **(5,161,939)** | **(6,284,739)** |
| Carrying amount at 30 June 2023 | **5,522,707** | **38,267** | **-** | **-** | **5,560,974** |

| | Internally Developed Software $ | Domain Name $ | Intellectual Property $ | Goodwill $ | Total $ |
|---|---|---|---|---|---|
| **At 30 June 2023** | | | | | |
| Cost | **25,611,238** | **38,267** | **16,191,496** | **15,161,939** | **57,002,940** |
| Accumulated amortisation and impairment | **(20,088,531)** | **-** | **(16,191,496)** | **(15,161,939)** | **(51,441,966)** |
| Carrying amount at 30 June 2023 | **5,522,707** | **38,267** | **-** | **-** | **5,560,974** |

| | Internally Developed Software $ | Domain Name $ | Intellectual Property $ | Goodwill $ | Total $ |
|---|---|---|---|---|---|
| **Year ended 30 June 2022** | | | | | |
| Opening net book amount | 7,493,878 | 38,267 | - | 5,161,939 | 12,694,084 |
| Additions | 2,487,327 | - | - | - | 2,487,327 |
| Amortisation | (3,014,350) | - | - | - | (3,014,350) |
| Carrying amount at 30 June 2022 | 6,966,855 | 38,267 | - | 5,161,939 | 12,167,061 |

| | Internally Developed Software $ | Domain Name $ | Intellectual Property $ | Goodwill $ | Total $ |
|---|---|---|---|---|---|
| **At 30 June 2022** | | | | | |
| Cost | 23,105,922 | 38,267 | 16,191,496 | 15,161,939 | 54,497,624 |
| Accumulated amortisation and impairment | (16,139,067) | - | (16,191,496) | (10,000,000) | (42,330,563) |
| Carrying amount at 30 June 2022 | 6,966,855 | 38,267 | - | 5,161,939 | 12,167,061 |

## 10. Intangible Assets (Continued)

### Internally Developed Software

The following table shows the portion of platform development costs that are capitalised for the current and prior financial years:

| Platform | Capitalised Wages | R&D grants offsetting capitalised wages | Net Capitalised Wages |
|---|---|---|---|
| | $ | $ | $ |
| **2023** | **3,204,733** | **(699,417)** | **2,505,316** |
| **2022** | 3,405,041 | (917,714) | 2,487,327 |

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 (FY2022: $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

The *Symphony* technology was acquired as part of the Facilitate Digital Holdings Limited acquisition. The cost attributable and the accumulated amortisation to the *Symphony* technology intellectual property was $16,191,496. This asset was fully amortised in FY2019.

### Goodwill

The Goodwill balance relating to the acquisition of Facilitate was impaired in full during the financial year (FY2022: $5,161,939).

### (a) Cash Generating Units (CGU)

As described in Note 1(x), a change in judgement occurred in relation to identification of the cash-generating units (CGU) of the Group. At 30 June 2023, this judgement was changed such that, as a result of the as a result of increased technical integration, interdependency of the platforms and increased number of customers utilising the integrated platform for what was historically the “Adslot” and “Symphony” CGUs, it was no longer possible to identify a single intangible asset associated with each product; instead, a single asset is identified which both products leverage. In the absence of any product-specific assets, the Company now identifies a single CGU encompassing both products, being the “Adslot-Symphony CGU”

A summary of the carrying amount of goodwill and intangible assets with indefinite useful lives is detailed below:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Goodwill | Intangible assets with indefinite useful lives | Goodwill | Intangible assets with indefinite useful lives |
| | $ | $ | $ | $ |
| Group of CGUs[1] | - | - | 5,161,939 | - |

[1] At 30 June 2022, Goodwill was allocated to the Group of CGUs comprised of the Adslot and Symphony CGUs. At 31 December 2022, this Goodwill was fully impaired and recognised as an expense. At 30 June 2023, no impairment testing was required due to the carrying amount being reduced to $nil.

## 10. Intangible Assets (Continued)

### (b) Impairment testing and key assumptions

The Group tests whether goodwill and intangible assets have suffered any impairment in accordance with the Group's accounting policies.

The recoverable amounts of assets and CGU were previously determined using a fair value less costs to sell using a market-based approach. During the year, the directors' reassessed the use of fair value using a market-based approach and determined that a value in use method reliant on forecast cash flows was more appropriate.

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.

At 31 December 2022 half year financial reporting, the directors assessed the value in use and determined an impairment of Goodwill of $5.2 million. No impairment was allocated to non-Goodwill assets. The recoverable amount of the CGU was measured at $11.8 million. The impairment was recognised as a result of delays in realising the synergies expected at the acquisition of Facilitate Digital.

The most significant judgements and key assumptions pertaining to the 31 December 2022 calculation were:

| | |
|---|---|
| Discount rate | The discount rates reflect appropriate adjustments relating to market risk and specific risk factors. The post-tax discount rate for the CGU is 17% |
| Growth Rate | The growth rates reflect the short term (18 month) forecasted revenue by revenue stream averaging 22%. Medium-term growth rates are linked to industry growth rates and historical growth rates, and average 11%. |
| Terminal Growth Rate | The long-term growth rate for the CGU is 2.5% |
| Cash Flow Forecasts | Cash flow calculations use cash flow projections based on the financial forecast approved by management covering a 5 ½ year period. |
| Capital expenditure | Capital expenditure to maintain and enhance the existing technologies has been projected for the forecast period at an average of $1.7 million per annum. |

## 10. Intangible Assets (Continued)

In line with AASB 136 Impairment of Assets, intangible assets with definite life are tested for impairment if impairment indicators are identified. Adslot monitored for indicators of impairment during the year. The company's share price and continued operating losses in the financial year 2023 were considered indicators of a potential impairment. Due to the presence of impairment indicators an impairment assessment was carried out for these assets as at 30 June 2023. As the asset is not capable of generating cash inflows that are largely independent of other assets, the Group tested impairment for the CGU to which the asset was allocated, being the Adslot-Symphony CGU.

At 30 June 2023 the directors assessed the recoverable amount of the remaining $6.7 million intangible asset with definite life and determined to impair the carrying value by $1.1 million, to its recoverable amount of $5.6 million.

The most significant judgements and key assumptions pertaining to the 30 June 2023 calculation were:

| | |
|---|---|
| Discount rate | The discount rates reflect appropriate adjustments relating to market risk and specific risk factors. The post-tax discount rate for the CGU is 17% |
| Growth Rate | The growth rates reflect the short term (12 month) forecasted revenue by revenue stream averaging 31%. Medium-term growth rates are linked to industry growth rates and historical growth rates, and average 11%. |
| Terminal Growth Rate | The long-term growth rate for the CGU is 2.5% |
| Cash Flow Forecasts | Cash flow calculations use cash flow projections based on the financial forecast approved by management covering a 5 year period. |
| Capital expenditure | Capital expenditure to maintain and enhance the existing technologies has been projected for the forecast period at an average of $1.35 million per annum. |

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## 11. Trade and Other Payables

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Trade creditors | **261,831** | 238,706 |
| Publisher creditors (i) | **4,628,393** | 4,096,526 |
| Accrued expenses | **629,699** | 344,296 |
| Other creditors | **223,223** | 6,483 |
| | **5,743,146** | 4,686,011 |

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

## 12. Other Liabilities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Current: Contract liabilities (i) | **326,512** | 370,979 |

(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.

During the financial year 2023, out of $370,979 of the contract liabilities at the start of the year, $293,014 was recognised as revenue.

## 13. Lease Liabilities

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Current: Lease liability | **590,933** | 495,488 |
| Non-current: Lease liability | **1,077,921** | 1,659,944 |
| | **1,668,854** | 2,155,432 |

The leases for the office premises in Sydney and Melbourne are classified as leases under AASB 16. The Sydney lease is due to end in November 2025 while the Melbourne lease is due to end in July 2027.

### 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 2023 short term and low value leases that were not recognised as a liability represented a total commitment of $80,963 (FY2022: $130,748) for the Group, of which the short term leases are $71,409 (FY2022: $121,292) and low value leases are $9,554 (FY2022: $9,456).

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## 14. Provisions

| | 2023 $ | 2022 $ |
|---|---|---|
| Current: Employee benefits | **531,838** | 670,717 |
| | | |
| Non-current: Employee benefits | **650,385** | 544,303 |
| Non-current: Provision for make good costs (i) | **144,093** | 138,930 |
| | **794,478** | 683,233 |

(i) Present value of estimated make good costs for lease liabilities classified as leases under AASB 16.

## 15. Contributed equity

| | 2023 Number | 2022 Number | 2023 $ | 2022 $ |
|---|---|---|---|---|
| Ordinary Shares – Fully Paid | **2,479,348,381** | 2,204,348,381 | **160,134,280** | 159,242,345 |

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. Adslot conducts a poll for resolutions at annual general meetings (since 2019).

### Movements in Paid-Up Capital

| Date | Details | Number of shares | Issue price | Capital raising costs | Value |
|---|---|---|---|---|---|
| | | Number | $ | $ | $ |
| 01-Jul-21 | Balance (including Treasury shares) | 1,982,006,270 | | (3,603,135) | 155,620,312 |
| 20-Apr-22 | Share Placement | 105,882,353 | $0.017 | (39,008) | 1,760,992 |
| 10-May-22 | Rights Issue | 116,590,033 | $0.017 | (108,523) | 1,873,508 |
| 30-Jun-22 | | 2,204,478,656 | | (3,750,666) | 159,254,812 |
| | Less: Treasury shares | (130,275) | | - | (12,467) |
| 30-Jun-22 | Balance | 2,204,348,381 | | (3,750,666) | 159,242,345 |
| | | | | | |
| **01-Jul-22** | **Balance (including Treasury shares)** | **2,204,478,656** | | **(3,750,666)** | **159,254,812** |
| 16-Nov-22 | Treasury shares cancelled | (130,275) | | - | - |
| 20-Jun-23 | Share Placement | 275,000,000 | $0.004 | (90,681) | 1,009,319 |
| 30-Jun-23 | July 2023 Right Issue costs | - | | (129,851) | (129,851) |
| **30-Jun-22** | **Balance** | **2,479,348,381** | | **(3,971,198)** | **160,134,280** |

## 15. Contributed equity (Continued)

### Treasury Shares

Treasury shares are shares in Adslot Ltd that are held by the Adslot Employee Share Trust, which administered the Adslot Employee Share Ownership Plan (ESOP). This Trust has been consolidated in accordance with Note 1(d). Shares held by the Trust on behalf of eligible employees are shown as treasury shares in the financial statements. The Employee Share Ownership Plan (ESOP) has now been discontinued and the balance shares held by the Trust was an excess balance. At the company Annual General Meeting held on 16 November 2022, it was resolved to cancel these fully paid treasury shares.

**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) | Cancelled 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) | Lapsed/Forfeited during the year (Number) | Exercised during the year (Number) | Balance at end of the year (Number) |
|---|---|---|---|---|---|---|---|
| Ordinary options | 30/01/2023 | 0.060 | 5,050,000 | - | (5,050,000) | - | - |
| Ordinary options | 02/09/2023 | 0.041 | 9,100,000 | - | (500,000) | - | 8,600,000 |
| 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) | - | - |
| Ordinary options | 12/07/2024 | 0.028 | 19,000,000 | - | (2,333,333) | - | 16,666,667 |
| Ordinary options | 06/08/2024 | 0.034 | 18,000,000 | - | - | - | 18,000,000 |
| Ordinary options | 16/12/2024 | 0.043 | 2,500,000 | - | - | - | 2,500,000 |
| Ordinary options | 29/07/2025 | 0.041 | 9,500,000 | - | (1,000,000) | - | 8,500,000 |
| Ordinary options | 29/07/2025 | 0.041 | 6,250,000 | - | - | - | 6,250,000 |
| Ordinary options | 08/08/2025 | 0.028 | 6,000,000 | - | - | - | 6,000,000 |
| Ordinary options | 11/10/2025 | 0.040 | 2,500,000 | - | - | - | 2,500,000 |
| Ordinary options | 15/06/2026 | 0.018 | 38,800,000 | - | (1,200,000) | - | 37,600,000 |
| Ordinary options | 15/06/2026 | 0.018 | - | 3,200,000 | - | - | 3,200,000 |
| | | | **132,700,000** | **3,200,000** | **(26,083,333)** | **-** | **109,816,667** |

## 16. Reserves

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| **Reserves** | | | |
| Share–based payments reserve | | **984,980** | 909,047 |
| Foreign currency translation reserve | | **386,401** | 294,800 |
| | | **1,371,381** | 1,203,847 |

| | Note | 2023<br>$ | 2022<br>$ |
|---|---|---|---|
| *Share–based payments reserve* | | | |
| Opening balance | | **909,047** | 1,230,787 |
| Reclassification of vested options lapsed or expired to accumulated losses | | **-** | (644,066) |
| Lapsed/forfeited options during the year - Employees | | **(276,962)** | - |
| Lapsed/forfeited options during the year - 3rd Party | | **(51,466)** | - |
| Treasury Shares cancelled | | **(12,467)** | - |
| Share-based payment expense - employees | 21 | **336,239** | 176,736 |
| Share-based payment expense – third party | 21 | **-** | 82,886 |
| Share-based payment expenses - directors | 21 | **80,589** | 62,704 |
| Closing balance | | **984,980** | 909,047 |
| *Foreign currency translation reserve* | | | |
| Opening balance | | **294,800** | 242,472 |
| Movement on currency translation | | **91,601** | 52,328 |
| Closing balance | | **386,401** | 294,800 |

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.

## 17. Earnings Per Share

| | 2023 Cents | 2022 Cents |
|---|---|---|
| **(a) Basic earnings per share** | | |
| Loss attributable to the ordinary equity holders of the Group | **(0.55)** | (0.23) |
| **(b) Diluted earnings per share** | | |
| Loss attributable to the ordinary equity holders of the Group | **(0.55)** | (0.23) |

| | 2023 $ | 2022 $ |
|---|---|---|
| **(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 | **(12,078,360)** | (4,647,402) |

| | 2023 Number | 2022 Number |
|---|---|---|
| **(d) Weighted average number of shares used as the denominator** | | |
| Weighted average number of shares on issue used in the calculation of basic EPS | **2,212,636,052** | 2,019,372,464 |
| **(e) Weighted average number of shares used as the denominator** | | |
| Weighted average number of shares on issue used in the calculation of diluted EPS | **2,212,636,052** | 2,019,372,464 |

(i) During FY2023 and FY2022 there were no discontinued operations or values attributable to minority interests.

| | 2023 Number | 2022 Number |
|---|---|---|
| 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. | **103,026,334** | 122,694,726 |

## 18. Contingencies

No contingent assets and liabilities are noted.

## 19. Remuneration of auditors

| | 2023 $ | 2022 $ |
|---|---|---|
| During the year the following fees were paid/payable to the auditor of the Group: | | |
| **Audit services** | | |
| Audit and review of financial reports | **144,000** | 131,150 |
| 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, review of R&D expenditure and other taxation advice | **136,696** | 157,807 |
| | **280,696** | 288,957 |

## 20. Key Management Personnel Disclosures

*Directors*

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

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

(i) Mr Dyer was appointed as a Non-Executive Chairman on 9 June 2023.
(ii) Mr Barlow stepped down as Non-Executive Chairman on 9 June 2023.

*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 (iii) | Chief Financial Officer |
| Mr Tom Peacock | Chief Commercial Officer |

(iii) Ms Conlan resigned as Chief Financial Officer on 6 April 2022 and remained with the Company till 30 August 2022. She was considered as KMP until her last day.

**Key management personnel compensation**

| | **2023 $** | **2022 $** |
|---|---|---|
| Short-term employee benefits | **1,171,245** | 1,181,604 |
| Post-employment benefits | **69,571** | 93,431 |
| Other long-term employee benefits | **12,362** | 18,356 |
| Share-based payments | **108,523** | 154,461 |
| Total compensation | **1,361,701** | 1,447,852 |

There were 8 key management personnel throughout FY2023, some of whom have a part year of service (FY2022:8).

**Business Acquisitions:**

There were no related party business acquisition transactions during the year ended 30 June 2023.

**Transactions with Directors and their personally related entities:**

During the year the Company earned revenue of $10,215 (FY2022: $7,960) from a company requiring web development, hosting and marketing services related to Mr Adrian Giles on normal commercial terms and conditions.

In the previous financial year 2022 the Company paid $1,688 as underwriting fees to a company connected to Mr Andrew Barlow. There were no such payments in the financial year 2023.

There were no other transactions with directors and their personally related entities for the financial years ending 30 June 2023 and 30 June 2022.

After the conclusion of the financial year, as part of the Entitlement Offer finalised on 6 July 2023 the Company incurred below sub-underwriting fees paid/payable to Directors of Adslot Ltd including their personally related parties:

- Mr. Andrew Barlow $1,078.76;
- Mr. Andrew Dyer $1,111.52; and
- Mr. Benjamin Dixon $335.58.

## 21. Share-Based Payments

### Employee Option Plan

Shareholders re-approved the Incentive Option Plan at the January 2021 Annual General Meeting. The 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 as long as they remain an eligible participant. For current options in issue the only vesting criteria are service conditions.

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.

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

**2023**

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised during the year (Number) | Balance at end of the year (Number) | Vested and exercisable at the end of the year (Number) |
|---|---|---|---|---|---|---|---|---|---|
| 30/01/19 | 30/01/23 | 0.060 | 5,050,000 | - | - | (5,050,000) | - | - | - |
| 03/09/19 | 02/09/23 | 0.041 | 9,100,000 | - | (500,000) | - | - | 8,600,000 | 8,600,000 |
| 30/01/20 | 29/01/24 | 0.032 | 8,000,000 | - | (8,000,000) | - | - | - | - |
| 13/07/20 | 12/07/24 | 0.028 | 19,000,000 | - | (2,333,333) | - | - | 16,666,667 | 11,166,667 |
| 07/08/20 | 06/08/24 | 0.034 | 18,000,000 | - | - | - | - | 18,000,000 | 16,000,000 |
| 30/07/21 | 29/07/25 | 0.041 | 9,500,000 | - | (1,000,000) | - | - | 8,500,000 | 2,833,333 |
| 16/06/22 | 15/05/26 | 0.018 | 38,800,000 | - | (1,200,000) | - | - | 37,600,000 | 12,533,333 |
| **Total** | | | **107,450,000** | **-** | **(13,033,333)** | **(5,050,000)** | **-** | **89,366,667** | **51,133,333** |
| **Weighted average exercise price** | | | **$0.029** | **-** | **$0.031** | **$0.060** | **-** | **$0.027** | **$0.030** |

There were no new options granted to employees under the Incentive Option Plan during the year ended 30 June 2023.

## 21. Share-Based Payments (Continued)

### 2022

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised 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 | 5,600,000 | - | (1,250,000) | (4,350,000) | - | - | - |
| 26/02/18 | 25/02/22 | 0.035 | 23,500,000 | - | - | (23,500,000) | - | - | - |
| 16/05/18 | 15/05/22 | 0.034 | 11,400,000 | - | (800,000) | (10,600,000) | - | - | - |
| 28/05/18 | 27/05/22 | 0.036 | 4,000,000 | - | - | (4,000,000) | - | - | - |
| 30/01/19 | 30/01/23 | 0.060 | 5,050,000 | - | - | - | - | 5,050,000 | 5,050,000 |
| 03/09/19 | 02/09/23 | 0.041 | 11,150,000 | - | (2,050,000) | - | - | 9,100,000 | 6,066,673 |
| 13/12/19 | 12/12/23 | 0.045 | 4,000,000 | - | (4,000,000) | - | - | - | - |
| 30/01/20 | 29/01/24 | 0.032 | 8,000,000 | - | - | - | - | 8,000,000 | 8,000,000 |
| 13/07/20 | 12/07/24 | 0.028 | 23,375,000 | - | (4,375,000) | - | - | 19,000,000 | 6,333,363 |
| 07/08/20 | 06/08/24 | 0.034 | 18,000,000 | - | - | - | - | 18,000,000 | 14,000,000 |
| 30/07/21 | 29/07/25 | 0.041 | - | 9,500,000 | - | - | - | 9,500,000 | - |
| 16/06/22 | 15/06/26 | 0.018 | - | 38,800,000 | - | - | - | 38,800,000 | - |
| **Total** | | | **117,075,000** | **48,300,000** | **(12,475,000)** | **(45,450,000)** | **-** | **107,450,000** | **39,450,036** |
| **Weighted average exercise price** | | | **$0.037** | **$0.022** | **$0.039** | **$0.040** | **-** | **$0.029** | **$0.037** |

The options are valued using the Black-Scholes pricing model. The model inputs for options granted during the year ended 30 June 2022 included:

| **Model Input** | **OP # 22-1** | **OP # 22-2** |
|---|---|---|
| Grant Date | 30/07/21 | 16/06/22 |
| Expiry Date | 29/07/25 | 15/06/25 |
| Exercise Price $ | 0.041 | 0.018 |
| Grant date share value $ | 0.028 | 0.012 |
| Expected Volatility | 75.67% | 80.73% |
| Risk Free Interest rate | 0.02% | 2.71% |

### Equity Based Payments

### 2023

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised 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) | - | - | - |
| 30/07/21 | 29/07/25 | 0.041 | 6,250,000 | - | - | - | - | 6,250,000 | 6,250,000 |
| **Total** | | | **14,250,000** | **-** | **-** | **(8,000,000)** | **-** | **6,250,000** | **6,250,000** |
| **Weighted average exercise price** | | | **$0.043** | **-** | **-** | **$0.044** | **-** | **$0.041** | **$0.041** |

On 30 January 2020 the Group granted 8,000,000 new Options under mandate to Peloton Capital Pty Ltd as consideration for corporate advisory services received. The Options have expired on 15 December 2022.

There were no new options granted during the year ended 30 June 2023.

## 21. Share-Based Payments (Continued)

### 2022

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised 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 |
| 30/07/21 | 29/07/25 | 0.041 | - | 6,250,000 | - | - | - | 6,250,000 | 6,250,000 |
| **Total** | | | **8,000,000** | **6,250,000** | **-** | **-** | **-** | **14,250,000** | **14,250,000** |
| **Weighted average exercise price** | | | **$0.044** | **$0.041** | **-** | **-** | **-** | **$0.043** | **$0.043** |

On 30 July 2021 the Group granted 6,250,000 new Options under mandate to a third party as consideration for services received. The Options were vested on issue and have an expiry date of 29 July 2025.

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

| Model Input | EOP # 22-1 |
|---|---|
| Grant Date | 30/07/21 |
| Expiry Date | 29/07/25 |
| Exercise Price $ | 0.041 |
| Grant date share value $ | 0.028 |
| Expected Volatility | 75.67% |
| Risk Free Interest rate | 0.02% |

### Non-Executive Director Options

The Group grants options to non-executive directors under LR 10.11 subject to approval at the AGM.

### 2023

In lieu of cash remuneration for services as a Director, 3,200,000 Options was granted to a director which were approved at the AGM held on 16 November 2022. Options are to acquire fully paid ordinary shares, at an exercise price of $0.018 with an expiry date of 16 June 2026. The options vest in two equal tranches on the six-month anniversary of the grant date.

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised during the year (Number) | Balance at end of the year (Number) | Vested and exercisable at the end of the year (Number) |
|---|---|---|---|---|---|---|---|---|---|
| 17/12/20 | 16/12/24 | 0.043 | 2,500,000 | - | - | - | - | 2,500,000 | 2,500,000 |
| 09/08/21 | 08/08/25 | 0.028 | 6,000,000 | - | - | - | - | 6,000,000 | 3,500,000 |
| 23/11/21 | 11/10/25 | 0.040 | 2,500.000 | - | - | - | - | 2,500,000 | 2,500,000 |
| 16/11/22 | 15/06/26 | 0.018 | - | 3,200,000 | - | - | - | 3,200,000 | 3,200,000 |
| **Total** | | | **11,000,000** | **3,200,000** | **-** | **-** | **-** | **14,200,000** | **11,700,000** |
| **Weighted average exercise price** | | | **$0.034** | **$0.018** | **-** | **-** | **-** | **$0.030** | **$0.031** |

## 21. Share-Based Payments (Continued)

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

| Model Input | DOP # 23-1 |
|---|---|
| Grant Date | 16/11/22 |
| Expiry Date | 15/06/26 |
| Exercise Price $ | 0.018 |
| Grant date share value $ | 0.021 |
| Expected Volatility | 80.76% |
| Risk Free Interest rate | 2.71% |

### 2022

As part of his appointment 6,000,000 options were granted to a director in August 2021. Options are to acquire fully paid ordinary shares, at an exercise price of $0.028, with an expiry date of 08 August 2025. 2,000,000 Options to vest on the first-year anniversary of the issue date. The remaining 4,000,000 Options to vest in eight equal tranches of 500,000 Options at the end of each three-month period thereafter.

A grant of 2,500,000 Options to a director was approved at the AGM that was held on 23 November 2021. Options are to acquire fully paid ordinary shares, at an exercise price of $0.040 with an expiry date of 11 October 2025. 50% of the options vest six months after the grant date and the balance vest on the first anniversary of the grant date.

| Grant Date | Expiry Date | Exercise Price $ | Balance at start of the year (Number) | Granted during the year (Number) | Forfeited during the year (Number) | Lapsed during the year (Number) | Exercised during the year (Number) | Balance at end of the year (Number) | Vested and exercisable at the end of the year (Number) |
|---|---|---|---|---|---|---|---|---|---|
| 17/12/20 | 16/12/24 | 0.043 | 2,500,000 | - | - | - | - | 2,500,000 | 2,500,000 |
| 09/08/21 | 08/08/25 | 0.028 | - | 6,000,000 | - | - | - | 6,000,000 | - |
| 23/11/21 | 11/10/25 | 0.040 | - | 2,500,000 | - | - | - | 2,500,000 | 1,250,000 |
| **Total** | | | **2,500,000** | **8,500,000** | **-** | **-** | **-** | **11,000,000** | **3,750,000** |
| **Weighted average exercise price** | | | **$0.043** | **$0.032** | **-** | **-** | **-** | **$0.034** | **$0.042** |

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

| Model Input | DOP # 22-1 | DOP # 22-2 |
|---|---|---|
| Grant Date | 09/08/21 | 23/11/21 |
| Expiry Date | 08/08/25 | 11/10/25 |
| Exercise Price $ | 0.028 | 0.040 |
| Grant date share value $ | 0.028 | 0.028 |
| Expected Volatility | 73.27% | 65.07% |
| Risk Free Interest rate | 0.02% | 0.69% |

## 22. Cash Flow reconciliation

| **Reconciliation of Net Cash Flows from Operating Activities to Loss for the year** | **2023 $** | **2022 $** |
|---|---|---|
| Loss for the year after income tax | **(12,078,360)** | (4,647,402) |
| Add/(less) non-cash and other items | | |
| Depreciation and amortisation | **3,413,260** | 3,642,837 |
| Impairment losses (intangible assets) | **6,284,739** | - |
| Share-based payment | **416,828** | 322,326 |
| Reversal of provision for impairment of FY2016 R&D receivables | **-** | (1,527,734) |
| Impairment of receivables | **(20,049)** | 27,667 |
| (Profit)/Loss on asset write off | **(313)** | 530 |
| Unrealised foreign currency loss/(gain) | **(96,901)** | (58,066) |
| Movements in receivables relating to investing activities | **(229,547)** | (974,924) |
| Changes in assets and liabilities (net of effects of acquisition and disposal of entities) | | |
| (Increase)/Decrease in receivables | **(54,122)** | 943,794 |
| (Decrease)/Increase in payables and other provisions | **762,014** | (17,518) |
| Net cash outflow from operating activities | **(1,602,451)** | (2,288,490) |

During the financial year, a lease modification resulting in the recognition of additional lease assets and corresponding lease liabilities of $405 (FY2022: $990,725 new lease). Refer notes 9 and 13 for further details.

## 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 of 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(b), '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.

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

**Financial assets**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash and cash equivalents | **2,874,746** | 5,951,807 |
| Trade debtors and other receivables (Note 8) | **4,902,035** | 4,552,666 |
| | **7,776,781** | 10,504,473 |

## 23. Financial Risk Management (Continued)

### (c) Liquidity risk

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 sufficient cash available to settle financial liabilities as per the contractual terms of the obligations.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources (see Note 7) and trade receivables (see Note 8) significantly exceed the current cash outflow requirements.

As at 30 June 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

**Contractual maturities of financial liabilities**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Due within 12 months** | | |
| Trade and other payables | **5,743,146** | 4,686,011 |
| Current: Lease liability | **590,933** | 495,488 |
| | **6,334,079** | 5,181,499 |
| **Due after 12 months** | | |
| Non-current: Lease liability | **1,077,921** | 1,659,944 |
| **Total** | **7,412,000** | 6,841,443 |

### (d) Foreign currency risk

Most of the Group's financial assets and liabilities are in Australian Dollars (AUD) and US dollars (USD). 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<br>A$ | GBP<br>A$ | EUR<br>A$ | NZD<br>A$ | CNY<br>A$ | MYR<br>A$ |
|---|---|---|---|---|---|---|
| **30 June 2023** | | | | | | |
| Financial Assets | **5,405,247** | **497,542** | **575,171** | **1,680** | **43,847** | **1,228** |
| Financial Liabilities | **(5,771,301)** | **(512,883)** | **(258,769)** | **(1,502)** | **(37,695)** | **-** |
| **Total Exposure** | **(366,054)** | **(15,341)** | **316,402** | **178** | **6,152** | **1,228** |
| **30 June 2022** | | | | | | |
| Financial Assets | 4,830,663 | 330,531 | 520,410 | 2,841 | 35,349 | 1,978 |
| Financial Liabilities | (3,527,787) | (570,230) | (227,394) | (1,212) | (40,100) | - |
| Total Exposure | 1,302,876 | (239,699) | 293,016 | 1,629 | (4,751) | 1,978 |

## 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 2023 (30 June 2022: 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** |
| **30 June 2023** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** |
| Impact on Profit | **241,779** | **28,973** | **(24,467)** | **-** | **-** | **(112)** | **(246,173)** |
| Impact on Reserves | **(208,501)** | **(27,578)** | **(4,297)** | **(16)** | **(559)** | **-** | **(240,951)** |
| **Impact on Equity** | **33,278** | **1,395** | **(28,764)** | **(16)** | **(559)** | **(112)** | **5,222** |
| **30 June 2022** | | | | | | | |
| Impact on Profit | (100,046) | 37,544 | (23,881) | - | - | (180) | (86,563) |
| Impact on Reserves | (18,397) | (15,753) | (2,757) | (148) | 432 | - | (36,623) |
| Impact on Equity | (118,443) | 21,791 | (26,638) | (148) | 432 | (180) | (123,186) |

| | -10% | | | | | | |
|---|---|---|---|---|---|---|---|
| | **USD** | **GBP** | **EUR** | **NZD** | **CNY** | **MYR** | **Total** |
| **30 June 2023** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** |
| Impact on Profit | **(295,508)** | **(35,411)** | **29,904** | **-** | **-** | **136** | **(300,879)** |
| Impact on Reserves | **254,835** | **33,706** | **5,252** | **20** | **683** | **-** | **294,496** |
| **Impact on Equity** | **(40,673)** | **(1,705)** | **35,156** | **20** | **683** | **136** | **(6,383)** |
| **30 June 2022** | | | | | | | |
| Impact on Profit | 122,279 | (45,887) | 29,188 | - | - | 220 | 105,800 |
| Impact on Reserves | 22,485 | 19,254 | 3,369 | 181 | (528) | - | 44,761 |
| Impact on Equity | 144,764 | (26,633) | 32,557 | 181 | (528) | 220 | 150,561 |

## 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%<br>$ | -1%<br>$ |
|---|---|---|
| **30 June 2023** | **23,645** | **(7,415)** |
| 30 June 2022 | 40,283 | (9,000) |

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

### (f) 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.

## 24. Parent Entity Information

The following details of information are related to the parent entity, Adslot Ltd, at 30 June 2023. This information has been prepared using consistent accounting policies as presented in Note 1.

| | 2023 $ | 2022 $ |
|---|---|---|
| Current assets | **1,376,605** | 2,883,709 |
| Non-current assets | **6,906,857** | 24,878,021 |
| **Total assets** | **8,283,462** | 27,761,730 |
| | | |
| Current liabilities | **478,792** | 641,722 |
| Non-current liabilities | **1,812,947** | 1,798,873 |
| **Total liabilities** | **2,291,739** | 2,440,595 |
| | | |
| Contributed equity | **160,134,280** | 159,254,812 |
| Share-based payments reserve | **984,978** | 909,046 |
| Retained losses | **(155,127,534)** | (134,842,723) |
| **Total equity** | **5,991,724** | 25,321,135 |
| | | |
| Loss for the year | **(20,613,240)** | (22,567,032) |
| **Total comprehensive loss for the year** | **(20,613,240)** | (22,567,032) |

The recoverable amount of non-current assets, which consists primarily of investments in subsidiaries and receivables from subsidiaries, was subjected to impairment testing. Impairment charges – comprising movements in expected credit loss reserves and impairment of investments in subsidiaries – totalling $17,409,073 (FY2022: $21,204,917) were recorded in the current year. These transactions were eliminated upon consolidation and do not impact the Group results.

Retained losses as at 30 June 2023 increased by $20,284,811 due to; $20,613,240 total comprehensive loss for the year for the parent entity and the $328,428 relating to lapsed options which were reversed through retained losses.

## 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.

## 26. Events Subsequent to Reporting Date

On 6 July 2023, the Company successfully concluded the capital raise process announced to the market on 9 June 2023. $3.15 million before cost was received for 787,268,541 ordinary shares of the Company in relation to the Entitlement Offer component of the raise. 1,062,268,541 options attached to the Share Placement and Entitlement Offer were issued in July.

On July 31, 2023, the Company announced its intention to conduct a buyback of unmarketable parcels (UMPs). The proposed buyback will allow UMP Holders to sell their shares in the Company in accordance with the Company's constitution without incurring brokerage and other expenses. A 'buyback' approach also allows eligible UMP Holders to receive the proceeds from the sale of their shares on a timelier basis than if a 'share sale facility' approach was used to dispose of shares.

The buyback will also assist in reducing the Company's share registry and other administrative costs associated with maintaining a large number of small shareholders. Of the Company's 2,665 current shareholders, approximately 73.2% hold Unmarketable Parcels. The aggregate value of the Company's shares held by UMP Holders is $214,560 at $0.0039 per share (being the volume weighted average price for the five-day trading period preceding the record date 28 July 2023).

## 27. Consolidated Entities

| Name | Country of Incorporation | Ordinary Share Consolidated Equity Interest | |
|---|---|---|---|
| | | 2023 | 2022 |
| **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 Pty Limited (i) | 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.

(i) In June 2022 Symphony International Solutions Pty Limited converted from a Limited to Pty Ltd company.

## 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 73 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 2023 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 15 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 Dyer**
Chairman
Adslot Ltd

31 August 2023

**Grant Thornton Audit Pty Ltd**
Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001

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# 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 2023, 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 2023 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 (including Independence Standards)* (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.

## 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment testing of intangible assets (note 10)** | |
| Intangible assets included within the Group's statement of financial position amounted to $5,560,974 at 30 June 2023.<br><br>At the half year management determined an impairment existed and resolved to impair goodwill in full by $5.16m.<br><br>At year end a further assessment determined that internally developed software was impaired by $1.12m. Therefore being a total of $6.28m for the full year.<br><br>An entity is required, per AASB 136 *Impairment of Assets*, to assess at the end of each reporting period whether there is any indication that an asset may be impaired. Should any indication of impairment exist, the entity shall estimate the asset's recoverable amount. Where the carrying amount exceeds the recoverable amount, an impairment charge should be recognised. In addition, goodwill is required to be tested annually for impairment.<br><br>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. In addition, there is subjectivity involved relating to assumptions and key inputs. | Our procedures included, amongst others:<br>• Reviewing management's indicators of impairment assessment and assessing whether there are any which would require further testing as required by AASB 136 *Impairment of Assets*;<br>• Assessing management's determination of the Group's cash-generating units based on our understanding of the nature of the Group's business, how management monitors the entity's operations and reports to those charged with governance;<br>• Obtaining management's impairment testing model and testing the mathematical accuracy and appropriateness of the methodology of the underlying model calculations;<br>• Reviewing the impairment model for compliance with AASB 136;<br>• Assessing the reasonableness of inputs and assumptions prepared by management;<br>• Performing sensitivity analysis of the key assumptions in model; and<br>• Assessing the adequacy of the Group's disclosures within the financial statements. |
| **Revenue recognition (note 3)** | |
| The Group derives revenue by rendering services performed under the terms of the contractual agreements. Determining the appropriate revenue recognition methods for multiple contractual agreements can be complex and involves management judgment, which includes determining each performance obligation within contracts, allocating consideration to individual performance obligation and identifying when performance obligations are satisfied so revenue can be recognised. This area is a key audit matter due to the application of judgement to the contractual arrangements with customers. | Our procedures included, amongst others:<br>• Reviewing of revenue recognition policies to ensure compliance with AASB 15 *Revenues from Contracts with Customers*;<br>• Performing non-substantive analytical procedures over revenue balances;<br>• Reviewing significant customer contracts to ensure revenue is being appropriately recognised;<br>• Selecting a sample of revenue transactions and examining supporting information, including invoices, contracts and subsequent receipts, to test occurrence, cut-off, accuracy and recognition of revenue;<br>• Reviewing contract liabilities and publisher liability accounts to ensure these are appropriately treated; and<br>• Assessing the adequacy of the Group's disclosures within the financial statements. |

### Research and development grants and capitalised development costs (note 8 and note 10)

During the year ended 30 June 2023, the Group recognised $2.5 million relating to capitalised development costs as intangible assets. In addition, the Group has recognised a receivable for associated research and development (R&D) grants to the value of $970k under the R&D Tax Incentive Scheme from AusIndustry, for estimated R&D claims at year-end.

A high level of judgement is required in determining whether the criteria for capitalising R&D costs are met.

As such, there is a risk that the criteria for capitalisation in accordance with AASB 138 *Intangible Assets* are not achieved.

Under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, grants received relating to capitalised costs must be offset against the capitalised amount, while grants relating to costs not capitalised are to be recognised as income. Estimated R&D grant claims pertaining to costs incurred during the 2023 financial year and 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.

This area is a key audit matter given the subjectivity and management judgement applied in assessing whether costs meet the recognition criteria of AASB 138 and meet the recognition requirements of the R&D Tax Incentive Scheme.

Our procedures included, amongst others:

- Obtaining an understanding of the capitalisation process and how costs are allocated to a project;
- Reviewing compliance with criteria for capitalisation of costs under AASB 138 *Intangible Assets*;
- 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 AASB 138;
- 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;
- Utilising Grant Thornton’s internal R&D expert to review R&D receivable for reasonableness; and
- Assessing the appropriateness of the disclosures in the financial statements.

### Going concern (note 1(c))

As set out in Note 1 (c) of the financial report, a delay in expected growth in revenues, and/or a delay in payment of the FY2023 R&D claim, 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.

Cash flow forecasts prepared by management indicate that there are sufficient cash reserves to continue to support management’s going concern assessment.

This is a key audit matter due to the uncertainty in relation to future cashflows of the business.

Our procedures included, amongst others:

- Collating the results of our inquiries, observations, analytical procedures and other procedures in order to form a conclusion on whether the preparation of the financial statements on the going concern basis is still appropriate;
- Obtaining management's 12 month forecast from the date of opinion issuance;
- Verifying the model is mathematically accurate;
- Ensuring key assumptions and inputs of the model are reasonable and supportable;
- Performing a sensitivity analysis on the key assumptions and inputs within the model;
- Reviewing subsequent events which impact the going concern assumption; and
- Assessing the adequacy of the disclosures in the financial statements.

### 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 2023, 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 pages 15 to 24 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Adslot Limited, for the year ended 30 June 2023 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

Eric W Passaris

E W Passaris
Partner – Audit & Assurance

Melbourne, 31 August 2023

## 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/

The 2023 Corporate Governance Statement will be lodged with ASX along with the Annual Report.

## 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 9 August 2023.

### Distribution of equity securities

The number of shareholders by size of shareholding are:

| | Ordinary Shares Number of Holders | Ordinary Shares Number of Shares |
|---|---|---|
| 1 – 1,000 | 209 | 22,753 |
| 1,001 – 5,000 | 275 | 894,751 |
| 5,001 – 10,000 | 376 | 3,008,639 |
| 10,001 – 100,000 | 969 | 36,934,714 |
| 100,001 + | 825 | 3,225,756,823 |
| **TOTAL** | **2,654** | **3,266,617,680** |
| The number of shareholders holding less than a marketable parcel of $500 (125,000 shares): | 1,901 | 48,869,920 |

### Twenty largest shareholders

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

| | | Listed Ordinary Shares Number of Shares | Listed Ordinary Shares % of Shares |
|---|---|---|---|
| 1 | NATIONAL NOMINEES LIMITED | 610,474,850 | 18.69 |
| 2 | CITICORP NOMINEES PTY LIMITED | 238,012,650 | 7.29 |
| 3 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 236,985,812 | 7.25 |
| 4 | GIDGELL PTY LTD | 221,275,811 | 6.77 |
| 5 | J & M BARLOW PENSION FUND | 175,171,616 | 5.36 |
| 6 | MR ANDREW BARLOW | 126,746,264 | 3.88 |
| 7 | DAWNIE DIXON PTY LTD | 123,646,686 | 3.79 |
| 8 | MR PETER DIAMOND + MRS DIANA DIAMOND | 90,000,000 | 2.76 |
| 9 | CAPITAL ACCRETION PTY LTD | 67,473,844 | 2.07 |
| 10 | INVIA CUSTODIAN PTY LIMITED | 63,797,136 | 1.95 |
| 11 | STOCK RANGE PTY LTD | 47,995,332 | 1.47 |
| 12 | AMBLESIDE VENTURES PTY LTD | 47,551,957 | 1.46 |
| 13 | MR PETER STANKOVIC | 41,351,159 | 1.27 |
| 14 | ZERO NOMINEES PTY LTD | 38,600,000 | 1.18 |
| 15 | SAPEAME PTY LTD | 32,941,379 | 1.01 |
| 16 | BNP PARIBAS NOMS PTY LTD | 31,493,659 | 0.96 |
| 17 | SCINTILLA STRATEGIC INVESTMENTS LIMITED | 30,000,000 | 0.92 |
| 18 | CHARMED5 PTY LTD | 21,500,000 | 0.66 |
| 19 | SISUG PTY LTD | 18,515,551 | 0.57 |
| 20 | G & D DIXON INVESTMENTS PTY LTD | 17,677,930 | 0.54 |
| | **Total Top 20 holders of Ordinary Shares** | **2,281,211,636** | **69.83** |
| | **Remaining holders balance** | **985,406,044** | **30.17** |

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

### Substantial Shareholders

| | Shares | % Shares |
|---|---|---|
| Private Portfolio Managers Pty Ltd | 611,793,969 | 18.73 |
| John Patrick Barlow | 396,447,427 | 12.14 |
| Jencay Capital Pty Ltd | 236,819,145 | 7.2 |

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

**Unquoted Share Options** – Adslot Ltd has on issue 1,172,084,450 unquoted share options to purchase ordinary shares of Adslot Ltd, consisting of 191 holders. This includes 81,075,000 options held by current employees under the employee incentive scheme.

# Corporate Directory

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

**Chief Executive Officer**
Mr Ben Dixon

**Company Secretary**
Mr Mark Licciardo
Acclime Corporate Services Aust Pty Ltd Level 7, 330 Collins Street
Melbourne, VIC 3000
Australia

**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
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ASX Code: ADS

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