

**Adslot Ltd ABN 70 001 287 510
and controlled entities**

**Half-Year Financial Report
31 December 2023**

Lodged with the ASX under Listing Rule 4.2A.3

The half-year financial report does not include full disclosures of the type normally included in an Annual Financial Report. Accordingly, this financial report should be read in conjunction with the Annual Financial Report for the year ended 30 June 2023 and any public announcements made by Adslot Ltd during the interim reporting period in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

HALF-YEAR REPORT – 31 DECEMBER 2023
APPENDIX 4D (Rule 4.2A.3)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | December 2023 | December 2022 | Movement | |
|--|--------------------------|--------------------------|-----------------|----------|
| | \$ | (Restated) \$ | \$ | % |
| Total revenue from continuing operations | 4,408,761 | 4,632,558 | (223,797) | (5%) |
| Net loss attributable to members of the parent entity after tax | (5,149,704) | (8,038,513) | 2,888,809 | 36% |
| Net loss attributable to members of the parent entity | (5,149,704) | (8,038,513) | 2,888,809 | 36% |

Dividends

The Group has not proposed or declared to pay dividends.

| Earnings Per Share | December 2023 | December 2022 |
|---|----------------------|----------------------|
| Weighted average number of ordinary shares on issue used in the calculation of earnings per share | 3,222,789,796 | 2,204,348,381 |
| Basic loss per share (cents) | (0.16) | (0.36) |
| Diluted loss per share (cents) | (0.16) | (0.36) |

| Net Tangible Assets per share | December 2023 | June 2023 |
|---|----------------------|------------------|
| Number of ordinary shares on issue used in the calculation of net tangible assets per share | 3,222,789,796 | 2,212,636,052 |
| Net tangible assets per share (cents) | 0.02 | 0.02 |

Audit

The Half-Year Financial Report has been subject to review by Grant Thornton Audit Pty Ltd and is not subject to dispute or qualification.

Directors' Report

Your Directors submit the financial report of the Company and its controlled entities ("the Group") for the half-year ended 31 December 2023.

Directors

The names of Directors who held office during or since the end of the half-year:

| | |
|--------------------------|-------------------------------------|
| Mr Andrew Dyer: | Chairman |
| Mr Ben Dixon: | CEO and Executive Director |
| Mr Adrian Giles: | Non-Executive Director |
| Ms Sarah Morgan: | Non-Executive Director |
| Mr Andrew Barlow: | Non-Executive Director ¹ |
| Mr Tom Triscari: | Non-Executive Director |

¹ Mr. Andrew Barlow resigned as a Director on 16 February 2024

Review of Operations

Group results for the six months to 31 December 2023, benchmarked against the corresponding six-month period in 2022, were:

| | 6 months to December 2023 | 6 months to December 2022 | Movement | |
|-------------------------------------|--------------------------------------|--------------------------------------|-----------------|----------|
| | \$ | \$ | \$ | % |
| Trading technology revenue | 3,627,385 | 3,918,935 | (291,550) | (7%) |
| Total revenue and other income | 4,554,430 | 4,776,238 | (221,808) | (5%) |
| EBITDA profit/ (loss) ¹ | (3,506,364) | (6,165,224) | 2,658,860 | 43% |
| Adjusted EBITDA (loss) ² | (909,950) | (1,003,285) | 93,335 | 9% |
| NPAT (loss) | (5,149,704) | (8,038,513) | 2,888,809 | 36% |
| Adjusted NPAT (loss) ² | (2,553,290) | (2,876,574) | 323,284 | 11% |

¹ EBITDA is calculated by adding back depreciation of \$1,563,244, net interest of \$15,448 and income tax expense of \$95,544.

² Adjusted EBITDA (loss) and adjusted NPAT (loss): Adding back impairment of Intangible Assets of \$2,596,414 (refer note 7 for further information) and \$5,161,939 of impairment of Goodwill to the December 2022 EBITDA and NPAT.

Revenue

Revenue from Trading Technology for the six months to 31 December 2023 was \$3.6 million; a \$292k (-7%) decrease on the prior corresponding period (pcp) to 31 December 2022. This result was primarily driven by \$205k (6%) decline in licence fees.

Services related revenues for the period were \$730k, an increase of \$22k (3%) when compared to the pcp. Service revenues includes Webfirm, one off fees for market activation and custom development

Grant Income for the six months to 31 December 2023 was \$2k (1%) up on pcp.

Total revenue and other income for the six months up to 31 December 2023 at \$4.6 million, is a 5% decrease compared to the pcp of \$4.8 million.

Licence fees

Symphony licence fees at \$2.7 million decreased 5% compared to the six months to 30 June 2023 and decreased 8% compared to the pcp. This drop in license fee revenues was primarily due to the withdrawal of Symphony from three low activity markets in the second half of the year ended 30 June 2023.

Adslot Media

Trading on the Adslot Media platform grew substantially in the first half of the 2024 financial year with the September and December quarters representing two quarters of consecutive growth. The Total Transaction Value (TTV) of media traded in the December quarter was \$49.8 million with \$15.2 million of that monetised. This represented an increase in TTV of 50% and monetised TTV of 13% when compared to the pcp.

Growth in TTV was driven by a number of factors including the recommencement of trading in the United Kingdom by GroupM, product launch in the German market in October 2022, and the growing adoption of the integrated Symphony – Adslot Media solution in Australia.

TTV represents the net value of media traded on the Adslot Media platform in a given period and is the driver of forward Adslot trading fees. Unlike TTV, trading fee revenue is recognised at the point in time at which the media runs and this may be several months following the point at which it was traded on the platform. As such, revenue for a given period will not represent the fees charged on all monetised TTV for that period. Adslot trading fee revenues were \$566k for the period, a 7% decrease compared to the pcp.

R&D Tax Incentive Claims

In November 2023, the Group received in full the 2023 financial year R&D claim amount of \$975k.

Net profit

Salaries and employment costs at \$3.3 million is down by \$569k or 15% on pcp. Total Operating costs at \$5.4 million were down by \$360k or 6% on pcp mainly due to saving on employment costs.

The Adjusted EBITDA loss and Adjusted NPAT loss reduced by 9% and 11% respectively compared to the pcp.

Cash Position

The Group had a cash position of \$3.1 million at 31 December 2023.

Impairment

Following an assessment of the recoverable amount of intangible assets, a non-cash impairment of \$2.6 million was undertaken. The impairment of internally developed software reflects the delay in converting market opportunities, rather than a perceived decline in the overall market opportunity.

Corporate

On 6 July 2023, the Company successfully concluded the capital raise process announced to the market on 9 June 2023. \$3.15 million before costs 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 2023.

On 15 September 2023, the Company announced completion of the unmarketable parcels (UMP) share buy back announced to the market on 31 July 2023. The buyback was to allow UMP Holders to sell their shares in the Company in accordance with the Company's constitution without incurring brokerage and other expenses.

The buyback also assisted in reducing the Company's share registry and other administrative costs associated with maintaining a large number of small shareholders. A total of 42,122,133 ordinary shares were acquired and cancelled at a buyback price of \$0.0039 per share. The Company's 2,644 shareholders before the buyback was reduced to 940 after the buy back.

Future Developments

The Group's primary focus remains on growing trading fee revenues via the Adslot Media platform over the remainder of the 2024 financial year and beyond. The achievement of this growth is anticipated to come from existing clients increasing use of the platform and the activation of already contracted clients, rather than a reliance on new clients. Specifically, growth in trading activity is expected to come via three primary sources:

- Trading of Connected Television and Video (CTV) inventory in Germany;
- Custom marketplace trading in the United Kingdom; and
- US based trading activities.

The first half of the 2024 financial year saw the commencement of CTV trading in the German market on behalf of agency group IPG. Subsequently, the Group has secured further demand via other agency groups and continued to onboard large local and international publishers with substantial CTV inventory in anticipation of trading growth.

The Group has a long standing relationship with large agency group GroupM, in the UK market. During the 2023 financial year, this relationship was restructured to align with individual constituent GroupM agencies rather than a centralised buying unit. This commercial realignment is expected to see an increase in trading activity on the Adslot Media platform as new advertisers are activated over 2024.

The Group also expects to see trading activity grow via its recently announced Brldge subsidiary in the US market. Progressive commercialisation of this trading is expected in the 2025 financial year.

The Group continues to review its operations with careful cost management to maintain an efficient cost base.

Dividends

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2023 under Section 307C of the *Corporations Act 2001* is set out on page 19.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors.



Andrew Dyer

Chairman

Melbourne, 29 February 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2023

| | Note | December 2023 \$ | December 2022 \$ |
|---|------|---------------------|---------------------|
| Total revenue from continuing operations | 3 | 4,408,761 | 4,632,558 |
| Other income | 3 | 145,669 | 143,680 |
| Total revenue and other income | | 4,554,430 | 4,776,238 |
| Hosting & other related technology costs | | (558,386) | (556,917) |
| Employee benefits expense | 4 | (3,289,410) | (3,858,405) |
| Other operating expenses | 4 | (1,494,350) | (1,052,933) |
| Impairment of receivables | | (1,675) | (2,055) |
| Share based payment expense | | (68,832) | (302,810) |
| Depreciation and amortisation expenses | 4 | (1,563,244) | (1,721,606) |
| Impairment losses | 7 | (2,596,414) | (5,161,939) |
| Interest Expense | | (36,279) | (44,726) |
| Total expenses | | (9,608,590) | (12,701,391) |
| Loss before income tax expense | | (5,054,160) | (7,925,153) |
| Income tax expense | | (95,544) | (113,360) |
| Loss after income tax expense | | (5,149,704) | (8,038,513) |
| Net loss attributable to members of the parent entity | | (5,149,704) | (8,038,513) |
| Other comprehensive income: | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| Foreign exchange translation | | (60,801) | (41,462) |
| Total other comprehensive income | | (60,801) | (41,462) |
| Total comprehensive loss for the half-year attributable to members | | (5,210,505) | (8,079,975) |
| Earnings per share | | | |
| Basic earnings per share (cents) | | (0.16) | (0.36) |
| Diluted earnings per share (cents) | | (0.16) | (0.36) |

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 31 December 2023

| | Notes | December 2023 \$ | June 2023 \$ |
|--------------------------------------|-------|---------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents | 5 | 3,112,801 | 2,874,746 |
| Trade and other receivables | 6 | 5,957,273 | 4,902,035 |
| Prepayments | | 286,776 | 19,282 |
| Total current assets | | 9,356,850 | 7,796,063 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 738,809 | 1,654,882 |
| Intangible assets | 7 | 2,738,116 | 5,560,974 |
| Total non-current assets | | 3,476,925 | 7,215,856 |
| Total assets | | 12,833,775 | 15,011,919 |
| Current liabilities | | | |
| Trade and other payables | | 7,092,950 | 5,743,146 |
| Other liabilities | 9 | 243,083 | 326,512 |
| Lease liability | | 233,975 | 590,933 |
| Provisions | | 401,048 | 531,838 |
| Total current liabilities | | 7,971,056 | 7,192,429 |
| Non-current liabilities | | | |
| Lease liability | | 491,844 | 1,077,921 |
| Provisions | | 846,625 | 794,478 |
| Total non-current liabilities | | 1,338,469 | 1,872,399 |
| Total liabilities | | 9,309,525 | 9,064,828 |
| Net assets | | 3,524,250 | 5,947,091 |
| Equity | | | |
| Issued capital | 11 | 162,853,112 | 160,134,280 |
| Reserves | | 1,283,536 | 1,371,381 |
| Accumulated losses | | (160,612,398) | (155,558,570) |
| Total equity | | 3,524,250 | 5,947,091 |

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

Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2023

31 December 2023

| | Notes | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-------|-------------------------|------------------|-----------------------------|-----------------------|
| Balance at 1 July 2023 reported | | 160,134,280 | 1,371,381 | (155,558,570) | 5,947,091 |
| Movement in foreign exchange translation reserve | | - | (60,801) | - | (60,801) |
| Other comprehensive income/(loss) | | - | (60,801) | - | (60,801) |
| Loss attributable to members of the Group | | - | - | (5,149,704) | (5,149,704) |
| Total comprehensive income/(loss) | | - | (60,801) | (5,149,704) | (5,210,505) |
| Transactions with equity holders in their capacity as equity holders | | | | | |
| Contributions of equity, net of transaction costs | 10 | 2,718,832 | - | - | 2,718,832 |
| Lapsed/forfeited options during the year | | - | (95,876) | 95,876 | - |
| Increase/(decrease) in employees share based payments | | - | 68,832 | - | 68,832 |
| | | 2,718,832 | (27,044) | 95,876 | 2,787,664 |
| Balance 31 December 2023 | | 162,853,112 | 1,283,536 | (160,612,398) | 3,524,250 |

31 December 2022

| | Notes | Issued Capital \$ | Reserves \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-------|-------------------------|------------------|-----------------------------|-----------------------|
| Balance at 1 July 2022 reported | | 159,242,345 | 1,203,847 | (143,808,638) | 16,637,554 |
| Movement in foreign exchange translation reserve | | - | (41,462) | - | (41,462) |
| Other comprehensive income/(loss) | | - | (41,462) | - | (41,461) |
| Loss attributable to members of the Group | | - | - | (8,038,513) | (8,038,513) |
| Total comprehensive income/(loss) | | - | (41,462) | (8,038,513) | (8,079,975) |
| Transactions with equity holders in their capacity as equity holders | | | | | |
| Cancellation of Treasury shares | 10 | 12,467 | (12,467) | - | - |
| Vested options lapsed or expired | | - | (196,095) | 196,095 | - |
| Increase/(decrease) in employees share based payments | | - | 302,814 | - | 302,814 |
| | | 12,467 | 94,252 | 196,095 | 302,814 |
| Balance 31 December 2022 | | 159,254,812 | 1,256,637 | (151,651,056) | 8,860,393 |

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

Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2023

| | Note | December 2023 \$ | December 2022 \$ |
|--|------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from customers and other debtors | | 7,311,742 | 8,035,355 |
| Interest received | | 51,268 | 5,246 |
| Government grants | | 271,680 | 318,834 |
| Payments to suppliers and employees | | (8,813,806) | (9,431,901) |
| Interest paid | | (36,968) | (45,706) |
| Net cash inflows/(outflows) from operating activities | | (1,216,084) | (1,118,172) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (3,169) | (2,739) |
| Payment for intangible assets | | (1,411,546) | (1,631,457) |
| Government grants – R&D Incentive | | 703,424 | 913,537 |
| Net cash outflows from investing activities | | (711,291) | (720,659) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 3,153,823 | - |
| Proceeds from exercise of options | | 5 | - |
| Payment for unmarketable parcel buyback | | (210,145) | - |
| Payments of equity raising costs | | (501,199) | (54,189) |
| Payments for leased assets (principal component) | | (284,353) | (248,527) |
| Net cash inflows/(outflows) from financing activities | | 2,158,131 | (302,716) |
| Net increase/(decrease) in cash held | | 230,756 | (2,141,547) |
| Cash at the beginning of the half-year | | 2,874,746 | 5,951,807 |
| Effect of exchange rate changes on cash | | 7,299 | 112,375 |
| Cash at the end of the half-year | | 3,112,801 | 3,922,635 |

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

Note 1: Basis of preparation of half-year financial report

This general purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Adslot Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

a) Reporting basis and conventions

The half-year consolidated financial statements have been prepared on an accruals basis and are based upon historical costs. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New standards and interpretations issued

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

b) Going Concern

The half year financial report has been prepared on a going concern basis. This contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Management continues to invest resources to support growth in trading fees.

The Group incurred a net loss of \$5.1 million during the half year ended 31 December 2023 which included a non-cash impairment of internally developed software amounting to \$2.6 million.

The net cash inflow of \$230k in the period under review included outflows from operating activities of \$1.2 million, investing activities of \$0.7 million and inflows from financing activities of \$2.1 million. Management anticipates incurring further net cash outflows from operations until such time as sufficient revenue growth is achieved.

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

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

- the Group had a cash position of \$3.1 million at 31 December 2023;
- the Group anticipates receipt of 2024 financial year R&D claim amount of approximately \$920k in the first half of the 2025 financial year;
- licence fees are largely recurring and predictable;
- ongoing cost management initiatives;
- reduced cash outflow generated by already implemented cost management initiatives announced to the market and the opportunity to implement further cost reductions;
- potential of a further \$6.4 million inflow through the exercise of options issued as part of the recent capital raise; provided the Company's share price reaches the exercise price of \$0.006; and
- additional capital cash inflows given the Group has a proven track record of successfully raising capital from existing and new investors.

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.

Note 2: Segment Information

The Group's Total Revenue and Other Income (Note 3) and its non-current assets (other than financial instruments) (Note 7 & 8) are divided into the following geographical areas under a single operating entity which is Adslot:

| | 2023 \$ | Non-Current Assets | 2022 \$ | Non-Current Assets |
|----------------------|------------------|-----------------------|------------------|-----------------------|
| Australia (Domicile) | 2,647,549 | 3,469,672 | 2,551,360 | 8,852,893 |
| EMEA | 620,722 | 4,035 | 848,622 | 3,618 |
| The Americas | 16,140 | 3,218 | 39,921 | 8,038 |
| Other countries | 1,270,019 | - | 1,336,335 | - |
| Total | 4,554,430 | 3,476,925 | 4,776,238 | 8,864,549 |

Revenues from external customers in the Group's domicile, Australia, as well as other major geographical areas have been attributed based on 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

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

For the half year to 31 December 2023, one customer accounted for 10% or more of revenue from services rendered (2022: one).

Note 3: Revenue and Other Income

| | December 2023 \$ | December 2022 \$ |
|---|---------------------|---------------------|
| Revenue | | |
| Revenue from Trading Technology | 3,627,385 | 3,918,935 |
| Revenue from Services | 729,649 | 707,220 |
| Total revenue from services rendered | 4,357,034 | 4,626,155 |
| Interest income | 51,727 | 6,403 |
| Total revenue from continuing operations | 4,408,761 | 4,632,558 |
| Other income | | |
| Grant income | 145,669 | 143,680 |
| Total other income | 145,669 | 143,680 |
| Total revenue and other income | 4,554,430 | 4,776,238 |

Note 4: Expenses

Loss before income tax includes the following specific expenses:

| | December 2023 | December 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Other operating expenses | | |
| Recruitment costs | - | 10,602 |
| Directors' fees | 150,000 | 125,000 |
| Marketing costs | 10,874 | 8,058 |
| Short term lease-rental premises | 55,354 | 59,627 |
| Rent outgoings | 49,350 | 49,104 |
| Listing & registrar fees | 40,645 | 32,149 |
| Legal fees | 57,818 | 64,168 |
| Travel expense | 26,580 | 16,597 |
| Consultancy fees | 674,708 | 273,903 |
| Audit and accountancy fees | 170,517 | 125,924 |
| Foreign exchange (gain)/loss | (84,849) | (103,560) |
| Insurance Expenses | 107,324 | 115,140 |
| Other expenses | 236,029 | 276,221 |
| Total operating expenses | 1,494,350 | 1,052,933 |
| Depreciation and amortisation | | |
| Amortisation – Software development costs | 1,270,295 | 1,428,029 |
| Amortisation – Right of Use Assets | 273,179 | 273,048 |
| Depreciation – Computer & equipment | 19,623 | 20,383 |
| Depreciation – Plant and equipment | 147 | 146 |
| Total depreciation and amortisation | 1,563,244 | 1,721,606 |

| | December 2023 | December 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Employee related expenses | | |
| Employee benefits expense | 3,289,410 | 3,858,405 |
| Total capitalised development wages | 1,407,539 | 1,631,457 |
| Employee benefits included in Share based payment expense | 57,153 | 236,574 |
| Total employee benefits | 4,754,102 | 5,726,436 |
| Capitalised development wages (net of related grants) ¹ | 1,043,852 | 1,340,671 |
| Capitalised development wages included in the R&D grant | 363,687 | 290,786 |
| Total development wages | 1,407,539 | 1,631,457 |
| Defined contribution superannuation expense included in Employee benefit expense | 397,498 | 418,444 |
| Foreign currency (gain)/loss included in other expenses | (84,849) | (103,560) |

¹ Refer Note 7

Note 5: Cash and Cash Equivalents

| | 31 December 2023 | 30 June 2023 |
|--------------------------|------------------|--------------|
| | \$ | \$ |
| Cash at bank and on hand | 3,112,801 | 2,874,746 |

Included in the Cash at bank is \$1.2million (nil 30 June 2023) of funds held on call deposit. These call deposits have maturity dates that are in line with cashflow requirements of the Company. If required, they can be called upon before the maturity date. Also included in the Cash at bank is \$0.4million (\$0.5million) of funds held on term deposit as guarantee for our corporate credit card facilities and for the benefit of landlords under office lease agreements.

Note 6: Trade & Other Receivables

| | 31 December 2023 | 30 June 2023 |
|---|------------------|------------------|
| | \$ | \$ |
| Trade debtors | 5,418,000 | 3,674,534 |
| Less: Allowance for impairment | (8,566) | (9,104) |
| Trade debtors not impaired | 5,409,434 | 3,665,430 |
| Research and Development grant receivable | 508,773 | 970,516 |
| Other receivables | 39,066 | 266,089 |
| Total trade and other receivables | 5,957,273 | 4,902,035 |

Trade debtors \$5.4million include trade & accrued receivables (\$3.7million, 30 June 2023) of which \$3.7million are amounts collectible on behalf of publisher creditors (\$1.9million, 30 June 2023)

Fair value of receivables

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

Note 7: Intangible Assets

Period ended 31 December 2023

| | Internally Developed Software \$ | Domain Name \$ | Intellectual Property \$ | Goodwill \$ | Total \$ |
|-------------------------------------|---|----------------------|--------------------------------|----------------|-------------|
| Opening net book amount | 5,522,707 | 38,267 | - | - | 5,560,974 |
| Acquisitions | 1,043,852 | - | - | - | 1,043,852 |
| Amortisation | (1,270,296) | - | - | - | (1,270,296) |
| Impairment of assets | (2,596,414) | - | - | - | (2,596,414) |
| Carrying amount at 31 December 2023 | 2,699,849 | 38,267 | - | - | 2,738,116 |

At 31 December 2023

| | | | | | |
|---|--------------|--------|--------------|--------------|--------------|
| Cost | 26,655,090 | 38,267 | 16,191,496 | 15,161,939 | 58,046,792 |
| Accumulated amortisation and impairment | (23,955,241) | - | (16,191,496) | (15,161,939) | (55,308,676) |
| Carrying amount at 31 December 2023 | 2,699,849 | 38,267 | - | - | 2,738,116 |

Period ended 30 June 2023

| | Internally Developed Software \$ | Domain Name \$ | Intellectual Property \$ | Goodwill \$ | Total \$ |
|---------------------------------|---|----------------------|--------------------------------|----------------|-------------|
| Opening net book amount | 6,966,855 | 38,267 | - | 5,161,939 | 12,167,061 |
| Acquisitions | 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 |

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 |

Goodwill

The Goodwill balance relating to the acquisition of Facilitate was impaired in full in the prior corresponding period..

(a) Cash Generating Units (CGUs)

As a result of increased technical integration, interdependency of the Adslot and Symphony platforms and increased number of customers utilising the integrated platform for what was historically the group of CGUs, it is 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".

(b) Impairment testing and key assumptions

The Group tests whether intangible assets with definite life have suffered any impairment in accordance with the Group's accounting policies. The directors' have deemed that a *value in use* method reliant on forecast cash flows is appropriate to assess recoverable amounts of assets and CGU.

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 2023, the directors assessed the recoverable amount of the \$5.3 million intangible asset with definite life and determined to impair the carrying value by \$2.6 million, to its recoverable amount of \$2.7million.

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

| | |
|----------------------|--|
| Discount rate | The discount rates reflect appropriate adjustments relating to market risk and specific risk factors. The post-tax discount rate for the Combined CGU is 16.97%. |
| Growth Rate | The growth rates reflect the short term (18 month) forecasted revenue by revenue stream averaging 27%. Medium-term growth rates are linked to industry growth rates and historical growth rates, and average 9%. |
| 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 \$1.57 million per annum. |

Note 8: Property, Plant & Equipment

Period ended 31 December 2023

| | Right of Use Assets \$ | Plant and Equipment \$ | Computer Equipment \$ | Total \$ |
|--|------------------------------|------------------------------|-----------------------------|----------------|
| Carrying amount at 01 July 2023 | 1,605,276 | 326 | 49,280 | 1,654,882 |
| Additions | - | - | 3,160 | 3,160 |
| Disposals | - | - | (357) | (357) |
| Lease modifications | (625,814) | - | - | (625,814) |
| Depreciation/amortisation expense | (273,179) | (147) | (19,623) | (292,949) |
| Net foreign exchange differences | - | - | (113) | (113) |
| Carrying amount at 31 December 2023 | 706,283 | 179 | 32,347 | 738,809 |

On 22 December 2023, a Deed of Surrender was executed between Real I.S. Australian Institutional STC-2 Pty Ltd (Landlord) and the Company to surrender the Sydney lease on 31 January 2024. Accordingly the carrying amount of the Right of Use Asset & the Lease liability were reduced by \$625,814 & \$684,533 respectively to reflect the surrendering of the lease with a \$58,719 gain on modification recognised in the profit & loss account under Other Expenses.

Note 9: Other Liabilities

| | 31 December 2023 | 30 June 2023 |
|--------------------------------|------------------|----------------|
| | \$ | \$ |
| Current: Contract liabilities | 243,083 | 326,512 |
| Total other liabilities | 243,083 | 326,512 |

Note 10: Equity Securities Issued

| | December 2023 | December 2022 |
|--|--------------------|------------------|
| | \$ | \$ |
| Issues of Ordinary Shares during the half-year | | |
| New Ordinary Shares issued – value \$ ¹ | 3,149,074 | - |
| Exercise of Options – value \$ | 5 | - |
| Unmarketable Parcels Share Buy – value \$ ² | (164,281) | - |
| Treasury Shares movement – value \$ ³ | - | 12,467 |
| Total Ordinary Shares issued – value \$ | 2,984,798 | 12,467 |
| | | |
| New Ordinary Shares issued – number | 787,268,541 | - |
| Exercise of Options – number | 758 | - |
| Unmarketable Parcels Share Buy Back – number | (42,122,133) | - |
| Treasury Shares movement – number | - | (130,275) |
| Ordinary Shares issued – number | 745,147,166 | (130,275) |

¹ On 6 July 2023, the Company successfully concluded an Entitlement Offer which raised \$3.15 million before costs for the issue of 787 million ordinary shares. In addition, in July, 1,062 million unlisted options attached to the Share Placement in June 2023 and Entitlement Offer were issued.

² On 15 September 2023, Adslot completed a buyback of unmarketable parcels (UMPs) of ordinary shares. A total of 42,122,133 ordinary shares have been acquired and cancelled at a buyback price of \$0.0039 per share. Proceeds were distributed to relevant shareholders on 25 September 2023.

The buyback enabled UMP Holders to sell their shares in the Company in accordance with the Company's constitution without incurring brokerage and other expenses.

³ At 30 June 2022, the Group held in Trust 130,275 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). The Employee Share Ownership Plan (ESOP) was discontinued, and the balance of 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.

Note 11: Contributed Equity

| | Dec 2023 Number | Jun 2023 Number | Dec 2023 \$ | Jun 2023 \$ |
|--|--------------------|--------------------|----------------|----------------|
| Ordinary Shares – Fully Paid (Including treasury shares) | 3,224,495,547 | 2,479,348,381 | 162,853,112 | 160,134,280 |

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

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

Movements in Paid-Up Capital

| Date | Details | Number of shares | Issue Price - \$ | Costs - \$ | Value- \$ |
|------------------|-------------------------------------|----------------------|---------------------|--------------------|--------------------|
| 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 cost | - | | (129,851) | (129,851) |
| 30-Jun-23 | Balance | 2,479,348,381 | | (3,971,198) | 160,134,280 |
| 01-Jul-23 | Balance | 2,479,348,381 | | (3,971,198) | 160,134,280 |
| 01-Jul-23 | June 2023 Share Placement cost | - | | (17,670) | (17,670) |
| 06-Jul-23 | July 2023 Right Issue | 787,268,541 | \$0.004 | (244,459) | 2,904,615 |
| 26-Jul-23 | Exercise of Option | 758 | \$0.006 | - | 5 |
| 25-Sep-23 | Unmarketable Parcels Share Buy Back | (42,122,133) | \$0.004 | (3,841) | (168,118) |
| 31-Dec-23 | Balance | 3,224,495,547 | | (4,237,168) | 162,853,112 |

Note 12: Events Subsequent to Reporting Date

On 16 February 2024, the Company announced the launch of a new, wholly-owned subsidiary, Br1dge, Inc. Br1dge, Inc has been established to capitalise on the significant opportunities emerging with the imminent deprecation of 3rd party cookies. 3rd party cookies have historically been used to track, target and attribute audiences in digital advertising.

Br1dge, Inc will be led by a highly experienced executive team based in New York, including incoming CEO Mark Pearlstein, and the subsidiary will be chaired by Mr. Andrew Barlow. As part of this transition, Mr. Barlow resigned as a director of the parent company, Adslot Limited, on 16 February 2024.

Directors' Declaration

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, AASB 134 interim financial reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Adslot Ltd will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors.



Andrew Dyer
Chairman

Melbourne, 29 February 2024

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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 review of Adslot Limited for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



E W Passaris
Partner – Audit & Assurance
Melbourne, 29 February 2024

Independent Auditor's Review Report

To the Members of Adslot Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Adslot Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and 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 half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Adslot Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1b, in the financial report, which indicates that the Group incurred a net loss of \$5.1m and had net cash outflows from operating activities of \$1.2m, during the half-year ended 31 December 2023. These events or conditions, along with other matters as set forth in Note 1b, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton Audit Pty Ltd
Chartered Accountants

E W Passaris
Partner – Audit & Assurance
Melbourne, 29 February 2024