

Adslot Limited (ABN 70 001 287 510)

Appendix 4E –Preliminary Final report

The information is given under ASX Listing Rule 4.3A

1. Reporting period

Reporting Period	Financial Year ended	30 June 2024
Previous Corresponding Period	Financial Year ended	30 June 2023

2. Results for announcement to the market

Key Information	Year ended 30 June 2024 \$	Year ended 30 June 2023 \$	Increase/ (Decrease) %	Amount change \$
Revenue from Ordinary activities	8,746,714	9,229,962	(5.24%)	483,248
Profit/(loss) from Ordinary activities after tax attributable to members	(10,703,881)	(12,078,360)	(11.38%)	1,374,479
Net profit/(loss) for the year attributable to members	(10,703,881)	(12,078,360)	(11.38%)	1,374,479

Dividends

No dividends proposed relating to the reporting period.

Commentary on the Results for the Period

Total revenue and other income for FY2024 was \$8,746,714 a decrease of 5% versus FY2023 (\$9,229,962), due to a 7% decrease in Trading Technology revenue. The decrease in Trading Technology revenue is attributed to the full year impact of GroupM and Omnicom markets terminated in FY2023, GroupM markets cancelled in FY2024 as per the April 2024 announcement and lower trading fee revenues.

The Consolidated Group operating loss before interest, income tax, depreciation and amortisation (EBITDA) in FY2024 was \$7,582,565 a 9% decrease in losses versus FY2023 (\$8,371,565). The Consolidated Group operating loss after tax (NPAT) of \$10,703,881 is 11.38% lower than the loss for the prior year of \$12,078,360.

EBITDA and NPAT performance in FY2024 were substantially impacted by the impairment of intangible assets of \$5,085,751 and the impairment of the right of use asset of \$401,355 recognised in the financial year. Adjusted EBITDA losses remained flat at \$2,095,459 and adjusted NPAT losses improved by 10% to \$5,216,776 in FY2024. (refer note 12 for further information)

3. Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	2024	2023
	\$	\$
Total revenue from continuing operations	8,508,917	8,934,422
Other income	237,797	295,540
Total revenue and other income	8,746,714	9,229,962
Hosting & other related technology costs	(1,128,964)	(1,084,846)
Employee benefits expense	(7,038,141)	(7,380,620)
Other operating expenses	(2,513,999)	(2,419,794)
Share-based payment expense	(92,579)	(416,828)
Depreciation and amortisation expenses	(2,921,250)	(3,413,260)
Impairment losses	(5,085,751)	(6,284,739)
Impairment of right of use asset	(401,355)	-
Interest expense	(69,544)	(84,693)
Total expenses	(19,251,583)	(21,084,780)
Loss before income tax expense	(10,504,869)	(11,854,818)
Income tax benefit/(expense)	(199,012)	(223,542)
Loss after income tax expense	(10,703,881)	(12,078,360)
Net loss attributable to the members	(10,703,881)	(12,078,360)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign exchange translation	(49,844)	91,601
Total other comprehensive income/(loss)	(49,844)	91,601
Total comprehensive loss attributable to the members	(10,753,725)	(11,986,759)

a. Revenue and Other Income

	2024	2023
	\$	\$
Licence fees	6,036,623	6,423,549
Trading fees	876,441	1,038,899
Revenue from Trading Technology	6,913,064	7,462,448
Revenue from Services	1,527,363	1,457,274
Total revenue for services rendered	8,440,427	8,919,722
Interest revenue	68,490	14,700
Total revenue from continuing operations	8,508,917	8,934,422
Other income		
Grant income	237,797	295,540
Total other income	237,797	295,540
Total revenue and other income	8,746,714	9,229,962

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b. Expenses

	2024	2023
	\$	\$
Loss before income tax includes the following specific expenses:		
Other operating expenses		
Recruitment fees	-	8,974
Directors' fees	283,827	262,500
Marketing costs	38,878	10,484
Short term lease - rental premises	99,196	119,524
Rent outgoings	99,642	91,477
Listing & registrar fees	69,712	69,198
Legal fees	147,436	105,369
Travel expenses	54,976	59,887
Consultancy fees	851,326	588,412
Audit and accountancy fees	343,294	277,675
Foreign exchange (gain)/loss	(70,712)	36,568
Insurance expenses	191,681	230,903
Impairment of trade receivables	(4,514)	(20,049)
Write off of trade receivables	2,213	29,832
Other expenses	407,044	549,040
Total other operating expenses	2,513,999	2,419,794
Depreciation and amortisation		
Amortisation – Software development costs	2,486,220	2,826,663
Amortisation – Right of use assets	399,346	546,227
Depreciation – Computer & equipment	35,392	40,078
Depreciation – Plant & equipment	292	292
Total depreciation and amortisation	2,921,250	3,413,260
Other charges against assets		
Reversal of allowance for impairment of trade receivables	(4,514)	(20,049)
Write off of trade receivables	2,213	29,832
Impairment of Goodwill (i)	-	5,161,939
Impairment of Internally Developed Software (ii)	5,085,751	1,122,800
Impairment of right of use asset (iii)	401,355	-
<p>(i) Goodwill balance of \$5,161,939 relating to the acquisition of Facilitate has been fully impaired in FY2023.</p> <p>(ii) Intangible assets relating to internally developed software were impaired by \$5,085,751 in FY2024 and by \$1,122,800 in FY2023.</p> <p>(iii) The right of use asset relating to the Melbourne office lease was impaired by \$401,355 in FY2024.</p>		

4. Consolidated Statement of Financial Position

As at 30 June 2024

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	3,147,242	2,874,746
Trade and other receivables	3,437,695	4,902,035
Prepayments	272,234	19,282
Total current assets	6,857,171	7,796,063
Non-current assets		
Property, plant & equipment	197,170	1,654,882
Intangible assets	38,267	5,560,974
Total non-current assets	235,437	7,215,856
Total assets	7,092,608	15,011,919
Current liabilities		
Trade and other payables	6,149,192	5,743,146
Other liabilities	678,369	326,512
Lease liability	207,029	590,933
Provisions	441,410	531,838
Total current liabilities	7,476,000	7,192,429
Non-current liabilities		
Lease liability	401,172	1,077,921
Provisions	778,602	794,478
Total non-current liabilities	1,179,774	1,872,399
Total liabilities	8,655,774	9,064,828
Net (liabilities) / assets	(1,563,166)	5,947,091
Equity		
Issued capital	163,285,169	160,134,280
Reserves	1,276,672	1,371,381
Accumulated losses	(166,125,007)	(155,558,570)
Total equity	(1,563,166)	5,947,091

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5. Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	2024	2023
	\$	\$
Cash flows from operating activities		
Receipts from trade and other debtors	16,701,965	15,967,590
Interest received	71,290	9,140
Receipt of R&D tax incentive and other Grants	271,680	318,834
Payments to trade creditors, other creditors and employees	(17,650,765)	(17,811,204)
Interest paid	(53,061)	(86,811)
Net cash outflows from operating activities	<u>(658,891)</u>	<u>(1,602,451)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(8,274)	(5,388)
Receipt of R&D tax incentive relating to capitalised assets	703,426	913,537
Payments for intangible assets	(2,698,568)	(3,189,305)
Net cash outflows from investing activities	<u>(2,003,416)</u>	<u>(2,281,156)</u>
Cash flows from financing activities		
Proceeds from issue of shares	3,678,999	1,100,000
Proceeds from borrowings	400,500	-
Proceeds from exercise of options	5	-
Payment for unmarketable parcel buyback	(210,145)	-
Payments of equity raising costs	(508,086)	(58,197)
Payments for leased assets (principal component)	(414,083)	(522,349)
Net cash inflows from financing activities	<u>2,947,190</u>	<u>519,454</u>
Net increase/(decrease) in cash held	284,883	(3,364,153)
Cash at the beginning of the financial year	2,874,746	5,951,807
Effects of exchange rate changes on cash	(12,387)	287,092
Cash at the end of the financial year	<u><u>3,147,242</u></u>	<u><u>2,874,746</u></u>

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6. Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

2024

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2023	160,134,280	1,371,381	(155,558,570)	5,947,091
Movement in foreign exchange translation reserve	-	(49,844)	-	(49,844)
Other comprehensive income	-	(49,844)	-	(49,844)
Loss attributable to members of the Group	-	-	(10,703,881)	(10,703,881)
Total comprehensive income/(loss)	-	(49,844)	(10,703,881)	(10,703,881)
Transactions with equity holders in their capacity as equity holders				
Contributions of equity, net of transaction costs	3,150,889	-	-	3,150,889
Lapsed options – terminated employees	-	(7,790)	-	(7,790)
Vested options lapsed or expired	-	(137,444)	137,444	-
Share-based expenses	-	100,369	-	100,369
	3,150,889	(44,865)	137,444	3,243,468
Balance 30 June 2024	163,285,169	1,276,672	(166,125,007)	(1,563,166)

2023

	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	-	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	879,468	-	-	879,468
Cancellation of Treasury Shares	12,467	(12,467)	-	-
Vested options lapsed or expired	-	(328,428)	328,428	-
Share-based expenses	-	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

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7. Dividends/Distributions

No dividends declared in the current or prior year.

8. Details of dividend reinvestment plans

Not applicable

9. Net Tangible assets per security

Reporting Period	cents	(0.05)
Previous Corresponding Period	cents	0.02

10. Details of entities over which control has been gained or lost during the period

Not applicable

11. Details of associates and joint venture entities

Name	Country of Incorporation	Ordinary Share Consolidated Equity Interest	
		2024	2023
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	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
Br1dge, Inc (i)	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 January 2024 Facilitate Digital LLC, a Georgia (US) limited liability company converted to Br1dge, Inc, a Delaware corporation.

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12. Any other significant information needed by an investor to make an informed assessment of the company's financial performance and financial position

Adjusted Operating Results

The Group believes Adjusted EBITDA (loss) and Adjusted NPAT (loss) reflects what it considers to be the underlying performance of the business.

	2024	2023	Movement	
	\$	\$	\$	%
Revenue from Trading Technology	6,913,064	7,462,448	(549,384)	(7%)
Revenue from Services	1,527,363	1,457,274	70,089	5%
Total revenue and other income	8,746,714	9,229,962	(483,248)	(5%)
EBITDA (loss)	(7,582,565)	(8,371,565)	789,000	9%
Adjusted EBITDA (loss)¹	(2,095,459)	(2,086,826)	(8,633)	(0)%
NPAT (loss)	(10,703,881)	(12,078,360)	1,374,479	11%
Adjusted NPAT (loss)¹	(5,216,776)	(5,793,621)	576,845	10%

¹ Adjusted EBITDA (loss) and Adjusted NPAT (loss): Adding back impairment of intangible assets of \$5,085,751 and impairment of right of use asset of \$401,355 for FY2024 and \$6,284,739 for FY2023. Adjusted EBITDA (loss) and Adjusted NPAT (loss) are non-IFRS metrics used for management reporting.

13. Accounting Standards

The financial report is a general purpose financial report that has been prepared with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

14. Results for the period

14.1 Earnings per share

	2024 Cents	2023 Cents
(a) Basic and diluted earnings per share		
Loss attributable to the ordinary equity holders of the Group	(0.33)	(0.55)
(d) 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	(10,703,881)	(12,078,360)
(c) Weighted average number of shares used as the denominator	Number	Number
Weighted average number of shares on issue used in the calculation of basic and diluted EPS	3,242,291,812	2,212,636,052

14.2 Returns to shareholders

Not applicable

14.3 Significant features in the operating performance

Reduced operating revenues (refer note 2 for further information) offset by reduced operating cost leaving Adjusted EBITDA flat against previous corresponding period. Reduction in operating costs is mainly due to saving in headcount of \$0.34 million (5%) on FY2023.

14.4 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 and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2024		2023	
	\$		\$	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Australia (Domicile)	5,249,034	229,973	5,135,537	7,208,598
EMEA	984,374	4,589	1,412,092	1,641
The Americas	17,743	875	42,979	5,617
Other countries	2,495,563	-	2,639,354	-
Total	8,746,714	235,437	9,229,962	7,215,856

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.

14.5 Trends in Performance

Not applicable

14.6 Any other factors which have affected the results in the period while are likely to affect the results in the future, including where effect could not be quantified

Amendments to Symphony Agreement with GroupM

In April 2024, the Group announced amendments to its long-standing agreement with international agency group, GroupM, for the provision of the standalone Symphony workflow management solution. The amendments were to remove dedicated Symphony development resources which were funded by GroupM and removal Symphony from three markets. The amendments will result in a reduction of \$3.4m in annualised license fees from FY2025. The Group implemented cost reductions which offset some of the revenue reductions.

Update on Strategic and Operational Review.

Since late July the company has been examining all of its business activities from a cost, revenue and growth perspective. On 13 August 2024, the company announced that it was undertaking an operational and strategic review of its activities.

As part of the review, the company has substantially progressed a number of (upward) pricing negotiations with key clients, identified selected opportunities for cost reduction, refined its business segmentation and commercial focus, expanding sales activation of Publisher Storefronts, and identified changes in the executive skill mix required to drive growth in the evolving digital media market.

The clear objective of the review is to accelerate the company's path to breakeven and positive EBITDA.

15. Audit

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited annual financial report. The annual financial report is in the process of being audited. It is likely that the Auditor will issue an Independent Auditor's Report that will contain a paragraph on material uncertainty related to going concern.