

ASX RELEASE

24 November 2020

2020 ANNUAL GENERAL MEETING – CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen and welcome to the 2020 Annual General Meeting of Adveritas Limited ("Adveritas" or "the Company").

Firstly, on behalf of the Board of directors I would like to thank you for your loyalty and support throughout this difficult financial year. The sudden impact of the COVID-19 pandemic curtailed the strong sales momentum that we had generated in the first half of the financial year. The cancellation of trade shows and events, the imposition of domestic and international travel restrictions and the difficulties in conducting face to face meetings made marketing our product, and locking in sales contracts, extremely challenging. The reach of this pandemic has been far and wide, meaning that our customers and potential customers have all been affected which resulted in several trials and contract negotiations being placed on hold and deferred until a later date.

As an early response to the pandemic we were able to raise approximately \$1.8 million. In addition, directors, senior management and employees across the Company's global operations voluntarily agreed to a temporary reduction in their salaries over a 4-month period without there being any obligation on the Company to repay the forgone amounts. Other COVID cost cutting actions, such as temporary rent reductions, curtailing of non-essential expenditure and deferring costly activities were also initiated. These measures, together with Government funding in the form of JobKeeper and Cash Flow Booster payments, allowed us to manage our cash flow resources during this particularly uncertain period. We acknowledge and appreciate the support that we received from our employees, suppliers and partners.

Despite the challenges we, and businesses globally, faced we forged ahead and launched our "three by three" sales model. We were able to do this because the enterprise-level down approach we adopted last year, focussing on marquee clients, validated our proprietary TrafficGuard technology and enabled us to build brand equity and trust. Our "three by three" sales model incorporates three pricing models and three routes to market.

Our three pricing models are:

Freemium: this is fraud detection only, free of charge up to \$2,500 of reported Google AdWord spend.

Land and Expand: relatively low-priced monthly contracts for detection and prevention services. These contracts include additional charges for usage above agreed maximum volumes.

Long dated Contracts: clients typically receive a 12-month (or longer) contract for detection and prevention services. Although the monthly fee is higher than under the Land and Expand, the fee on a data usage basis is more economical.

The Company's three routes to market are:

Mass Market: through the Freemium product offering and sector marketing activity

Direct Sales: through the Company's employed sales force

Third Party Distribution: through partnerships with Ad agencies, Campaign Management Platform and Marketplace Services

Our "three by three" sales model was very well received, and we gained strong traction across all marketing channels and pricing models. In particular, there was a high level of interest in our Google Pay-Per-Click anti-fraud offering, and we witnessed a healthy conversion rate of Freemium subscribers to "land and expand" customers.

We closed the financial year by raising a total \$7.5 million. These funds came in through a Share Purchase Plan which attracted just over \$3 million and a \$4.5 million placement to institutional and strategic investors, \$2 million of which was committed by my fellow director, Mark McConnell.

Outlook

Although we are still young in our journey:

- we have a growing customer base across all of our pricing models
- we are seeing strong growth in revenue leading indicators – i.e. numbers of referring agencies, Freemium subscribers, and Freemium conversions
- we have a record enterprise level pipeline across multiple verticals
- we are developing strategic partnerships, including Google
- we are being acknowledged by the industry having received a MarTech Breakthrough Award for Best PPC Optimisation Platform and having been shortlisted for a number of other awards including "Most Effective Anti-Fraud Solution" and "Best SaaS Platform"

The ad fraud prevention market is ripe with opportunities and we believe that our future looks positive as we focus on driving revenue growth in 2021 through our "three by three" model.

I would like to thank every one of our team members across the world. This Company is a reflection of its highly qualified and motivated team who strive for innovation and success. In particular, I would also like to recognise the leadership, energy and drive of our Managing Director and CEO, Mathew Ratty and the support of every member of the Adveritas Board of Directors.



A handwritten signature in black ink, appearing to read 'Stephen Belben'.

Stephen Belben
Chairman

- ENDS -

This ASX announcement has been authorised for release by the Chairman of Adveritas Limited.



About Adveritas

Adveritas Ltd (ASX:AV1) creates innovative software solutions that leverage big data to drive business performance. Adveritas' ad fraud prevention software, TrafficGuard, is its first available software as a service. Early adopters of TrafficGuard include LATAM super-app, Rappi and APAC super-app, GO-JEK. Both businesses are well funded with \$2 billion and \$12 billion valuations respectively, and conducting aggressive user acquisition advertising for fast growth. In both cases, TrafficGuard was chosen after a rigorous procurement process that saw the effectiveness of our solution evaluated against a range of competing solutions. For more information, see <https://www.adveritas.com.au/>



About TrafficGuard

TrafficGuard detects, mitigates and reports on ad fraud before it impacts digital advertising budgets. Three formidable layers of protection block both general invalid traffic (GIVT) and sophisticated invalid traffic (SIVT) to ensure that digital advertising results in legitimate advertising engagement. TrafficGuard uses patent-pending technology and proprietary big data accumulated by the performance advertising business previously operated by the Company. For more information about TrafficGuard's comprehensive fraud mitigation, see <https://www.trafficguard.ai>

For more information, please contact:

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