

**ASX RELEASE**

**31 July 2024**

## **JUNE 2024 QUARTER RESULTS**

Adveritas Limited (**Company** or **Adveritas**) (**ASX: AVI**) is pleased to report its results for the June 2024 quarter.

### **HIGHLIGHTS**

- **Record customer receipts** of \$2.05M (adjusted for deferred receipts), this represents an increase of 19% on the March 2024 quarter and an annual increase of 224% on the June 2023 quarter
- **303 total customers** at 30 June 2024 across a mix of enterprise and self-service, a 22% increase from 30 June 2023
- **Investment in new product capability** in fraud detection on social platforms (Meta) already under trial with existing clients; adoption of AI driving enhancements in fraud detection capability; improvements in client self-service and reporting tools
- **Positive growth outlook**, supported by the release of new product features, continued growth in sports betting and gaming, agency partnerships, and successful cross-selling of additional products
- **Clear line of sight to operating cash flow positive** based on current growth in cash receipts driven significantly by sports betting

### **Key Milestones**

The Company is pleased to report the following key milestones during the June 2024 Quarter:

- 16 new clients secured across multiple verticals, with upsells on 4 existing clients.
- Sports betting continues to be a revenue priority for the Company with 11 new sports betting clients, and solution upsells on 3 existing clients.

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- Price increases actualised on existing clients during the quarter due to significant enhancements in TrafficGuard’s fraud detection capability. Whilst not individually material, the Company executed a \$760,000 contract with a large Tier 1 sports betting operator exceeding the Company’s previous individual client highest contract value of \$415,000.
- Multiple agency trials underway during the quarter across a broad range of client verticals (eCommerce, Telecommunications, Retail, FMCG) with successful preliminary results. The Company anticipates first revenues from this channel in the September quarter.

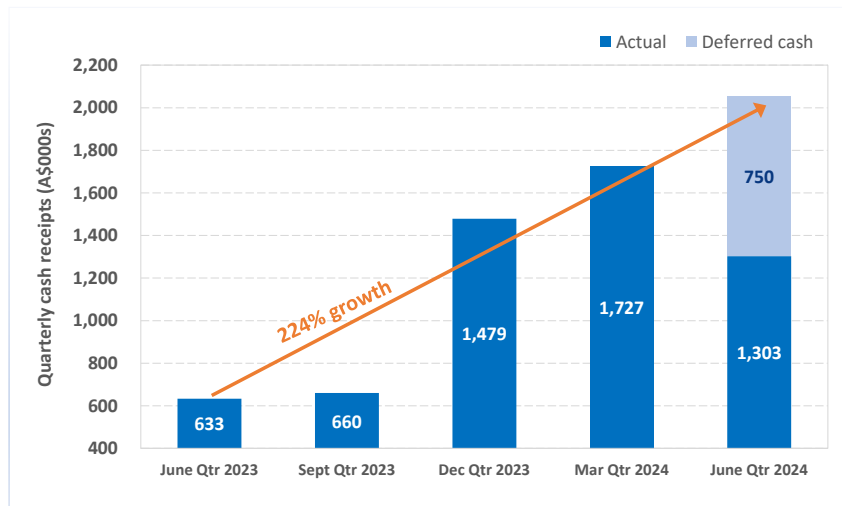
### Growing Receipts and Customer Base

Customer payments received during the June 2024 quarter amounted to \$1.3 million, representing an increase of 106% on the June 2023 quarter.

Deferred cash receipts, being amounts received on 2 July 2024 from contracts signed in the June 2024 quarter, were circa \$750k, resulting in total receipts relating to the June quarter amounting to \$2.05 million (**Adjusted Cash Receipts**).

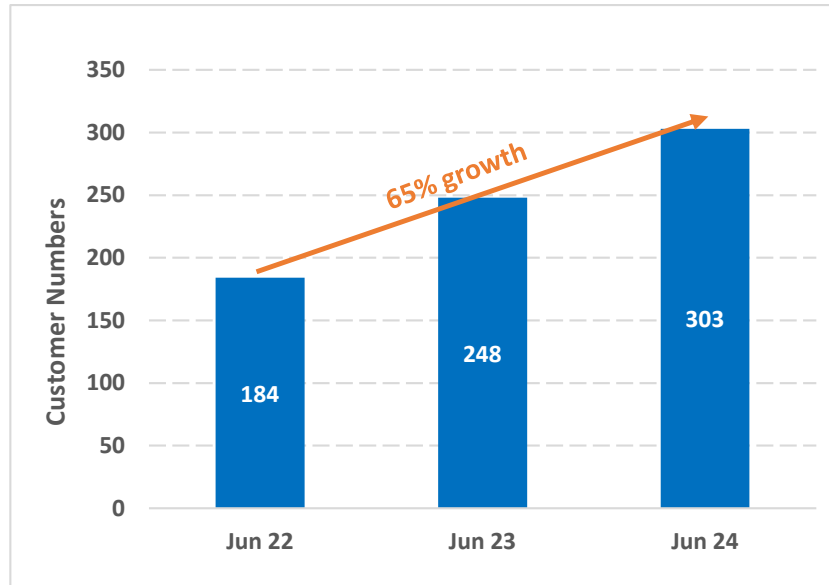
The Adjusted Cash Receipts reflect an increase of 224% on the June 2023 quarter and are up 19% from the March 2024 quarter.

**Growth in quarterly cash receipts (adjusted)**



During the June 2024 quarter, customer numbers reached a record high of circa 303, up 22% from June 2023 and up 65% since June 2022.

**Growth in customer numbers**



### **Agencies Contracts on Track for September Quarter**

During the June 2024 quarter, TrafficGuard successfully completed the final stages of key agency trials and moved to finalise the preliminary results of the TrafficGuard Google Search and Performance Max solutions. The Company has active and near conclusion trials with Tier 1 agencies across Europe and the Middle East.

The agency trials have seen the Company deploy its fraud detection solution across a broad range of clients including those operating in eCommerce, Telecommunications, Retail, and FMCG. This demonstrates the robustness of the Company's fraud detection solutions beyond sports betting and offers a faster path to expanding the client base and revenue.

Agency partnerships have the potential to positively transform the Company's customer and revenue base as TrafficGuard obtains direct exposure to potentially thousands of new clients. These agencies are the budget holders for the majority of Fortune 500 companies and tens of thousands of smaller clients and are instrumental in recommending products such as TrafficGuard into the technology stack of choice.

## **Expansion of Fraud Detection to Social Media in Response to Client Demand**

Whilst the majority of the Company's revenue is derived from protecting clients' performance ad spend on Google Search, a large proportion of its client base is requesting this expertise be applied to social channels such as Meta. The Company has conducted research into finding invalid traffic and fraud in social channels and invested in new product capability in this channel. The Company is set to monetise its social media fraud detection product at the end of the September 2024 quarter.

Social channels allow for new cross sell opportunities as the same underlying technology is used to detect and prevent invalid traffic and fraud. The Company expects strong adoption of its social product once launched, which has the potential to drive further revenue growth at better margins.

### **Commentary from Co-founder and CEO, Mat Ratty**

*"Sports betting continues to deliver significant quarter-on-quarter and year-on-year revenue growth for the Company and drive us towards profitability. We are increasingly seeing clients pay annual contracts up front on increased pricing structures and have achieved record annual contract values for the last three quarters. The success in the sports betting category has resulted in client demand for fraud detection solutions across social media channels and new opportunities from agencies, opening the door to the TrafficGuard solution servicing new client verticals. We are on track to get first revenues from these new channels and agencies in the September 2024 quarter".*

### **Appendix 4C**

The Appendix 4C is attached to this announcement. Accompanying commentary is set out below:

#### **Receipts from customers**

Receipts from customers in the June 2024 quarter were 106% higher than in the June 2023 quarter. Receipts amounting to circa \$750k that related to contracts signed in the June 2024 quarter were received on 2 July 2024. Had these payments been received by 30 June 2024, the quarterly cash receipts would have amounted to \$2.05 million, representing an increase of 19% on the March 2024 quarter.

	Previous quarters			
	Mar 2024	Dec 2023	Sep 2023	Jun 2023
<b>Jun 2024</b>	<b>Mar 2024</b>	<b>Dec 2023</b>	<b>Sep 2023</b>	<b>Jun 2023</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Receipts from customers	1,303	1,727	1,479	660
			660	633

### Cash payments

Realisation of the benefits from the cost saving initiatives and organisational restructure deployed at the close of the December 2023 quarter continued in the June 2024 quarter. Total expenditure payments in the June 2024 quarter were 13% lower than in the December 2023 quarter.

	Previous quarters			
	Mar 2024	Dec 2023	Sep 2022	Jun 2023
<b>June 2024</b>	<b>Mar 2024</b>	<b>Dec 2023</b>	<b>Sep 2022</b>	<b>Jun 2023</b>
<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Research and development	(389)	(474)	(328)	(339)
Product manufacturing and operating	(211)	(337)	(304)	(158)
Advertising and marketing	(476)	(375)	(349)	(467)
Staff costs	(2,349)	(2,681)	(2,540)	(2,608)
Administration and corporate	(290)	(420)	(653)	(282)
<b>Total operating expenditure payments</b>	<b>(3,715)</b>	<b>(4,287)</b>	<b>(4,174)</b>	<b>(3,854)</b>

Salaries and fees paid to directors during the quarter amounted to \$139k and are included in staff costs.

This announcement is authorised for lodgement by the Board of Adveritas Limited.

- ENDS -

**For more information, please contact:**

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**ABOUT US****Adveritas**

Adveritas Ltd (ASX:AVI) creates innovative software solutions that leverage big data to drive business performance. The Company's flagship product is its ad fraud prevention software as a service (SaaS), called TrafficGuard. Clients include Disney Streaming, Tabcorp, William Hill, Singtel, Luxury Escapes, Tesco, and Coinbase.

For more information, see <https://www.adveritas.com.au/>

**TrafficGuard**

TrafficGuard is an omnichannel ad verification platform helping enterprises and SMBs combat fraud across Google PPC, Mobile app user acquisition campaigns, Affiliate platforms and Social Media. TrafficGuard drives superior advertising performance by verifying advertising engagement as they occur, proactively blocking invalid traffic from infiltrating search campaigns – helping ad spend to reach more real users and protecting the integrity of data that marketers, agencies, designers and developers rely on day in, day out to drive performance improvements.

Trusted by global brands, TrafficGuard is a multiple award-winning fraud prevention product recognised by The Drum, the Martech Breakthrough Awards, voted the Most effective anti-fraud solution by Mobile Marketing and is the only PPC verification vendor admitted to the Google Cloud Marketplace globally. For more information, find us at [www.trafficguard.ai](http://www.trafficguard.ai)

**FORWARD LOOKING STATEMENTS**

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations and sales. Generally, this forward-looking information can

be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Adveritas Limited

**ABN**

88 156 377 141

**Quarter ended ("current quarter")**

June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,303	5,169
1.2 Payments for		
(a) research and development	(389)	(1,503)
(b) product manufacturing and operating costs	(211)	(1,027)
(c) advertising and marketing	(476)	(1,606)
(d) leased assets	-	-
(e) staff costs	(2,349)	(9,645)
(f) administration and corporate costs	(290)	(1,581)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	87
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(4)	(5)
1.7 Government grants and tax incentives	-	773
1.8 Other (provide details if material)	-	14
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,399)</b>	<b>(9,324)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(9)
(d) investments	-	-
(e) intellectual property	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	1	3
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	6
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2)</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,750	7,700
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(234)	(417)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>4,516</b>	<b>7,283</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,193	6,339
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,399)	(9,324)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,516	7,283
4.5	Effect of movement in exchange rates on cash held	(24)	(14)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,284</b>	<b>4,284</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	4,284	2,193
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,284</b>	<b>2,193</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 ([see explanation below](#))
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

139

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

**Explanation of payments shown at 6.1**

The amount at item 6.1 comprises the payment of salaries and fees to executive and non-executive directors of \$139,112

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) Convertible loan notes	3,000,000	3,000,000
7.4 <b>Total financing facilities</b>	<b>3,000,000</b>	<b>3,000,000</b>

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Refer to Schedule 1

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,399)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	4,284
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	4,284
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>1.8</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Customer payments amounting to approximately \$750k that were due by 30 June were received on 2 July. Had those payments been received by 30 June, the net cash used in operations would have been \$1,609k and the cash at quarter end would have been \$5,034k. The result at 8.5 would have been 3.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer to the response at 2 above.

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: The Board of Directors

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## SCHEDULE 1: CONVERTIBLE LOAN NOTE

The Company has on issue 3,000,000 convertible notes each with a face value of \$1. The loan notes originally had a maturity date of 12 April 2024 which was subsequently extended to 12 April 2025. On maturity, the principal amount of \$3,000,000 together with interest capitalised to 12 April 2024 will be automatically converted into fully paid ordinary shares in the Company, whilst the interest capitalised over the period 13 April 2024 to 12 April 2025 will be paid in cash.

The Company may elect to redeem all or some of the convertible notes at any time prior to the maturity date.

The convertible notes are unsecured.

### Interest

From 28 April 2022, interest accrues on the convertible notes at the rate of 8% per annum, capitalised at the end of each calendar quarter, and is to be satisfied in arrears upon the earlier of the redemption or maturity of the convertible notes. As at 30 June 2024, interest of \$633,402 has accrued and been capitalised.

On maturity, the interest capitalised to 12 April 2024 will be fully satisfied through the issue of conversion shares at the conversion price. Interest capitalised over the period 13 April 2024 to 12 April 2025 will be settled by way of a cash payment.

In the event the convertible notes are redeemed prior to maturity, the Company will pay to the noteholders an additional interest payment so that the total interest received by the noteholders in respect of those convertible notes is equivalent to the amount they would have received had the relevant convertible notes been held till maturity.

### Conversion

The convertible notes, together with interest capitalised to 12 April 2024, will automatically convert into fully paid ordinary shares in the Company on the maturity date. The conversion shares will be issued at a share price equal to 80% of the 90-day VWAP, unless such amount is:

- greater than \$0.17 in which case the conversion price will be \$0.17; or
- such amount is less than \$0.08 in which case the conversion price will be \$0.08.