

ASX RELEASE (ASX: AV1)

28 October 2022

ADVERTITAS CONTINUES TO RAPIDLY GROW ANNUALISED REVENUE WITH NEW KEY GLOBAL PARTNERS AND CLIENTS

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2022 (Q1 FY23)

Q1 FY23 highlights (vs Q1 FY22):

- **Annualised revenue up 88% to \$3 million**
- **Quarterly cash receipts up 40% to \$593k**
- **Key blue-chip enterprise clients signed include Better Collective, Lux Escapes, and Disney Streaming Services**
- **New go-to-market partnership signed with RavenTrack**
- **Post quarter end, cash balance strengthened to a pro-forma balance of \$6 million through receipt of \$1.15 million in R&D grant funds and \$3 million raised through a share placement at \$0.10 per share, a 25% premium to previous closing price, supported by major shareholders**

Adveritas Limited (ASX: AV1) (Adveritas or the Company) is pleased to provide this quarterly activities report alongside its Appendix 4C for the three months ended 30 September 2022 (Q1 FY23).

Commenting on Adveritas' Q1 FY23 performance, Co-founder & CEO Mat Ratty said:

"The rapid growth in our annualised revenue has been a key highlight this year, underpinned by our refreshed global sales and marketing team, and our quality suite of TrafficGuard digital anti-fraud software products that generate a measurable and significant return on investment for our clients.

"It's been a very busy few months, with the addition of our new partnership with RavenTrack, who have integrated TrafficGuard into their client offering and

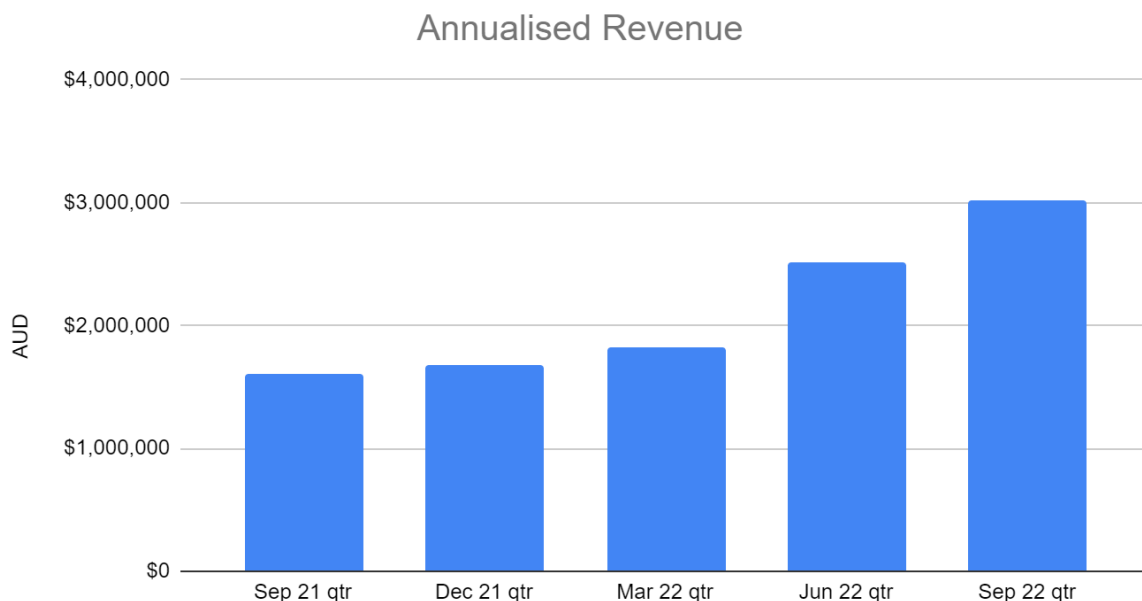
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generated several new opportunities over the September quarter. We feel that both businesses naturally align through our product offerings and services to prevent ad fraud and reduce invalid traffic for brands.

“With sales from Google Cloud Marketplace, the revenue potential from our self-serve product across Google PPC and Meta’s Facebook, new channels like RavenTrack quickly getting traction, and continued success in engaging global companies such as Disney Streaming Services, we are well placed to continue rapidly scaling. Our growth potential is reflected in the recent capital raising that was supported by our major shareholders and undertaken at a 25% premium to the previous closing price.”

Annualised revenue rapidly growing

Annualised revenue was \$3 million at the end of Q1 FY23, up 88% from Q1 FY22. The rapid growth in annualised revenue led to growing cash receipts, which increased 40% from Q1 FY22 to \$593k in Q1 FY23.



The rapid growth in annualised revenue was underpinned by new customer wins for TrafficGuard and its omni-channel solution, which includes the mobile app install verification, Google Pay Per Click (PPC) verification, affiliate verification, and social verification, across key verticals for the Company.

Banner new customer contracts

Adveritas continued to generate new opportunities for TrafficGuard with leading global organisations across target sectors including gaming, travel, and entertainment. New banner enterprise clients that were signed over Q1 FY23 include:

- Global media and entertainment business **Disney Streaming Services**.
- Gaming business **Better Collective**
- Global online travel company **Lux Escapes**

These blue-chip companies are using TrafficGuard's digital anti-fraud software. The Company's other current clients, who are also global industry leaders, act as case studies to build TrafficGuard's reputation and services amongst global industry peers, and support TrafficGuard penetrating new verticals.

Adveritas' Freemium TrafficGuard product is a growing source of lead generation, providing companies with an insight into the benefits they can generate from TrafficGuard's technology and prompts them to upgrade to paying customers. The Company is set to deploy revised commercial packages for users with features that unlock as users scale their package tier. This is set to be launched and marketed in Q2 FY23.

Channel partnerships with major global organisations

The building out of TrafficGuard has accelerated given the Company's renewed go-to-market strategy, which has as a key pillar the development and growth of specific partnerships, such as Google Cloud Marketplace and Meta's Facebook.

Adveritas continues to see cross-selling and up-selling opportunities across TrafficGuard's omni-channel suite for Google PPC verification, affiliate verification, and social verification.

As announced earlier this month, Adveritas formed a new partnership with leading online gaming affiliate tracking platform, RavenTrack. TrafficGuard is now integrated with RavenTrack's platform and Adveritas is seeing interest in TrafficGuard's affiliate verification service.

Capital raising at 25% premium supports more rapid growth

On 24 October 2022, Adveritas announced that it had successfully raised \$3 million via a share placement at \$0.10 per share. The raising was undertaken at a 25% premium to the previous closing price and was supported by existing major shareholders, including Non-Executive Director Mark McConnell, and a major Canberra-based family office.

Combining funds from the capital raising, the R&D grant and the Company's Q1 FY23 cash balance, provides a pro-forma cash balance of \$6 million.

Commenting on Adveritas' outlook following another successful quarter of rapid growth, Mr Ratty said:

"Our 'Land and Expand' strategy, through direct sales and channel partnerships, is tracking well. Adveritas is seeing new client wins and expanding its TrafficGuard omni-channel services amongst existing clients.

"The new blue-chip client wins of Better Collective, Lux Escapes, and Disney Streaming Services, were thanks to case studies of TrafficGuard's technology being applied across other global industry leaders including William Hill and Banco Santander. These new clients should act as proof points for future global blue-chip contracts.

"We are also ramping up more demand for cross-selling and up-selling opportunities for TrafficGuard's omni-channel service through our direct sales force, partnerships with Google Cloud Marketplace and RavenTrack.

"The efforts to execute these sales with new and existing brands is supported by our shareholders through the recent \$3 million share placement, undertaken at a 25% premium to the trading price at the time. We are well placed to continue our rapid growth and protect brands' marketing efforts through preventing digital ad fraud and reducing invalid traffic."

2022 Annual General Meeting

Adveritas is holding its 2022 Annual General Meeting at 9:30am WST on Friday 18 November 2022 at Perron Place, 61 Kitchener Avenue, Victoria Park, Western Australia.

In accordance with section 110D(1) of the Corporations Act 2001 (Cth), the Company has not sent hard copies of the Notice of Meeting (Notice) to shareholders unless a shareholder has made a valid election to receive such documents in hard copy. The Notice of Meeting can be viewed and downloaded from the Company's website at www.adveritas.com.au or ASX at www.asx.com.au. The Company strongly encourages shareholders to lodge a directed proxy form prior to the meeting.

Appendix 4C commentary

Cash receipts

Cash receipts were \$593k, up 40% from Q1 FY22, reflecting the growth in paying customers.

	Previous quarters				Sep 2021 \$'000
	Sep 2022 \$'000	Jun 2022 \$'000	Mar 2022 \$'000	Dec 2021 \$'000	
Receipts from customers	593	610	481	651	422

Cash payments

Total expenditure payments in Q4 FY22 were higher than previous quarters, with the increase being largely attributable to higher staff costs, advertising and marketing costs, and administration and corporate costs.

The higher staff costs are due to the Company's continued investment in sales and marketing personnel.

Advertising and marketing costs are growing as the Company expands its efforts to increase awareness of the TrafficGuard brand and promote the features of its omni-channel service.

The increase in administration and corporate costs when compared to previous quarters is due to:

- the annual prepayments of insurance being higher due to the global increase in insurance premiums

- payments for corporate travel being higher as the Company has been taking advantage of the ease in travel restrictions so that it can visit and strengthen relationships with major global customers
- payment of deferred legal fees, which is non-recurring payment.

	Previous quarters				Sep 2021 \$'000
	Sep 2022 \$'000	Jun 2022 \$'000	Mar 2022 \$'000	Dec 2021 \$'000	
Research and development	(736)	(844)	(682)	(941)	(1,196)
Product manufacturing and operating	(194)	(112)	(377)	(175)	(292)
Advertising and marketing	(358)	(257)	(283)	(113)	(148)
Staff costs	(1,754)	(1,334)	(1,362)	(1,254)	(1,143)
Administration and corporate	(801)	(315)	(309)	(265)	(441)
Total operating expenditure payments	(3,843)	(2,862)	(3,013)	(2,748)	(3,220)

Payments to Directors during the quarter amounted to \$135k and comprised salaries and fees of \$109k (included in staff costs) and consultancy fees of \$26k (included in administration and corporate costs).

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

- ENDS -

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About Adveritas



Adveritas Ltd (ASX:AVI) 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 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

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More on TrafficGuard's omni channel solution:

Mobile App install verification: This is the Company's flagship product, with enterprise level clients paying material contract amounts - as high as \$180k per annum for significant global clients. This product ensures clients are not paying for misattributed or fake installs of their apps - essentially allowing them to scale with confidence across digital media and advertising partners.

Google PPC verification: This service is scaling quickly since the Company first launched the offering in late 2020 and now has over 4,500 sign ups to this offering. Any company using Google Ad words is a target customer, with USD \$147 billion spent globally on Google ads per annum.

Affiliate Verification: This service is designed to mitigate affiliate misattribution and ensure clients are paying for real conversions to their website.

Social Verification: A new channel offering, starting with Meta's Facebook, with a planned product pipeline to rollout to Tik Tok, Reddit, LinkedIn and other channels in 2023 due to increasing demand from both current and prospective clients.

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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")

September 2022

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	593	593
1.2 Payments for		
(a) research and development	(736)	(736)
(b) product manufacturing and operating costs	(194)	(194)
(c) advertising and marketing	(358)	(358)
(d) leased assets	-	-
(e) staff costs	(1,754)	(1,754)
(f) administration and corporate costs	(801)	(801)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	3	3
1.9 Net cash from / (used in) operating activities	(3,244)	(3,244)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(31)	(31)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	(5)	(5)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	106	106
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	70	70

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,051	5,051
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,244)	(3,244)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	70	70
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	44	44
4.6	Cash and cash equivalents at end of period	1,921	1,921

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,921	5,051
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,921	5,051

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**

135

-

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 following payments to executive and non-executive directors:

- salaries and fees of \$109,225; and
- consultancy fees of \$25,950

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-

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.

8. Estimated cash available for future operating activities**\$A'000**

8.1	Net cash from / (used in) operating activities (Item 1.9)	(3,244)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	1,921
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	1,921
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	0.6

- 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: No, the Company anticipates that net operating cash outflows in the December quarter will be lower than the current quarter. The December quarter will reflect R&D grant funds of \$1,149,082 relating to the 2021 financial year that were received on 4 October 2022. In addition, the current quarter's payments for administration and corporate costs included a number of payments that will not be repeated in the December quarter, for example: prepaid insurance fees, prepaid ASX listing fees, settlement of deferred legal fees.

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: Yes, on 4 October 2022, the Company received R&D grant funds of \$1,149,082 relating to the 2021 financial year. In addition, the Company has raised additional capital of \$3 million via a share placement as announced on 24 October 2022.

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. Combining the proceeds from the share placement and the R&D grant funds with the Company's cash reserves at the end of the current quarter provides the Company with sufficient funding for a further 2 quarters.

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: 28 October 2022

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.