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H1 FY2021 Results

Mat Ratty – Co-Founder & CEO

26 February 2021



H1 FY21 Key Metrics

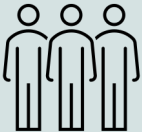
Freemium subscribers



~1,440

Up 167%*

Customer numbers



~110

Up 150%*

Revenue



\$462k

Up 8%**

Cash Balance



\$6.7m

Cash Receipts



\$504k

Up 14% yoy

* Compared to 30 June 2020

** Compared H1 FY20; On face value, revenue is down 37% (H1 FY20: \$737k). However, real revenue growth of 8% was achieved as H1 FY20 included \$175k from the Company's non-core software, nxus, an existing platform not yet available for widespread commercial use; and \$132k from the Company's inaugural TrafficGuard client, Mpire Network Inc, to whom services were not provided during H1 FY21

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TrafficGuard is scaling up...

Investing heavily into freemium to build pipeline

- Freemium subscribers reached ~1,050 by 30 September and now exceeds 1,500 – ***building a huge pipeline of potential customers***
- Marketing focus directed at Freemium conversions to paying customers - ***subscribers are nurtured through to upgrading via relevant content that reinforces the benefits of upgrading***
- Scaling up advertising spend to increase both freemium numbers as well as conversion numbers
Already receiving revenue from converted Freemium subscribers

Growth strategy generating results

- Rapidly growing base of paying customers and trials being undertaken
- Companies focusing on cryptocurrency, gaming, retail and other industries trialling TrafficGuard
includes several multibillion dollar businesses with a huge need to optimise return on advertising

Adveritas has a strong growth path – building a huge Freemium pipeline and investing to convert to paying customers

... with a rapidly growing customer base...

Over 100 paying clients

- Achieved H1 FY21 Revenue of \$462k, with receipts from customers of \$504k
- \$84k 12-month “land and expand” contract with GVC Australia, one of the world’s largest betting agencies (~GBP \$6 billion market cap) with potential to expand in cross sell to their mobile division
- Multiple customers acquired under “land and expand” contracts in gaming and betting verticals, including ASX-listed customers
- Initial revenues received from “land and expand” Google PPC customers

Significant scope to increase revenue from “land and expand” customers by up-selling and cross selling

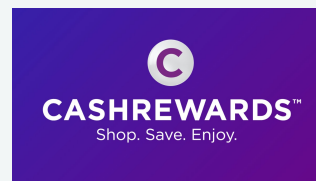
Strategic partnerships generating sales

- 12-month contract with MCN Media brands allowing them to seamlessly onboard clients onto TrafficGuard
- Finalising partnership with Google for combined go-to-market strategy of TrafficGuard’s pay-per-click product

Will facilitate rapid expansion to Google customers

... including well known major global enterprise clients

Major clients in key segments including transport, on-demand applications, ad agencies, online marketplaces, fintech, mobile marketing, gaming



With significant scope to expand services with these clients

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H1 FY21 Financial Performance



TrafficGuard Revenue increase reflects strategic focus

	H1 FY21 (\$'000)	H1 FY20 (\$'000)	Growth
TrafficGuard – inaugural client (a)	-	133	-100%
TrafficGuard – post commercialisation (b)	462	428	8%
Nxus (c)	-	176	-100%
Total Revenue	462	737	-37.3%
EBITDA	(5,687)	(5,486)	
Interest Income	8	7	27.1%
Interest Expense	(24)	(27)	-11.0%
Depreciation	(68)	(69)	-0.2%
Loss after income tax	(5,771)	(5,575)	
Reported EPS (cents)	(1.72)	(3.15)	

- TrafficGuard's inaugural client was Mpire Network Inc, the Group's former performance marketing business (sold in FY19), contract revenue ceased in December 2020 (a)
- 8% Increase in TrafficGuard revenue post commercialisation reflects marketing initiatives and strategic pivot to focus on highly scalable product offerings such as pay per click (b)
- Nxus was a single client service provided to Mpire Network Inc– strategic decision made to focus sales, marketing and R&D resources on scaling TrafficGuard, which has substantially larger growth opportunities (c)

Strong Balance Sheet supports growth strategy

	31 Dec 20	30 Jun 20	Growth
	(\$'000)	(\$'000)	
Cash and cash equivalents	6,719	8,352	-19.6
Total Current Assets	7,175	8,916	-19.5%
Total Non-Current Assets	618	678	-8.7%
Total Assets	7,793	9,594	-18.8%
Total Current Liabilities	1,503	1,411	6.5%
Total Non-Current Liabilities	576	604	-4.6%
Total Liabilities	2,079	2,015	3.1%
Net Assets	5,714	7,579	-24.6%
Total Equity	5,714	7,579	-24.6^

Balance Sheet reflects TrafficGuard investments

- Decrease in cash due to investments in research & development, technical staff, sales personnel and marketing initiatives to scale TrafficGuard
- Decline in non-current assets mainly reflects depreciation of right of use assets and office equipment
- Increase in current liabilities reflects higher trade payables and employee liabilities as the Company's contracts scale and workforce expands
- Reduction in non-current liabilities relates to the Group's lease liabilities

Adveritas remains well capitalised to support growth plans

TrafficGuard contracts underpinned cash receipts increase

	H1 FY21 (\$'000)	H1 FY20 (\$'000)	Growth
Receipts from customers	504	442	14.1%
Payments to suppliers and employees	(4,892)	(4,932)	-0.8%
Interest Income	9	8	12.7%
Other	510	(22)	
Net cash flows from / (used in) operating activities	(3,869)	(4,504)	
Net cash flows from / (used in) investing activities	(6)	22	
Proceeds from issue of shares	2,393	5,891	-59.4%
Other	(88)	(383)	
Net cash from / (used in) financing activities	2,305	5,508	-58.1%
Cash and cash equivalents	6,719	3,062	119.4%

Strong cash balance supports growth initiatives

- 14.1% increase in cash receipts reflects TrafficGuard contract growth
- Improvement in operating cash outflow reflects focus on tight cost management
- H1 FY20 cash inflow from investing mainly reflects the deferred purchase consideration received from the disposal of the performance marketing business, Mpire Network Inc

Growth strategy underpins scale-up

Global sales coverage

Sales staff locations



Enhanced global sales team

- 7 sales staff in 5 locations with global coverage
- Streamlined sales process implemented during the period, with priorities split into specific verticals requiring a minimum number of leads, trials and conversions per quarter
- Highly accomplished sales executive Matt Sutton appointed Chief Revenue Officer in January 2021
Improved sales approach is resulting in a huge number of companies commencing TrafficGuard trials – bodes well for strong growth in the near term

Multiple growth drivers

Adveritas is leveraging all growth drivers to boost sales



Freemium

Mass marketed offering. Any company using Google PPC advertising is a Freemium prospect

Significant scaling of freemium customers



Online Sales

Increase marketing channels including Facebook, Google Ads, retargeting.

Increasing awareness of TrafficGuard's holistic solution



Direct Sales

Increase Direct sales reps to build enterprise level funnel and increase conversion.

Relationships being utilised to cross-sell and up-sell



Sector Education

Increase whitepapers, conferences, thought leadership, customer case studies.

Successful case studies leveraged to win additional clients



Public Relations

Increase awareness of the problem and the TrafficGuard solution.

Substantial industry recognition with multiple awards



Strategic Sectors

Directly targeting specific high spending verticals – Insurance, pharmaceutical, on demand services, fintech, banks, online market places, ecommerce.

Multiple high value multibillion dollar companies undertaking trials

Marketing initiatives increasing TrafficGuard's awareness

Considerable investments made into PR to increase awareness of the TrafficGuard solution

- PR initiatives have led to greater awareness & credibility of TrafficGuard and have resulted in 53 media placements including 9 bylines
- Coverage in reputable & relevant trade titles including Forbes, emarketer.com, The Drum among many others

Increased awareness being recognised with Multiple Awards

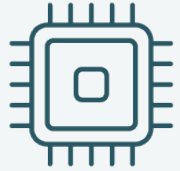
- TrafficGuard placed 8th on *The Australian Financial Review Most Innovative Companies* technology list
- Named Most Effective Anti-Fraud Solution at the *2020 Effective Mobile Marketing Awards*
- TrafficGuard won the MarTech Breakthrough Award for Best PPC Optimisation Platform

Winning awards increases market visibility that is leveraged by the sales team to drive sales growth.



Leveraging strategic partnerships

- Groups that can introduce TrafficGuard to large numbers of clients are potential Strategic Partners
- Examples include ad agencies, Resellers, banks, accounting firms, large enterprises
- Ad agency MCN Media Brands is a partner that has commenced onboarding clients
- **Sales leverage through third party sales can be transformational to Adveritas' revenue**



Ecommerce players

- Large amounts of clients globally.
- TrafficGuard has now integrated with Shopify.
- Mass marketing will target Ecommerce owners.

Google

- TrafficGuard is in advanced discussions with Google for a strategic partnership.
- Good client relationships.
- Act as good advisors to clients.
- TrafficGuard shortly to be on the Google Market Place.

Resellers

- Transformational opportunity as they have a wide range of customers to market to.
- TrafficGuard currently in talks with many resellers to market our Google PPC product

AD AGENCIES

- Often the client requires the ad agency to use TrafficGuard, which opens its other clients also.
- Agencies can be engaged as a reseller

Integrations to increase addressable market

Integrations offer fast scaling opportunities

- Currently integrated with Google for Pay-per-click (PPC) advertising product
- New integrations will offer the potential for Adveritas to substantially increase the level of service it provides its current customers (up-selling) and drive new sales to other PPC platforms
- Integrations massively broaden Adveritas' total addressable market for PPC product beyond Google

TrafficGuard is currently planning for integrations with several of the world's most visited websites – all have multi-billion dollar PPC advertising models



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Strong outlook for H2 FY21

trafficguard 

Rapidly growing customer base to underpin growth

Expanding sales pipeline across gaming, cryptocurrency, insurance and online retail verticals

- Pipeline centred around opportunities with large national and global businesses with long term requirement to optimise return on advertising spend

In negotiations globally with several enterprise level clients currently trialling TrafficGuard

- We expect to convert several of these trials into paying customers during the second half

Significant cross-sell and up-sell opportunities

- Cross-selling Google PPC into mobile app install anti-fraud SaaS solutions
- Up-selling existing clients into larger data-usage contracts as they scale their ad spend

Investing in sales team to further scale customer growth

- Matt Sutton appointed Chief Revenue Officer in January to further expand TrafficGuard's reach in global markets

New clients signed in H1 to provide full 6 months of revenue in H2

New PPC integrations to significantly increase total addressable market

- massively broadens market for PPC product beyond google to include several of the world's most visited websites

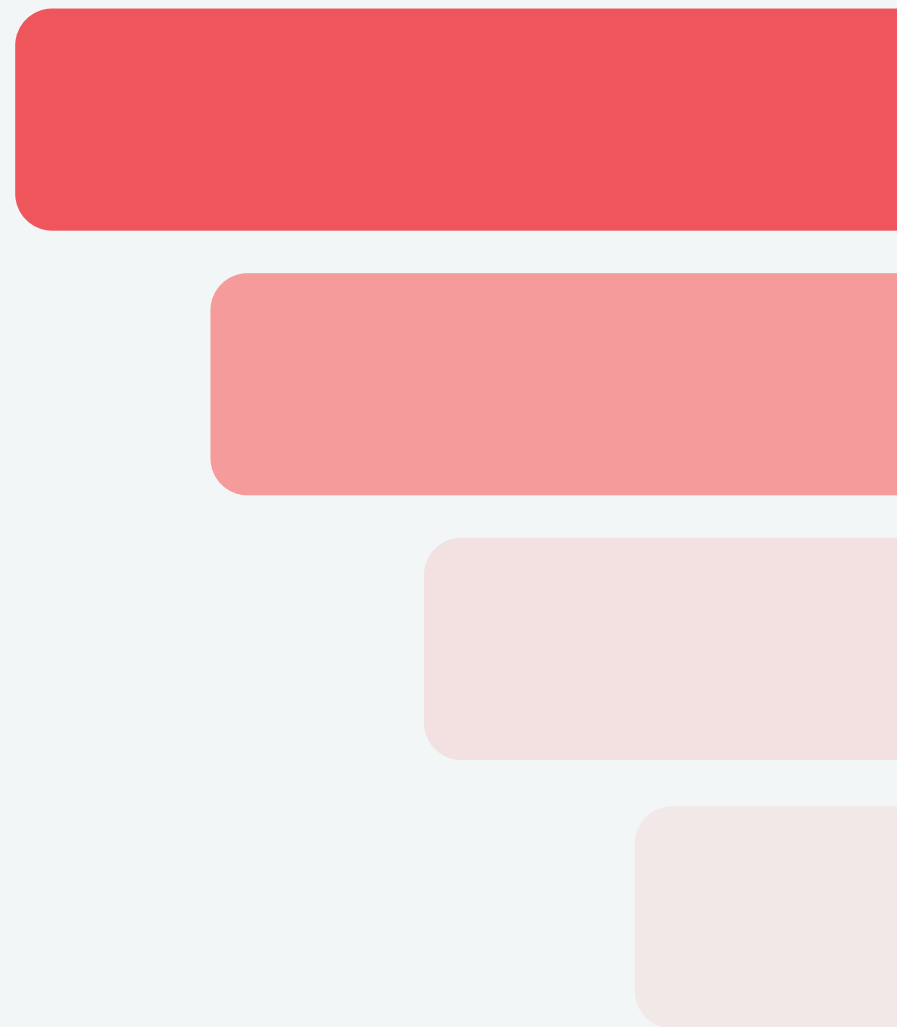
Appendices

Full funnel. Full potential.

TrafficGuard is the world's first full funnel measurement, verification and fraud prevention solution for digital advertising.

Operating in real time across all digital channels, TrafficGuard targets invalid traffic before it reaches your ad budget.

Using TrafficGuard, marketers, agencies and ad networks unlock the best advertising performance and protect the integrity of their data used for optimisation.



Advertising fraud – a massive global problem

Ad fraud has massive direct and indirect costs for the global digital advertising ecosystem

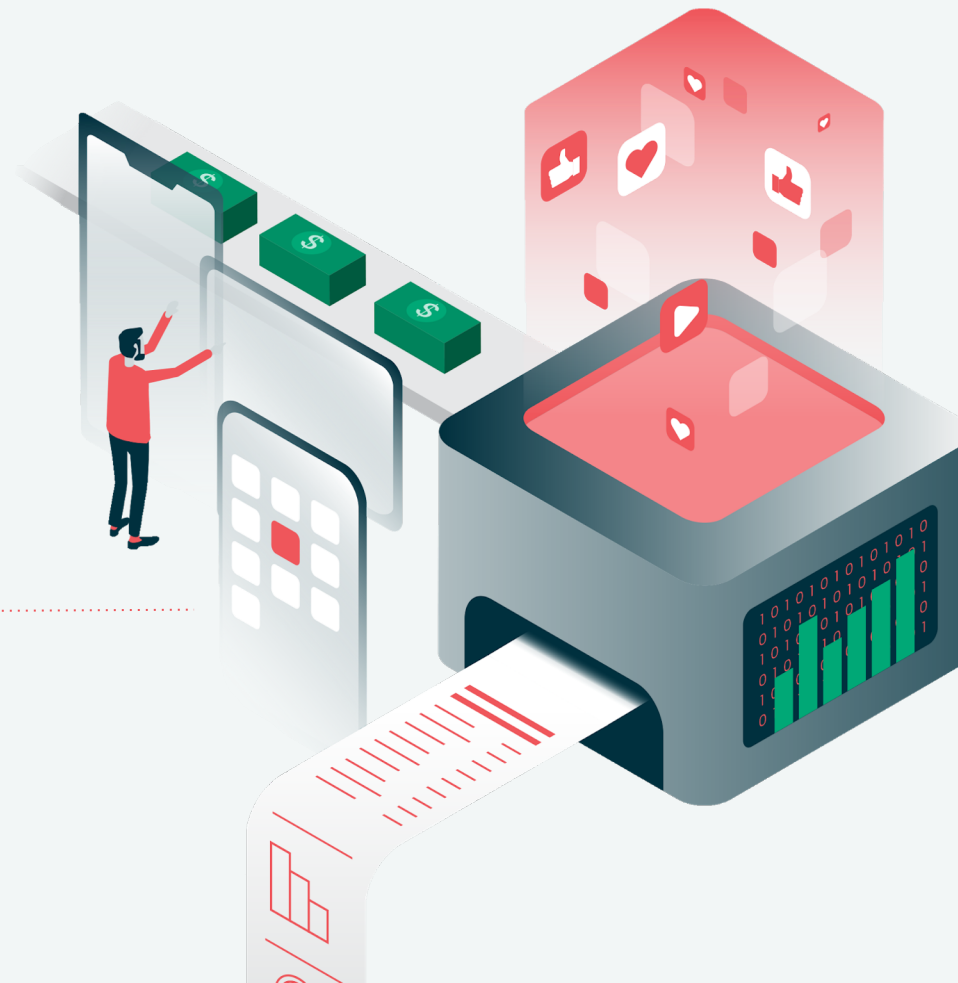
Direct costs

\$42 billion

loss to ad fraud in 2019 by
advertisers globally*

1 in 10

app installs worldwide will not be
from genuine users by 2022*



The true cost of ad fraud

Indirect costs

Indirect costs of ad fraud impact the entire digital advertising ecosystem

Continued investment in sources of fraud

Downstream media costs
Traffic sources may unwittingly pay for fraud before it is identified

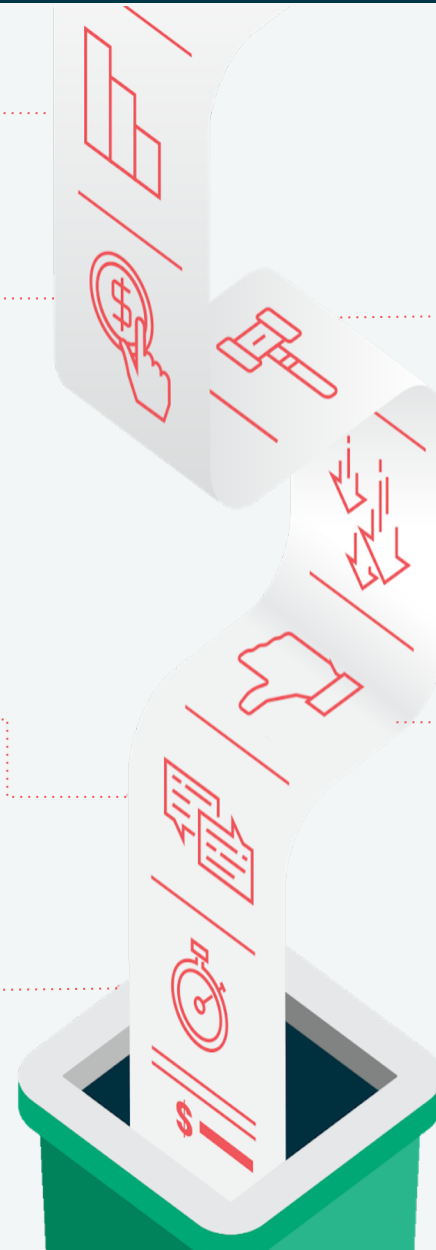
Media volume negotiations
Among other costs, reconciling media volumes is time consuming

Opportunity cost
Spending time, money and resources reacting to fraud

Threat of litigation
Unresolved disputes about the presence of ad fraud adds unnecessary risk

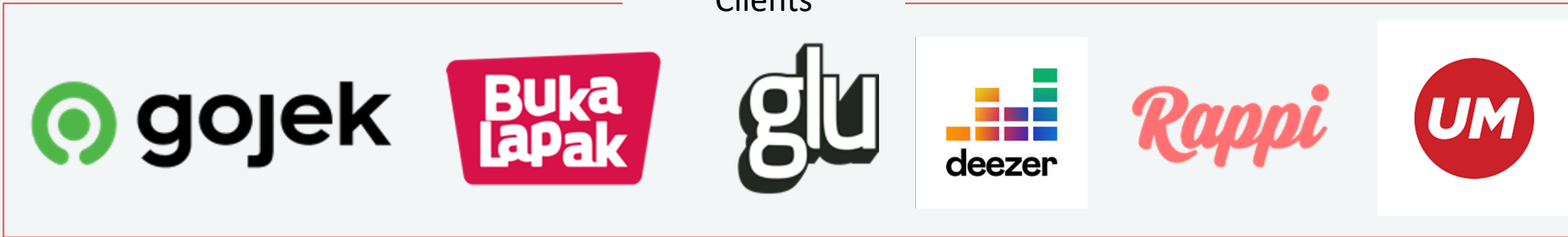
Restricted optimisation
Inaccurate representation of traffic stops a campaign reaching its full potential

Damage to reputation
A lack of transparency can lead to a breakdown of trust and lost clients



Invalid Traffic Specialists

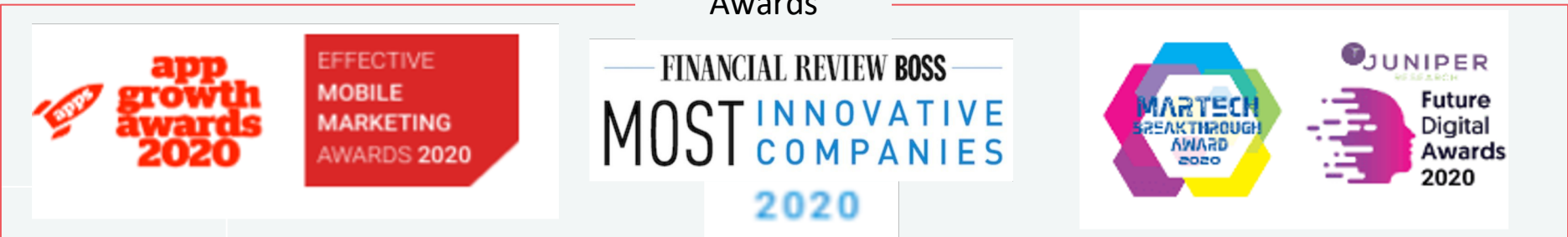
Clients



Integrated Partners



Awards



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Definition of invalid traffic

Invalid traffic includes any clicks, impressions or conversions that may artificially inflate an advertiser's costs or a publisher's earnings. Invalid traffic covers intentionally fraudulent traffic as well as accidental or unintentional clicks.

Invalid traffic is generally categorized into two main groups as defined by IAB/MRC

General invalid traffic

Known Data Center Traffic

Bots, spiders and other crawlers

Activity-based filtration

Non-browser user-agent headers or unknown browsers

Pre-fetch or browser pre-rendered traffic

Sophisticated invalid traffic

Bots and crawlers pretending to be legitimate users

Hijacked devices and user sessions

Invalid proxy traffic

Adware and malware

Incentivized manipulation of measurements

Falsely represented sites and ads

Cookie stuffing

Manipulation or falsification of location data

Invalid Traffic goes beyond Fraud and Bots

Invalid traffic includes, but is not limited to:

Wrong Audience

Ads that are shown to the wrong audience

Accidental Engagement

Users accidentally engaging with ads

Unviewable Ads

Ads that cannot be seen by the user. Ad stacking or impressions not meeting MRC standards

Navigation via ads

Users that navigate through search ads oblivious to the fact they are clicking on advertising.

Non-human engagement

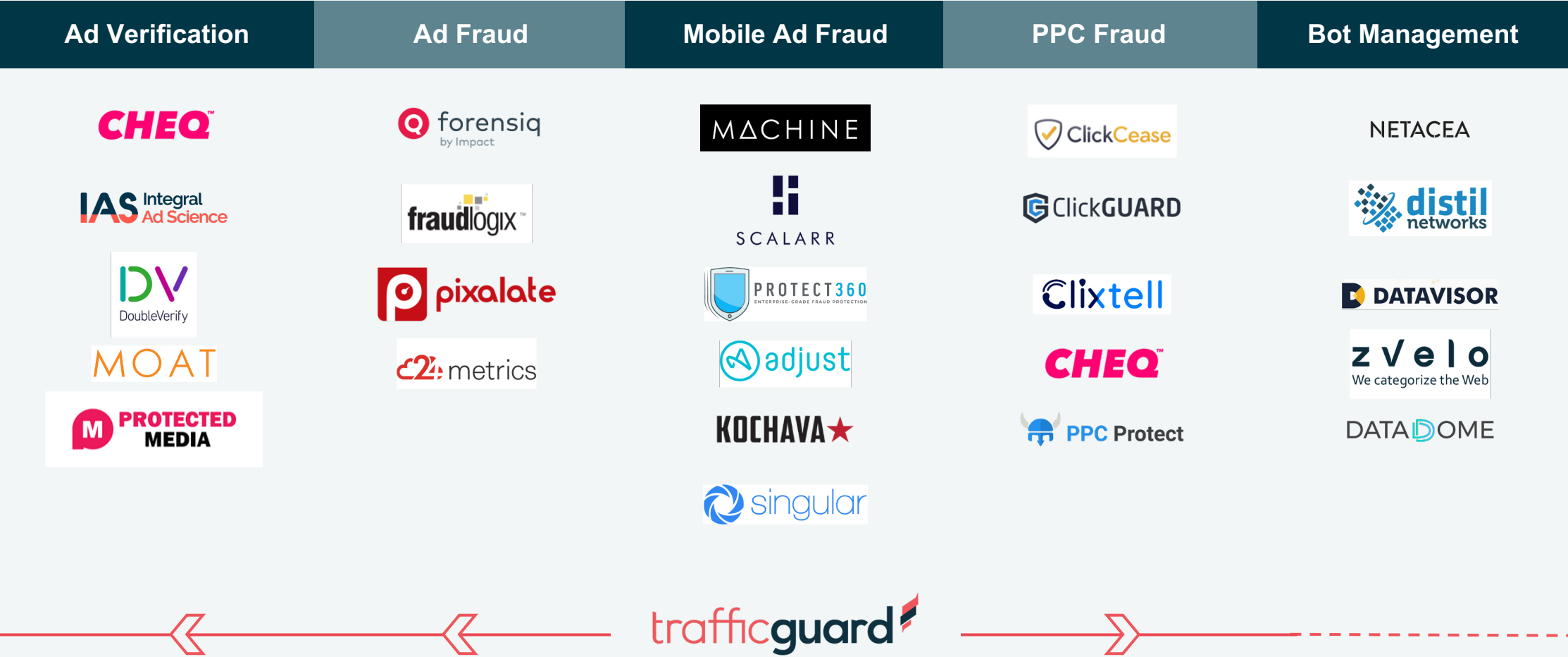
Advertising engagement that is non-human - caused by bots, crawlers, malware and SDK spoofing

Engagement without intent

Engagement with your ads when there is not interest in your product e.g. App Install Farms

Full funnel approach to solving ad fraud

TrafficGuard's unique holistic, "one-stop shop" solution is based on proprietary big data sets accumulated through 10+ years of operations



Personal use only

Find and remove invalid traffic and use real data to optimise media spend

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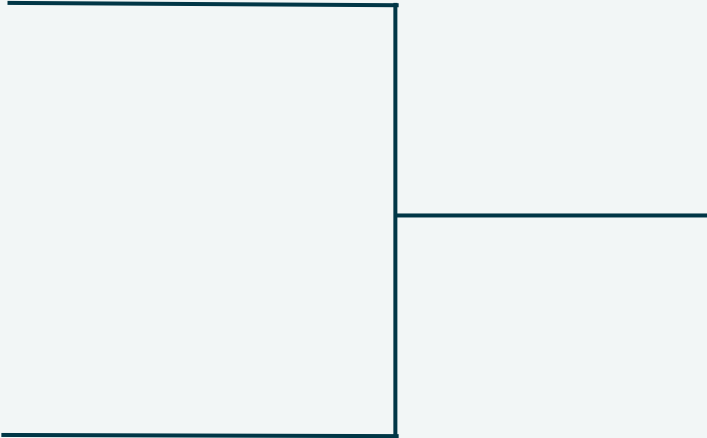
Automated removal of IVT

- Pre-bid optimisation
- Pre-attribution
- Attribution verification
- Natural optimisation



Discovery and actionable insights

- Optimising using verified data
- Improved supply quality
- Custom validations
- Accurate & timely data available to all stakeholders



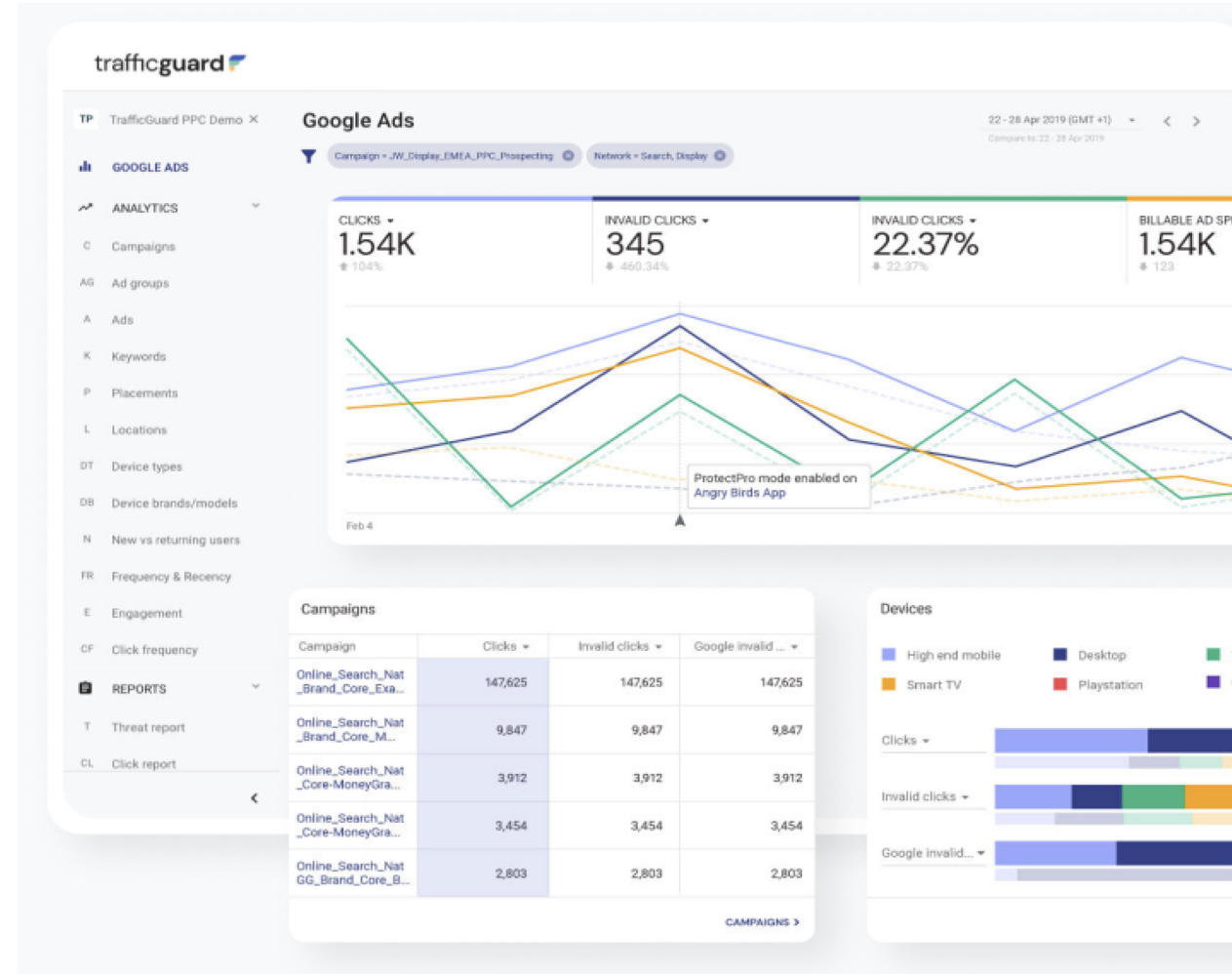
Exponential Increase in Customer Value

Activating budget previously wasted on Invalid Traffic

Transparency that drives performance

Get complete visibility into invalidation reasons to foster trust in TrafficGuard's decisioning. Say goodbye to the blackboxes your used to!

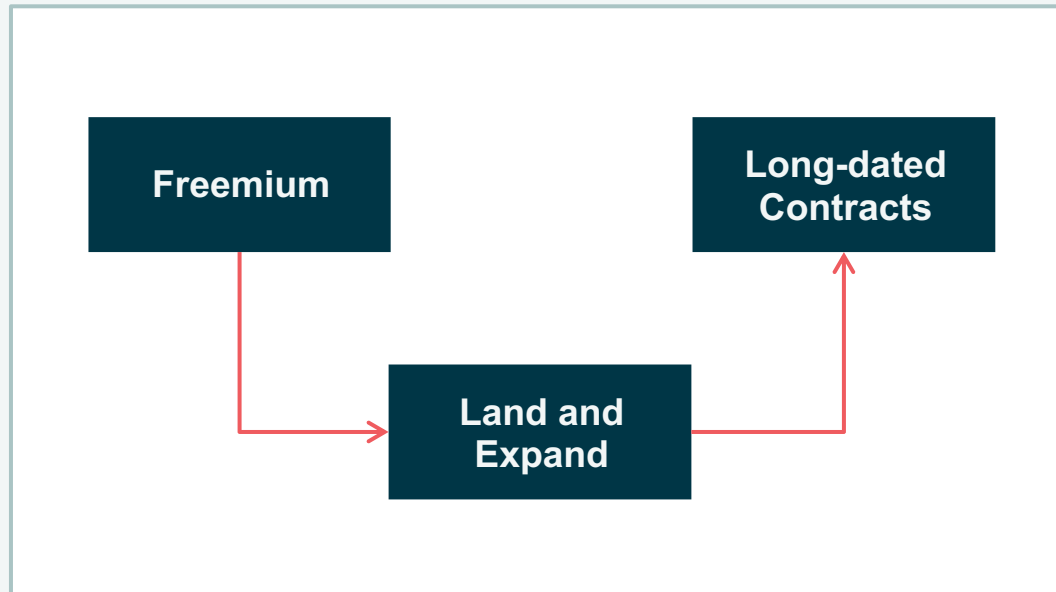
Clients have the ability to share dedicated reporting with external stakeholders - Traffic sources are just as reliant on timely and accurate data as the advertiser. By exposing dedicated reporting of their traffic through TrafficGuard, those sources can optimise campaigns more effectively and drive better performance for our mutual client



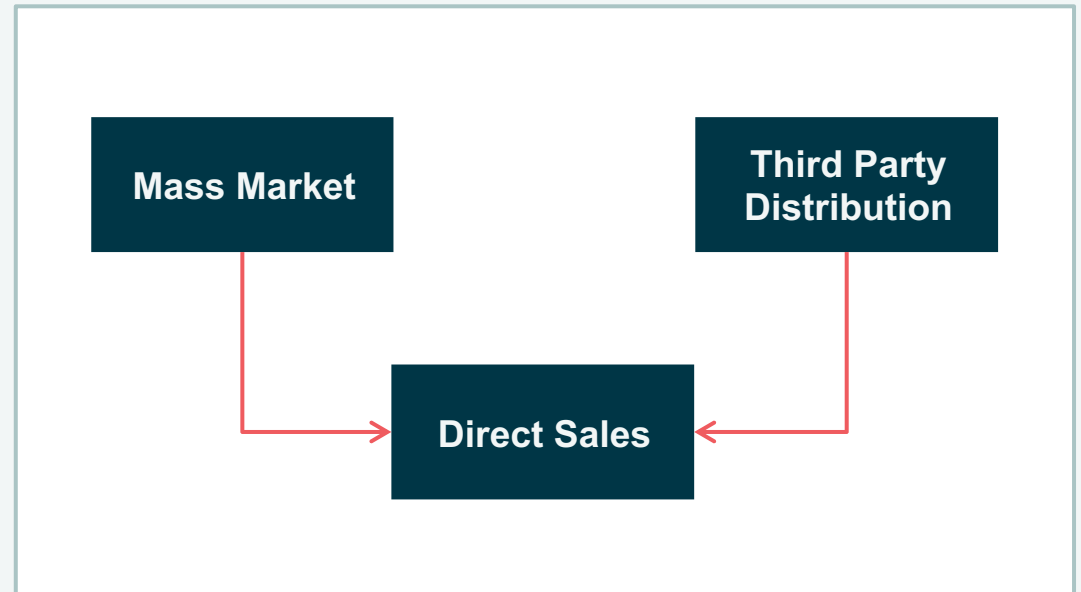
3 X 3 sales model

Both “land and expand” and long-dated contracts have been proven to work for Adveritas.
The launch of Freemium (fraud detection only) model is increasing the sales pipeline.

Three Sales Models



Three Paths To Market



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Investor enquiries



This presentation has been approved by the Board of Directors of Adveritas Limited.

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