

ASX RELEASE (ASX: AV1)

19 July 2022

**ADVERTITAS DELIVERS RECORD \$2.51M ANNUALISED REVENUE ,
UP 145% YOY**

QUARTERLY ACTIVITIES REPORT FOR THE JUNE 2022 QUARTER

Q4 FY22 highlights (vs Q4 FY21):

- **Annualised revenue at 30 June 2022 of circa \$2.51 million, up 145% over the 12 months since 30 June 2021**
- **Revenue for the quarter up 87% to \$599k (compared to Q4 FY21)**
- **Cash receipts for the quarter up 261% to \$610k (compared to Q4 FY21)**
- **Key enterprise clients in the banking, technology, entertainment and betting sectors were signed in the quarter**
- **First sales achieved through Google Cloud Marketplace, providing circa \$210k of annualised revenue**
- **TrafficGuard's second product (mobile app anti fraud offering) added to Google Cloud Marketplace during the quarter**
- **Continued growth in revenue leading indicators such as new trials, cross sell opportunities to existing customer and Freemium subscribers**
- **\$3 million raised through issue of convertible notes underpins healthy pro-forma cash balance of \$6.2 million (once R&D grant of \$1.15 million is received)**

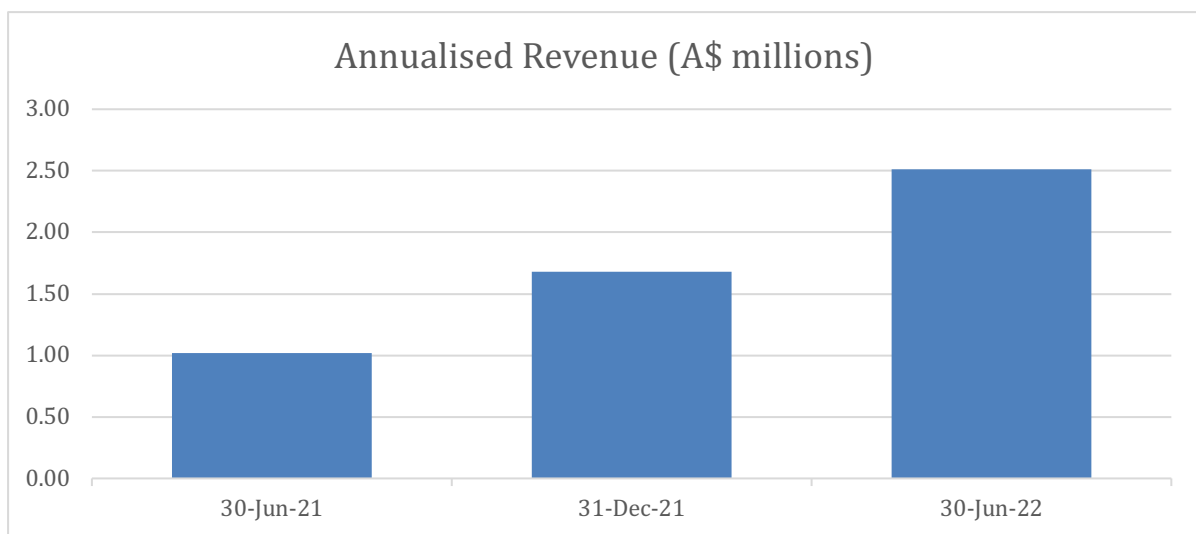
Adveritas Limited (ASX: AV1) (Adveritas or the Company) is pleased to provide its quarterly activities report for the three months ended 30 June 2022 (Q4 FY22).

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Revenue and customer base continues to scale

Several industry leading clients across the betting, banking, technology and entertainment sectors signed up to TrafficGuard during Q4 FY22.

Annualised revenue at 30 June 2022 was up 37% since 31 March 2022 to a record \$2.51 million, and up 145% YoY. This growth was underpinned by new customer contracts acquired by the direct sales team and through the Google Cloud Marketplace.



Commenting on Adveritas' Q4 FY22 performance, Co-founder & CEO Mat Ratty said:

"Our global sales team has been successfully executing on our pipeline, delivering strong revenue growth and a record \$2.51 million annualised revenue, while our marketing team has been further increasing the product and brand awareness amongst enterprises in our key verticals, which is scaling new revenue opportunities. We also focused on utilising key channel partnerships to grow our client base, which culminated in our first sale via the Google Cloud Marketplace in May. TrafficGuard has received significant interest from other enterprises since we launched our tactical Go to Market strategy, and as a result, we expect to see our growth rate further increase in upcoming quarters."

Google Cloud Marketplace and direct sales underpin growth

In April, the Company's Google Cloud Marketplace Go-To-Market strategy was launched, driving significant interest from large enterprises. The TrafficGuard solution is being actively promoted by Google Cloud's independent software vendors and Partner Sales teams to key Google Cloud Platform customers.

The Google Cloud Marketplace lets users quickly deploy value added software solutions like TrafficGuard that run on the Google Cloud Platform, significantly reducing the legal and procurement timelines usually experienced with enterprise level contracts.

TrafficGuard's mobile solution, utilised by multiple Unicorn clients of Adveritas, has now been accepted into the Google Cloud Marketplace, following enquires by companies utilising the Marketplace. This is the Company's second product that has been successfully added and ensures that TrafficGuard is able to offer both products (PPC and Mobile app solution) to clients.

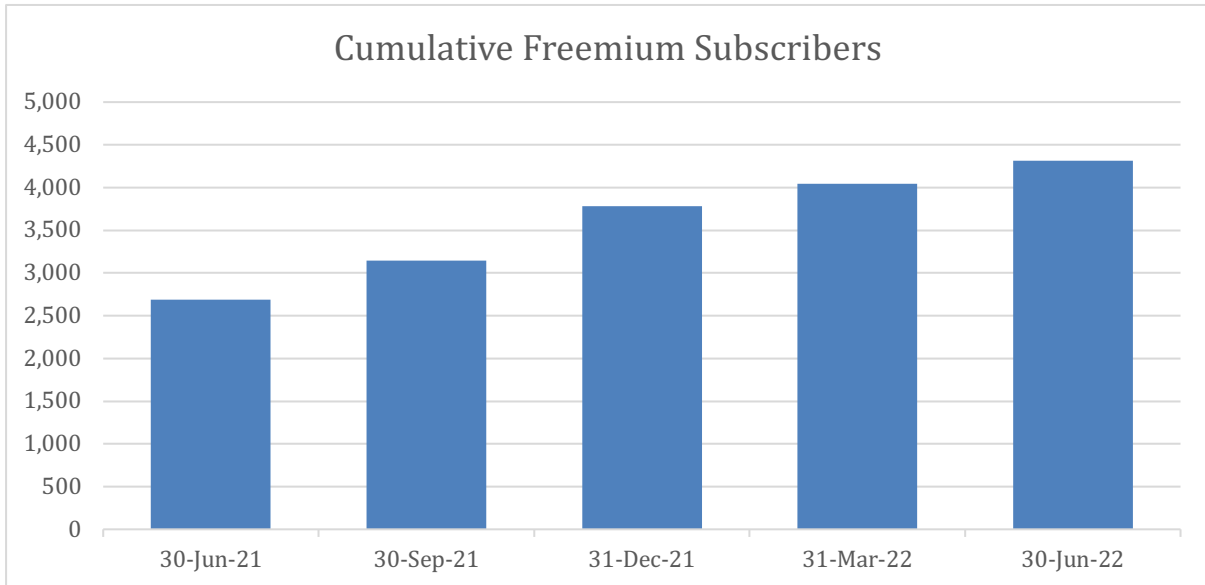
Following the early success in driving growth from the Google Cloud channel, Adveritas has built solutions that detects and prevents invalid traffic in Meta's Facebook platform, with trials being undertaken by current enterprise clients. This will provide yet another key sales channel, given the vast scale of advertising on Meta's Facebook platform by TrafficGuard's existing clients. This is the Company's first release on a social platform, with further releases on other social platforms planned for the second half of 2022.

Revenue leading indicators gaining strong momentum

A key indicator of future revenue growth is the level of Freemium subscribers. Over Q4 FY22, Freemium subscribers increased another 7% from Q3 FY22 to over 4,300. Conversion of Freemium subscribers to paying customers remained strong at approx. 11% in Q4 FY22 which was underpinned by platform UI/UX, workflow and user nurturing sequence improvements put in place by Adveritas' Chief Marketing Officer to maximise self-serve conversions.

The Freemium subscriber base provides a paying customer pipeline with significant cross and upsell potential as the Company diversifies the channels in which it operates. It also serves as a rich data set across multiple industry verticals and markets, enhancing the value of the Company's global, proprietary anti-fraud

database. During FY23, the Company will focus on an aggressive user acquisitions strategy targeting the SME market aimed at monetising its self-service product line.



Balance Sheet supports growth initiatives

in April, Adveritas raised \$3 million through the issue of convertible notes to strategic, professional and sophisticated investors. The pro-forma cash balance at 30 June was \$6.2m, inclusive of an \$1.15m R&D grant which is expected in Q1 FY23. The convertible notes offer was supported by long-term major shareholders, who have participated in previous capital raisings, as well as new investors who wanted to join the register.

The convertible notes have a two-year term, 8% per annum coupon, and a conversion price based on 80% of the Company's 90-day VWAP subject to a ceiling price of \$0.17 per share and a floor price of \$0.08 per share. The conversion can only happen at maturity and the Company has the ability to repay the loan at any time.

Funds raised from the offering strengthened Adveritas' capital position and balance sheet, supporting the acceleration of sales and marketing growth initiatives, as the Company executes on its significant growth pipeline.

Commenting on the Company's strong outlook for growth, Mr. Ratty said:

"Having grown our annualised revenue base by 145% YOY to a record \$2.51m, and signed our first sales via the Google Cloud Marketplace, we are building strong momentum for continued rapid growth. Our sales and marketing teams are working extremely closely with the Google Go to Market team to ensure accelerated growth. The Google Cloud Marketplace is an important sales channel providing strong opportunities for revenue producing contracts, combined with our direct sales force.

"We are progressing into other channels to service client needs, including Meta, to further accelerate our global roll out and with several enterprise trials in progress, we are well positioned to land our first deals via this channel. In keeping with the Company's vision of being a full funnel and omnichannel solution this puts our sales force in a strong position to upsell and cross sell other products to our ever growing client base. I look forward to updating the market on further client wins via our direct sales strategy and channel partnerships, in the months ahead."

Cash receipts

	Previous quarters				
	Jun 2022	Mar 2022	Dec 2021	Sep 2021	Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Receipts from customers	610	481	651	423	169

Cash receipts were up 261% on Q4 FY21, reflecting the growth in paying customers.

Managing cash payments

	Previous quarters				
	Jun 2022	Mar 2022	Dec 2021	Sep 2021	Jun 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Research and development	(844)	(682)	(941)	(1,196)	(822)
Product manufacturing & operating	(112)	(377)	(175)	(292)	(233)
Advertising and marketing	(257)	(283)	(113)	(148)	(365)
Staff costs	(1,334)	(1,362)	(1,254)	(1,143)	(927)
Administration and corporate	(315)	(309)	(265)	(441)	(252)
Total operating expenditure payments	(2,862)	(3,013)	(2,748)	(3,220)	(2,599)

Total expenditure payments in Q4 FY22 were largely in line with Q3 FY22 and Q2 FY22. Infrastructure costs have reduced significantly due to cost optimisations and scale. Advertising and marketing payments have slightly increased over Q3 FY22 and Q4 FY22 as the Company focuses on its integrated sales and marketing approach largely targeted at enterprise clients. Staff costs have remained consistent over Q3 FY22 and Q4 FY22, even though the Company has strengthened its technical team and has been growing its sales and marketing team to ensure continued revenue growth.

Payments to Directors during the quarter amounted to \$141k and comprised salaries and fees of \$113k (included in staff costs) and consultancy fees of \$28k (included in administration and corporate costs).

2022 Annual General Meeting – Key Dates

The Company advises that its 2022 Annual General Meeting will be held on Friday 18 November 2022 at 9.30am (WST) at the Technology Park Function Centre, 2 Brodie Hall Drive, Bentley, Western Australia.

In accordance with ASX Listing Rule 3.13.1 and clause 14.3 of the Company's Constitution, a valid nomination for the position of Director must be received by the Company not less than 30 business days before the date of the Annual General Meeting (being Friday, 7 October 2022).

Further information on the Annual General Meeting will be provided in the Notice of Annual General Meeting which will be released to ASX on or before Monday, 17 October 2022.

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

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For more information, please contact:

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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 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>

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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 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	610	2,165
1.2	Payments for		
	(a) research and development	(844)	(3,663)
	(b) product manufacturing and operating costs	(112)	(956)
	(c) advertising and marketing	(257)	(801)
	(d) leased assets	-	-
	(e) staff costs	(1,334)	(5,093)
	(f) administration and corporate costs	(315)	(1,330)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	4
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)	74	138
1.9	Net cash from / (used in) operating activities	(2,177)	(9,536)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(27)	(92)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	(3)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	101	445
	(c) property, plant and equipment	-	2
	(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	74	352

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	4,400
3.2	Proceeds from issue of convertible debt securities	3,000	3,000
3.3	Proceeds from exercise of options	-	3,594
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(29)
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	3,000	10,965

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,071	3,232
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,177)	(9,536)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	74	352
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,000	10,965
4.5	Effect of movement in exchange rates on cash held	83	38
4.6	Cash and cash equivalents at end of period	5,051	5,051

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	5,051	4,071
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)	5,051	4,071

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**

141

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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 \$113,196; and
- consultancy fees of \$28,250

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**

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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.

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

8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,177)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,051
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,051
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.3

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:

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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:

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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:

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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: 19 July 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.