ADVERITAS LIMITED

ABN 88 156 377 141

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2022

Directors

Non-Executive Chairman	Mr Stephen Belben
Managing Director and Chief Executive Officer	Mr Mathew Ratty
Non-Executive Directors	Mr Renaud Besnard Mr Mark McConnell Mr Andrew Stott

Company Secretary

Ms Susan Park

Principal and Registered Office

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Bentley WA 6102

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Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9323 2000
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Securities Exchange Listing

Adveritas Limited shares are listed on the Australian Securities Exchange (ASX: AV1)

Solicitors

Steinepreis Paganin
Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited
150 St Georges Terrace
Perth WA 6000

Auditors

Ernst & Young
The EY Building
11 Mounts Bay Road
Perth WA 6000

Contents

Reporting period

Current period:	Half-year ended 31 December 2022
Previous corresponding period:	Half-year ended 31 December 2021

Results for announcement to market

Revenue from ordinary activities	up	48%	to	$1,419,047	from	$959,969
Loss from ordinary activities after tax attributable to members	up	11%	to	($5,001,278)	from	($4,525,141)
Net loss for the period attributable to members	up	11%	to	($5,001,278)	from	($4,525,141)

Dividends

	Amount per share	Franked amount per share
Final	$ nil	n/a
Interim	$ nil	n/a

Record date for determining entitlements to dividends: n/a

Brief explanation necessary to enable the figures above to be understood

Refer to Directors' Report.

Net tangible assets

At 31 December 2022, the Company reported a net liability position of $845,515. This net liability position is predominantly due to convertible loan notes that mature in April 2024 which have a carrying amount of $3,356,668 at 31 December 2022. A derivative financial asset associated with the convertible loan notes with a carrying amount of $669,000 has also been recognised at 31 December 2022. The Company anticipates that the convertible loan notes will be converted into equity in accordance with the terms of the convertible loan note agreements and will not be redeemed in cash.

	31 December 2022	31 December 2021
Net tangible asset backing	**(0.03) cents**	1.29 cents

The net tangible asset backing calculation excludes the right of use assets and the associated lease liabilities

Other

The Company has no equity interests in any associates or joint ventures.

Accounting standards used in relation to the Company's foreign subsidiaries in compiling this financial report are the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ADVERITAS LIMITED
Directors' Report

The directors present their report together with the consolidated financial report of Adveritas Limited (**Adveritas** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the half-year ended 31 December 2022 and the independent auditor's review report thereon.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Stephen Belben (Non-Executive Chairman)
Mr Mathew Ratty (Managing Director and Chief Executive Officer)
Mr Renaud Besnard
Mr Mark McConnell
Mr Andrew Stott

PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was the provision of its TrafficGuard® SaaS (software as a service) products. TrafficGuard is the world's first full funnel measurement, verification and fraud prevention solution for digital advertising.

OPERATING AND FINANCIAL REVIEW

Sales momentum

The Group has continued with its strong growth trajectory from the last financial year, recording revenue of $1,419,047 during the current half-year period which is 48% higher than the corresponding period in the prior year. At 31 December 2022, the Group had 58 enterprise clients, up 70% from the 39 enterprise clients it had at 31 December 2021.

The three main ways that the Group's TrafficGuard products are being sold to increase revenue are:
1. through the direct sales team,
2. via land and expand contracts, where clients can be cross sold additional products, and
3. via channel partnerships.

Throughout the first half of FY23, the global sales team has been successfully executing on the Company's pipeline of potential customers whilst the marketing team has been further increasing awareness of the TrafficGuard products and brand amongst enterprises in key verticals.

Channel partnerships

Utilising channel partnerships to grow the Group's client base continued to be a key area of focus in the first half of FY23.

Towards the end of FY22, the Group built solutions that detect and prevent invalid traffic in Meta's Facebook platform. Trials are currently being undertaken by enterprise clients. Once commercialised, this product will provide another key sales channel, given the vast scale of advertising on Meta's Facebook platform by TrafficGuard's existing clients.

On the back of winning Disney Streaming services in the second half of FY22, the Group has completed an integration with the affiliate management platform used by Disney Streaming Services, Impact. This integration allows all Impact advertisers to set up and use TrafficGuard easily. There are now multiple advertisers in trial just from this one integration. The Group is working on integrating with multiple other platforms based on advertiser demand. These platforms are used by all major companies that run traffic through affiliates and opens a large number of clients for TrafficGuard.

TrafficGuard has also been successfully integrated onto RavenTrack, a leading online gaming affiliate tracking platform. RavenTrack helps brands and advertisers maximise the return on ad spend on their affiliate marketing with invalid traffic reduction and ad fraud prevention. First customer trials from this channel partnership have already begun.

As more clients come onboard through these platforms, the Group will start to explore a dedicated channel partnership program with these platforms.

Industry Recognition

The Group's TrafficGuard products have been well recognised by the industry during the first half of FY23 with a number of achievements including:

- being shortlisted for the AI Cyber Product of the Year 2022 at the National Cyber Awards,
- being a finalist for the Most Effective App Analytics Platform at the Effective Mobile Marketing Awards,
- winning the 2022 Global Digital Excellence Award for the Best Platform Technology,
- winning the 2022 Global Digital Excellence Award for the Best Software Innovation,
- winning the 2022 Mobexx Award for an Outstanding Mobile Attribution Solution,
- being nominated for the Innovation award at the iGB Affiliate Awards 2023, and
- being nominated for the Best Tech for Affiliate programs award at the iGB Affiliate Awards 2023

Capital raised to accelerate growth

In October 2022, the Group raised $2, 500,000 through a placement at $0.10 per share, a 25% premium to the Company's closing price of $0.08 on 21 October and a premium of 34% to the 15 day VWAP. The placement was supported by professional and sophisticated investors A further $500,000 is due to be received from major shareholder and Non-Executive Mark McConnell. The placement of 5,000,000 shares to Mr McConnell is subject to shareholder approval pursuant to ASX Listing Rule 10.11. A general meeting of shareholders to approve this placement is expected to be held in April 2023.

Subsequent to the half-year end, in January 2023, the Group raised $3,710,000 through a placement at 8.5 cents per share, a 13% premium to the Company's closing share price of 7.5 cents per share on 25 January 2023.

The Placement was strongly supported by both new and existing professional and sophisticated investors A further $300,000 is due to be received from Mark McConnell. subject to shareholder approval pursuant to ASX Listing Rule 10.11. The issue of 3,529,412 shares to Mr McConnell will be approved at a general meeting of shareholders to be held in April 2023.

Funds raised have strengthened the Group's capital position and balance sheet and enable the Group to focus on the following key areas

- further enhancements of the TrafficGuard products and development of features requested by customers;
- supporting customers throughout their engagement with TrafficGuard to promote up-sell and cross-sell opportunities;
- commercialising the Group's self-serve product to drive the conversion of its current Freemium subscriber base into paying customers; and
- growing channel partnerships.

Financial summary

As shown in the table below, the Group recorded a loss before tax of $4,999,619 which is approximately 10% higher than the loss before tax of $4,538,934 reported in the comparative period.

Revenue in the current period is 48% higher than that recorded in the comparative period, reflecting the growth in the Group's customer base.

During the current period, the Group received research and development grant funds of $1,979,591 for the 2021 and 2022 financial years.

The Group's operating overheads have increased by 40% from the comparative period. Key areas where costs increased include:

- Employment costs: increase of 51% on the comparative period which is due to the Group's continued investment in product, sales and marketing personnel to service the growing demand for its TrafficGuard products. Key hires that are included in the current period employment costs but not in the comparative period include the Chief Marketing Officer, the Chief Product Officer, the Head of Integrations and the Customer Success Director.
- Advertising and marketing costs: increase of 398% on the comparative period as the Company expands its efforts to increase awareness of the TrafficGuard brand and promote the features of its omni-channel service.
- Administration costs: increase of 69% on the comparative period which is largely due to higher corporate travel costs as the Company has been taking advantage of the ease in travel restrictions to visit and strengthen relationships with major global customers.

Efforts were made to reduce key overheads, resulting in server hosting costs decreasing by 36% on the comparative period. Consultancy costs declined by 76% on the comparative period which is largely due to the legal action against ClearPier Inc having been settled in December 2021.

Other expenses were significantly higher in the current period which is largely due to:
- Finance costs: the expense in the current period includes interest of $400,685 on the convertible loan notes issued in April 2022. This interest charge comprises interest of $123,920 calculated at the coupon rate in accordance with the terms of the convertible loan note agreements, and an additional interest charge of $276,766 determined in accordance with the effective interest rate method prescribed by AASB 9.
- Fair value loss of $159,000 resulting from a decrease in the fair value of the derivative embedded in the convertible loan note (refer to Note 10 for more information).

In the comparative period, expected credit losses of $564,717 were reversed as a result of settlement having been reached in the legal action against ClearPier Inc. During the current period, the remaining expected credit losses of $53,011 were released.

	31 December 2022 $	31 December 2021 $
Revenue	**1,419,047**	959,969
Research and development grant funds	**1,979,591**	-
Other income	**35,407**	22,994
Server hosting costs	**(659,328)**	(1,023,780)
Administration costs	**(500,793)**	(297,013)
Compliance costs	**(149,770)**	(136,554)
Consultancy costs	**(64,299)**	(272,049)
Employment costs	**(5,389,251)**	(3,570,381)
Occupancy costs	**(89,021)**	(54,681)
Marketing costs	**(902,373)**	(181,223)
Operating overheads	**(7,754,835)**	(5,535,681)
Reversal of expected credit losses (trade debtors)	**-**	256,487
Reversal of expected credit losses (deferred consideration)	**53,011**	308,230
Bad debt expense	**(15,055)**	(97,812)
Finance costs	**(417,716)**	(20,782)
Foreign exchange differences	**(40,245)**	11,208
Depreciation	**(88,789)**	(66,185)
Share based payments	**(11,035)**	(377,362)
Fair value loss on convertible loan note derivative	**(159,000)**	-
Other (expenses) / gains	**(678,829)**	13,784
Loss before income tax	**(4,999,619)**	(4,538,934)

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to the half-year end, the Group issued 43,647,059 shares at 8.5 cents per share to raise $3,710,000. No other event has arisen since 31 December 2022 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

ROUNDING OF AMOUNTS

Amounts in this report and the financial report have been rounded to the nearest dollar, unless otherwise indicated.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included following the Directors' Report and forms part of the Directors' Report.

DIRECTORS' AUTHORISATION

This report is made in accordance with a resolution by the Board of Directors and is signed by authority for and behalf of the directors.

Mathew Ratty
Managing Director and Chief Executive Officer
Perth, Western Australia
Dated 27 February 2023

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Building a better working world

Auditor's independence declaration to the directors of Adveritas Limited

As lead auditor for the review of the half-year financial report of Adveritas Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b) no contraventions of any applicable code of professional conduct in relation to the review; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adveritas Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Mark Cunningham
Partner
27 February 2023

ADVERITAS LIMITED

Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income

Half-year ended 31 December 2022

	Note	For the six months ended 31 December 2022 $	31 December 2021 $
Revenue from contracts with customers	4	**1,419,047**	959,969
Interest income		**15,881**	1,932
Other income	5(a)	**1,999,117**	21,062
Overheads			
Server hosting costs		**(659,328)**	(1,023,780)
Administration costs	5(b)	**(500,793)**	(297,013)
Compliance costs	5(c)	**(149,770)**	(136,554)
Consultancy costs	5(d)	**(64,299)**	(272,049)
Employment costs	5(e)	**(5,389,251)**	(3,570,381)
Occupancy costs		**(89,021)**	(54,681)
Marketing costs	5(f)	**(902,373)**	(181,223)
Expected credit losses and bad debts expense	5(g)	**(15,055)**	(97,812)
Reversal of expected credit losses (trade debtors)		**-**	256,487
Finance costs	5(h)	**(417,716)**	(20,782)
		(8,187,606)	(5,397,788)
Other Expenses			
Foreign exchange losses		**(40,245)**	11,208
Depreciation	5(i)	**(88,789)**	(66,185)
Share based payments	12	**(11,035)**	(377,362)
Reversal of expected credit losses (non-trade debtors)		**53,011**	308,230
Fair value loss on convertible loan note derivative	10	**(159,000)**	-
		(246,058)	(124,109)
Loss before income tax		**(4,999,619)**	(4,538,934)
Income tax benefit / (expense)	6	**(1,659)**	13,793
Loss for the year attributable to the members of Adveritas Limited		**(5,001,278)**	(4,525,141)
Other comprehensive income net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(4,097)**	750
Total comprehensive loss for the year attributable to the members of Adveritas Limited		**(5,005,375)**	(4,524,391)
Loss per share attributable to members of Adveritas Limited			
		Cents	Cents
Basic loss per share		**(1,10)**	(1.12)
Diluted loss per share		**(1,10)**	(1.12)

ADVERITAS LIMITED
Interim Consolidated Statement of Financial Position
31 December 2022

	Note	31 December 2022 $	30 June 2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	3,151,891	5,050,516
Trade and other receivables	8	436,146	511,961
Prepayments		341,423	238,564
TOTAL CURRENT ASSETS		3,929,460	5,801,041
NON-CURRENT ASSETS			
Plant and equipment		109,636	95,735
Right-of-use assets	9	353,688	404,215
Convertible loan note derivative	10	669,000	828,000
TOTAL NON-CURRENT ASSETS		1,132,324	1,327,950
TOTAL ASSETS		5,061,784	7,128,991
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,352,923	1,349,740
Income tax payable		792	-
Provisions		674,354	607,672
Lease liabilities	9	123,755	116,554
TOTAL CURRENT LIABILITIES		2,151,824	2,073,966
NON-CURRENT LIABILITIES			
Provisions		84,237	68,841
Lease liabilities	9	314,570	369,817
Convertible loan note liability	10	3,356,668	2,955,982
TOTAL NON-CURRENT LIABILITIES		3,755,475	3,394,640
TOTAL LIABILITIES		5,907,299	5,468,606
NET (LIABILITIES) / ASSETS		(845,515)	1,660,385
EQUITY			
Contributed equity	11	54,658,142	52,169,702
Accumulated losses		(60,652,660)	(55,651,382)
Share based payment reserve		5,121,849	5,110,814
Foreign currency translation reserve		27,154	31,251
TOTAL (DEFICIT) / EQUITY		(845,515)	1,660,385

ADVERITAS LIMITED

Interim Consolidated Statement of Cash Flows
Half-year ended 31 December 2022

	Note	For the six months ended 31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers		**1,480,276**	1,072,658
Payments to suppliers and employees		**(7,862,387)**	(5,919,333)
Research and development grant income received		**1,979,591**	-
Other income received		**16,494**	21,113
Interest received		**13,254**	1,712
Lease liability payments: interest component		**(17,030)**	(20,782)
Income tax paid		**(1,119)**	-
Net cash flows used in operating activities	7	**(4,390,921)**	(4,844,632)
Cash flows from investing activities			
Purchase of plant and equipment		**(51,619)**	(23,097)
Proceeds on disposal of plant and equipment		**60**	1,624
Deposit on leases property		**(6,613)**	(1,472)
Deferred consideration received on disposal of controlled entity		**120,824**	129,252
Net cash flows generated by investing activities		**62,652**	106,307
Cash flows from financing activities			
Proceeds from issue of shares		**2,500,000**	7,993,543
Share issue costs paid		**(11,560)**	(18,950)
Lease liability payments: principal component		**(48,046)**	(41,436)
Net cash flows provided by financing activities		**2,440,394**	7,933,157
Net (decrease) / increase in cash and cash equivalents		**(1,887,875)**	3,194,832
Cash and cash equivalents at the beginning of the period		**5,050,516**	3,231,414
Effects of exchange rate changes on cash and cash equivalents		**(10,750)**	9,791
Cash and cash equivalents at the end of the period	7	**3,151,891**	6,436,037

ADVERITAS LIMITED

Interim Consolidated Statement of Changes in Equity

Half-year ended 31 December 2022

	Contributed equity	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$
Balance at 1 July 2022	**52,169,702**	**(55,651,382)**	**5,110,814**	**31,251**	**1,660,385**
Loss for the half-year	**-**	**(5,001,278)**	**-**	**-**	**(5,001,278)**
Other comprehensive expenditure					
Foreign exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**(4,097)**	**(4,097)**
Total comprehensive loss for the half- year	**-**	**(5,001,278)**	**-**	**(4,097)**	**(5,005,375)**
Transactions with equity holders in their capacity as owners					
Ordinary shares issued	**2,500,000**	**-**	**-**	**-**	**2,500,000**
Share issue costs	**(11,560)**	**-**	**-**	**-**	**(11,560)**
Share based payments expense	**-**	**-**	**11,035**	**-**	**11,035**
	2,488,440	**-**	**11,035**	**-**	**2,499,475**
Balance at 31 December 2022	**54,658,142**	**(60,652,660)**	**5,121,849**	**27,154**	**(845,515)**
Balance at 1 July 2021	43,237,080	(46,568,582)	5,094,942	38,763	1,802,203
Loss for the half-year	-	(4,525,141)	-	-	(4,525,141)
Other comprehensive income					
Net foreign exchange differences arising on translation of foreign operations	-	-	-	750	750
Total comprehensive loss for the half- year	-	(4,525,141)	-	750	(4,524,391)
Ordinary shares issued	4,400,000	-	-	-	4,400,000
Share issue costs	(21,563)	-	-	-	(21,563)
Shares issued on conversion of performance rights	192,802	-	(192,802)	-	-
Shares issued on conversion of options	3,593,543	-	-	-	3,593,543
Share based payments expense	-	-	377,362	-	377,362
Transactions with equity holders in their capacity as owners	8,164,782	-	184,560	-	8,349,342
Balance at 31 December 2021	**51,401,862**	**(51,093,723)**	**5,279,502**	**39,513**	**5,627,154**

1. CORPORATE INFORMATION

The interim consolidated financial statements of Adveritas Limited and its subsidiaries (collectively, **the Group**) for the six months ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 27 February 2023.

Adveritas is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is in Bentley, Western Australia.

The nature of operations and principal activities of the Group are the creation of innovative software solutions that leverage big data to drive business performance. TrafficGuard, is the Group's first commercially available software as a service.

2. BASIS OF PREPARATION

a) General information

The interim consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2022.

The half-year consolidated financial statements are presented in Australian dollars.

b) Accounting policies, disclosures, standards and interpretations

Basis of preparation

The Group has not early adopted any of the accounting standards that have been issued but are not yet effective as of balance date. The Group will assess the impact of these new standards during the reporting period to which they are applicable. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2022, other than as set out below.

New standards, interpretations and amendments adopted by the Group

(i) Amendments to IAS1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments will be applied retrospectively.

The Group does not anticipate any impact on its consolidated financial statements.

(ii) Amendments to AASB 108: Definition of Accounting Estimated

An accounting policy may require items in the financial statements to be measured using information that is either directly observable or estimated. Accounting estimates use inputs and measurement techniques that require judgements and assumptions based on the latest available, reliable information.

The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

2. BASIS OF PREPARATION

b) Accounting policies, disclosures, standards and interpretations (continued)

Basis of preparation (continued)

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

The amendments will be applied retrospectively.

The Group does not anticipate any impact on its consolidated financial statements.

c) Significant estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the most recent annual financial report for the year ended 30 June 2022 for a discussion of the significant estimates and judgments.

d) Going concern

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2022, the Group incurred a net loss after tax of $5,001,278 and a net cash outflow from operating activities of $4,390,921. The cash and cash equivalents balance as at 31 December 2022 was $3,151,891. Whilst the Group's net current asset position at 31 December 2022 was $1,777,636, it reported a net liability position of $845,515. This net liability position is predominantly due to convertible loan notes that mature in April 2024 which have a carrying amount of $3,356,668 at 31 December 2022. The Company anticipates that the convertible loan notes will be converted into equity in accordance with the terms of the convertible loan note agreements and will not be redeemed in cash.

The ability of the Group to pay its trade creditors, employee entitlements, and continue its planned activities and maintain its going concern status is dependent on the Group continuing to grow revenue and raising additional funds, as required.

As at the date of this report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern by continuing to grow revenue and raising further funds as required. Subsequent to balance date, the Group issued 43,647,059 shares at 8,5 cents per share to raise $3,710,000. A further $800,000 in placement funds will be received once the issue of 8,529,412 shares to Non-Executive Director Mark McConnell is approved by shareholders at a general meeting to be held in April 2023.

There are inherent uncertainties associated with growing revenue and the successful completion of capital raisings. Should the directors not be able to manage these inherent uncertainties, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and therefore continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

3. SEGMENT INFORMATION

The Group's operating segments comprise:

- **Technology:** responsible for the development and maintenance of the Group's proprietary software offerings. These activities are conducted primarily at the Group's Australian head office and at its office in Croatia; and

- **Sales and marketing:** responsible for deploying the Group's sales and marketing initiatives and for providing ongoing customer service. These activities are carried out by sales and marketing personnel and consultants located in Australia, Singapore, England, Latin America and the United States.

Costs allocated to the Corporate segment include:
- Occupancy costs and general office administration costs for the Perth head office; and
- Employment costs relating to corporate and management team located in Perth.

The board of directors review internal management reports on a monthly basis that are consistent with the information provided in the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result, no reconciliation is required because, in aggregate, the information as presented is what is used by the board to make strategic decisions. No operating segments have been aggregated.

3. SEGMENT INFORMATION (continued)

Segment results for the half-year ended 31 December 2022	**Technology**	**Sales and marketing**	**Corporate**	**Consolidated**
	$	**$**	**$**	**$**
Revenue	**-**	**1,419,047**	**-**	**1,419,047**
Other income	**1,979,591**	**13,574**	**5,952**	**1,999,117**
Overheads	**(2,690,825)**	**(3,280,338)**	**(1,798,727)**	**(7,769,890)**
Other expenses	**-**	**-**	**(157,269)**	**(157,269)**
EBITDA	**(711,234)**	**(1,847,717)**	**(1,950,044)**	**(4,508,995)**
Reconciliation of reportable segment loss				
EBITDA	**(711,234)**	**(1,847,717)**	**(1,950,044)**	**(4,508,995)**
Interest income	**-**	**-**	**15,881**	**15,881**
Interest expense	**(8,515)**	**-**	**(409,201)**	**(417,716)**
Depreciation	**(54,298)**	**(6,618)**	**(27,873)**	**(88,789)**
Income tax expense	**-**	**(1,659)**	**-**	**(1,659)**
Loss after income tax	**(774,047)**	**(1,855,994)**	**(2,371,237)**	**(5,001,278)**

Segment results for the half-year ended 31 December 2021	**Technology**	**Sales and marketing**	**Corporate**	**Consolidated**
	$	**$**	**$**	**$**
Revenue	-	959,969	-	959,969
Other income	-	18,152	2,910	21,062
Overheads	(2,600,539)	(1,500,870)	(1,275,597)	(5,377,006)
Other expenses	-	-	(57,924)	(57,924)
EBITDA	(2,600,539)	(522,749)	(1,330,611)	(4,453,899)
Reconciliation of reportable segment loss				
EBITDA	(2,600,539)	(522,749)	(1,330,611)	(4,453,899)
Interest income	-	-	1,932	1,932
Interest expense	(13,306)	-	(7,476)	(20,782)
Depreciation	(45,064)	(1,851)	(19,270)	(66,185)
Income tax benefit		13,793		13,793
Loss after income tax	(2,658,909)	(510,807)	(1,355,425)	(4,525,141)

The following tables present assets and liabilities information for the Group's operating segments as at 31 December 2022 and 30 June 2022, respectively.

Segment assets and liabilities at 31 December 2022	**Technology**	**Sales and marketing**	**Corporate**	**Consolidated**
	$	**$**	**$**	**$**
Assets	**1,791,110**	**753,764**	**2,516,910**	**5,061,784**
Liabilities	**1,076,067**	**629,121**	**4,202,111**	**5,907,299**

Segment assets and liabilities at 30 June 2022	**Technology**	**Sales and marketing**	**Corporate**	**Consolidated**
	$	**$**	**$**	**$**
Assets	**1,855,571**	**843,034**	**4,430,386**	**7,128,991**
Liabilities	**911,335**	**484,776**	**4,072,495**	**5,468,606**

3. SEGMENT INFORMATION (continued)

Geographic information

	Consolidated For the six months ended 31 December 2022 $	31 December 2021 $
Revenue from external customers by customer location[1]:		
Australia	**173,365**	139,278
Foreign countries (refer to note 4.1.for further details)	**1,245,682**	820,691
Total	**1,419,047**	959,969
Non-current operating assets by location[2]		
Australia	**81,991**	48,104
United States	**367**	344
Asia Pacific	**15,311**	3,372
Europe	**5,089**	1,787
Other	**6,878**	7,359
Total	**109,636**	60,966

Notes:
1. Included in revenue from foreign countries is revenue arising from sales shown in the sales and marketing segment from one customer which amounted to $86,710 (31 December 2021: $146,864).
2. Non-current assets for this purpose consist of property, plant and equipment.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Consolidated For the six months ended 31 December 2022 $	31 December 2021 $
Revenue by type of goods or services		
Revenue from the sale of software as a service	**1,419,047**	959,969
Total revenue from contracts with customers	**1,419,047**	959,969
Revenue by timing of revenue recognition		
Services transferred over time	**1,419,047**	959,969
Total revenue from contracts with customers	**1,419,047**	959,969
Revenue by geographical region		
North America	**158,797**	71,659
Latin America	**116,640**	97,958
Asia Pacific	**416,354**	294,324
Australia	**173,365**	139,278
Europe	**493,663**	345,919
Other	**60,228**	10,831
Total revenue from contracts with customers	**1,419,047**	959,969

5. OTHER INCOME, OVERHEADS AND OTHER EXPENSES

This note provides a breakdown of the significant items included in 'other income', 'overheads' and 'other expenses' shown in the Interim Consolidated Statement of Profit and Loss and Other Comprehensive Income.

		Consolidated	
		For the six months ended	
		31 December 2022 $	31 December 2021 $
(a)	**Other income**		
	Research and development grant [1]	**1,979,591**	-
	Miscellaneous income	**19,526**	21,062
		1,999,117	21,062
(b)	**Administration costs**		
	IT costs	**217,899**	185,509
	Office and general administration costs	**153,117**	106,606
	Corporate travel	**129,777**	4,898
		500,793	297,013
(c)	**Compliance costs**		
	Accounting fees	**10,618**	5,247
	ASX compliance fees	**63,507**	76,704
	Audit and tax compliance fees	**72,863**	54,040
	Regulatory body fees	**2,782**	563
		149,770	136,554
(d)	**Consultancy costs**		
	Legal fees	**80,163**	129,046
	Reversal of legal fees over accrued in a prior period	**(175,431)**	-
	Recovery of legal fees under legal settlement agreement	**(93,176)**	-
	Investor relations	**30,420**	45,490
	Other	**222,323**	97,513
		64,299	272,049
(e)	**Employment costs**		
	Salaries and wages	**4,207,679**	2,962,584
	Ancillary employment costs	**758,018**	445,011
	Other	**423,554**	162,786
		5,389,251	3,570,381
(f)	**Marketing costs**		
	Advertising and marketing materials	**282,070**	126,701
	Public relations	**323,416**	37,439
	Travel, entertainment, trade shows and events	**296,887**	17,083
		902,373	181,223
(g)	**Expected credit losses and bad debt expense**		
	Trade receivables: bad debt expense	**15,055**	97,812
(h)	**Finance costs**		
	Interest expense on lease liabilities (Note 9)	**17,030**	20,782
	Interest on convertible loan notes (Note10)	**400,686**	-
		417,716	20,782

5. OTHER INCOME, OVERHEADS AND OTHER EXPENSES (continued)

	Consolidated For the six months ended 31 December 2022 $	31 December 2021 $
(i) Depreciation		
Depreciation of property, plant and equipment	**38,262**	15,658
Depreciation of right-of-use asset	**50,527**	50,527
	88,789	66,185

Notes
1. Research and development grant income is received from the Australian government in relation to qualifying research and development activities carried out within Australia. Grant income is recognised when the funds are received whilst research and development expenses are recognised when incurred. The grant income relating to FY21 and FY22 research and development activities were received in the six months ended 31 December 2022.

6. INCOME TAX EXPENSE

	Consolidated For the six months ended 31 December 2022 $	31 December 2021 $
Major components of income tax expense for the period are:		
Current income tax		
Current income tax (charge) / benefit	**(1,659)**	13,793
Over provision of income tax liability in prior year	**-**	-
Deferred income tax		
Deferred income tax charge relating to origination and reversal of temporary differences	**-**	
Income tax (expense) / benefit reported in income statement	**(1,659)**	13,793

Reconciliation

The Group calculates the income tax for the period using the tax rate that would be applicable to the expected total annual earnings. A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period is as follows:

6. INCOME TAX EXPENSE (continued)

	Consolidated For the six months ended 31 December 2022 $	31 December 2021 $
Accounting loss before tax	**(4,999,619)**	(4,538,934)
Income tax benefit at the statutory income tax rate of 25% (2021: 27.5%)	**1,249,905**	1,248,207
Adjusted for:		
Over provision for income tax in a prior year	**-**	13,793
Non-deductible share-based payment expenses	**(2,759)**	(103,775)
Non-deductible fair value loss on convertible loan note derivative	**(39,750)**	-
Non-deductible effective interest on convertible loan notes	**(69,191)**	-
Other non-deductible expenses	**(5,756)**	(3,817)
Non-assessable grant income	**494,898**	-
Tax losses utilised	**6,694**	-
Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations	**(2,125)**	10,312
Tax losses and temporary differences not recognised as a deferred tax asset	**(1,633,575)**	(1,150,927)
Income tax (expense) / benefit	**(1,659)**	13,793

7. CASH AND CASH EQUIVALENTS

	Consolidated 31 December 2022 $	30 June 2022 $
Cash at bank, on hand and in electronic money accounts	**3,151,891**	5,050,516

Cash at bank and on hand earns interest at floating rates based on daily at call bank deposit and savings rates.

8. TRADE AND OTHER RECEIVABLES

	Consolidated 31 December 2022 $	30 June 2022 $
CURRENT		
Trade receivables (a)	**382,718**	409,423
Allowance for expected credit losses (b)	**(58,861)**	(58,861)
Net trade receivables	**323,857**	350,562
Deferred consideration receivable	**-**	123,283
Allowance for expected credit losses (b)	**-**	(55,470)
Net deferred consideration receivable	**-**	67,813
Income tax refund receivable	**7,533**	7,281
Sundry receivables	**19,779**	16,483
Deposits	**46,904**	40,291
GST receivables	**38,073**	29,531
Other receivables	**112,289**	93,586
	436,146	511,961

8. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

Trade receivables are amounts due from customers for the sale of the Group's software as a service. Trade receivables are generally due for settlement within 30-60 days and are therefore classified as current assets. The Group's accounting policies for trade receivables are outlined in Notes 2(k) and 2(s) of the Group's annual financial statements for the year ended 30 June 2022.

(b) Allowance for expected credit losses

The movement in the allowance for expected credit losses is set out below:

	Consolidated	
	31 December 2022 $	**30 June 2022 $**
Allowance for expected credit losses: trade receivables		
Opening balance	**58,861**	256,487
Reversal of expected credit losses recognised in prior period[1]	**-**	(256,487)
Allowance for expected credit losses recognised in current period	**-**	59,220
Impact of movement in foreign exchange rate	**-**	(359)
Closing balance	**58,861**	58,861
Allowance for expected credit losses: deferred consideration		
Opening balance	**55,470**	567,869
Reversal of expected credit losses recognised in prior period[1]	**(53,011)**	(512,399)
Impact of movement in foreign exchange rate	**(2,459)**	-
Closing balance	**-**	55,470

Notes:

1. During the prior year, the Group reached a settlement agreement with Mpire Network Inc and ClearPier Inc regarding the balances owing to the Group following the sale of Mpire Network Inc on 31 July 2018. The allowance for expected credit losses recognised in a prior year in relation to trade receivables and the deferred consideration owing by Mpire Network Inc and ClearPier Inc have now been reversed as the outstanding balances have been paid in full.

(c) Fair values of trade and other receivables

The fair value of trade and other receivables is assumed to approximate their carrying amounts due to their relatively short-term in nature.

(d) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 18 of the Group's annual financial statements for the year ended 30 June 2022.

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group is the lessee in lease contracts for office premises and various items of office equipment. Leases of office premises generally have lease terms of between 1 and 10 years, while office equipment generally has a lease term between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

In the case of leases of office premises and low value office equipment with lease terms of 12 months or less, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions under AASB 16 on leases. In the case of leases of office premises with lease terms over 12 months, the Group has recognised a right-of-use asset and an associated lease liability.

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

9. RIGHT OF USE ASSETS (continued)

	Consolidated	
	31 December 2022 $	**30 June 2022 $**
Office Premises		
Opening balance	**404,215**	505,268
Depreciation expense	**(50,527)**	(101,053)
Closing balance	**353,688**	404,215

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	Consolidated	
	31 December 2022 $	**30 June 2022 $**
Lease Liabilities		
Opening balance	**486,371**	572,060
Interest expense	**17,030**	41,563
Lease payments	**(65,076)**	(127,252)
Closing balance	**438,325**	486,371
Current lease liabilities	**123,755**	116,554
Non-current lease liabilities	**314,570**	369,817
	438,325	486,371

The following are the amounts recognised in profit or loss in relation to leased assets:

	Consolidated For the six months ended	
	31 December 2022 $	**31 December 2021 $**
Right-of-use-assets		
Depreciation of right-of-use-assets	**50,527**	50,526
Interest expense on lease liabilities associated with right-of-use-assets	**17,030**	20,782
Short term or low value asset leases		
Included in occupancy costs		
Rent expense - short-term lease	**69,034**	33,813
Included in administration costs		
Rent expense - low-value assets	**-**	750
Total amount recognised in profit or loss	**136,591**	105,871

The Group had total cash outflows for leases of $65,076 in the current period (2021: $62,218).

The Group has a lease contract that includes extension and termination options. The extension option was exercised on 1 July 2021. Options of these nature are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercised significant judgement in electing to exercise the extension option and will exercise judgement in considering whether the termination option is likely to be exercised.

10. CONVERIBLE LOAN NOTE

During the prior year, the Company issued 3,000,000 convertible notes each with a face value of $1 to raise $3,000,000. The loan notes have a maturity date of 12 April 2024, at which point they will be automatically converted into fully paid ordinary shares in the Company. 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, carry no right to participate in any offering of securities by the Company or the right to vote any a general meeting of the Company.

The convertible notes are not transferable without prior written consent of the Company.

Interest

Interest accrues on the convertible notes at the rate of 8% per annum from the date of issue of the convertible notes up to (but excluding) the date on which the convertible notes are converted or redeemed. Interest is capitalised at the end of each calendar quarter and is to be satisfied in arrears upon the earlier of the redemption or conversion of the convertible notes.

Where the convertible notes are converted into ordinary shares, the accrued interest will be fully satisfied through the issue of conversion shares at the conversion price.

Where the convertible notes are redeemed, 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 all accrued unpaid interest, 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.

Convertible loan note derivative

The fact that there is a maximum conversion price of $0.17 and a minimum conversion price of $0.08 creates an embedded derivative feature within the convertible loan notes that is required to be recognised separately. The convertible loan note derivative was initially recognised at fair value and is adjusted to reflect the carrying amount of the convertible debt at each reporting date, with subsequent changes to the fair value being recognised in the profit and loss.

Set out below is the carrying amount of the convertible loan note derivative and the movements during the period:

	Consolidated	
	31 December 2022 $	**30 June 2022 $**
Carrying amount at beginning of period	**828,000**	-
Fair value on recognition	**-**	(86,100)
Fair value (loss) / gain recognised in the period	**(159,000)**	914,100
Carrying amount at period end	**669,000**	828,000

Effective interest rate

In accordance with AASB 9, the Group is required to determine the effective interest rate applicable to the convertible loan notes and apply that effective interest rate such that the carrying amount of the convertible loan note at maturity is equal to its fair value, being the aggregate of the face value of the loan notes, the interest capitalised thereon and the conversion premium arising from the fact that the conversion price will be 80% of the 90-day VWAP, subject to minimum and maximum conversion prices.

The Group has determined the effective interest rate to be 21.3%. An additional interest charge of $276,766 has been recognised in addition to interest of $123,920 determined in accordance with the terms of the convertible loan note agreements.

10. CONVERIBLE LOAN NOTE (continued)

Set out below is the carrying amount of the convertible loan note liability and the movements during the period:

	Consolidated	
	31 December 2022 $	30 June 2022 $
Opening balance	**(2,955,982)**	-
Fair value on recognition	**-**	(2,913,900)
Interest capitalised in accordance with the convertible loan note instruments	**(123,920)**	(42,082)
Amortisation of conversion premium	**(276,766)**	-
Carrying amount at period end	**(3,356,668)**	(2,955,982)

The following are the amounts recognised in profit or loss in relation to the convertible loan notes and the convertible loan note derivative:

	Consolidated For the six months ended	
	31 December 2022 $	31 December 2021 $
Other expenses		
Fair value loss on convertible loan note derivative	**(159,000)**	-
Finance costs		
Interest recognised in accordance with the convertible loan note instruments	**(123,920)**	-
Amortisation of conversion premium	**(276,766)**	-
Total effective interest expense	**(400,686)**	-
Total amount recognised in profit or loss	**(559,686)**	-

11. CONTRIBUTED EQUITY

(a) Issued capital

	Consolidated	
	31 December 2022 $	30 June 2022 $
Ordinary shares, fully paid	**54,658,142**	52,169,702

(b) Movements in share capital

	31 December 2022		30 June 2022	
	Number	$	Number	$
Shares on issue at beginning of period	**445,108,505**	**52,169,702**	358,923,075	43,237,080
Shares issued on exercise of performance rights	**-**	**-**	6,250,000	964,885
Shares issued on exercise of listed options	**-**	**-**	35,935,430	3,593,543
Shares issued to sophisticated and professional investors pursuant to a placement at $0.10 per share	**25,000,000**	**2,500,000**	44,000,000	4,400,000
Share issue costs		**(11,560)**	-	(25,806)
Shares on issue at end of period	**470,108,505**	**54,658,142**	445,108,505	52,169,702

11. CONTRIBUTED EQUITY (continued)

(c) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

12. SHARE BASED PAYMENTS

The share-based payments expense recognised during the period is comprised as follows:

	31 December 2022		31 December 2021	
	Number granted	**$**	**Number granted**	**$**
Vesting of performance rights: class S[1]	**-**	**-**	-	180,303
Vesting of performance rights: class T[1]	**-**	**-**	-	43,278
Vesting of performance rights: class U[1,2]	**-**	**(58,491)**	20,500,000	266,818
Performance rights lapsed (class S)[3]	**-**	**-**	-	(113,037)
Performance rights granted (class V)[1]	**4,000,000**	**47,988**	-	-
Performance rights granted (class W)[1]	**1,000,000**	**4,124**	-	-
Performance rights granted (class X)[1]	**1,000,000**	**17,414**	-	-
		11,035		377,362

Notes:

1. There are vesting conditions attached to these securities. The fair value at grant date is recognised over the vesting period.
2. In the current period, the probability of achieving the milestones attached to these performance rights was reduced, resulting in a credit to the share-based payments expense.
3. In the prior period, these performance rights expired prior to the performance milestone being achieved, resulting in a credit to the share-based payments expense.

Options

During the half-year ended 31 December 2022, no options were granted (2021: nil). As a result, no share-based payments expense was recognised in relation to options (2021: nil).

Performance Rights

During the current period, 6,000,000 performance rights were granted to key management personnel and employees (2021: 20,500,000).

For the six months ended 31 December 2022, a share-based payments expense of $69,526 was recognised in relation to performance rights granted during the period (2021: $266,818).

The fair value at grant date was estimated using the Black-Scholes pricing model, taking into account the terms and conditions upon which the performance rights were granted and the following assumptions:

	Class V, tranche 1	**Class V, tranche 2**	**Class W, tranche 1**	**Class W, tranche 2**
Exercise price	Nil	Nil	Nil	Nil
Vesting date	28/10/2023	28/10/2024	14/11/2023	14/11/2024
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	81.76%	81.76%	81.75%	81.75%
Risk-free interest rate	3.27%	3.27%	3.10%	3.10%

12. SHARE BASED PAYMENTS (continued)

Performance Rights (continued)

	Class X, tranche 1	Class X, tranche 2	Class X, tranche 3	Class X, tranche 4
Exercise price	Nil	Nil	Nil	Nil
Vesting date	31/12/2023	28/04/2024	31/12/2023	28/04/2024
Dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	82.47%	82.47%	82.16%	82.16%
Risk-free interest rate	3.21%	3.21%	3.08%	3.08%

Employee Incentive Share Plan

Under the Employee Incentive Share Plan, eligible employees may be granted fully paid ordinary shares in the Company up to the value of $1,000 per annum for no cash consideration. The number of shares issued to participants in the scheme is calculated at $1,000 divided by the weighted average closing price of the Company's share price which is based on the closing ASX market prices over the five trading days before, but not including, the issue date, rounded down to the nearest whole number.

No shares were issued under this plan during the current period (2021: nil). The share-based payment expense is recognised over the period of employment of the eligible employees. No amount was recognised in the current period (2021: nil).

13. COMMITMENTS AND CONTINGENCIES

(a) Lease Commitments – Group as lessee

Future minimum rentals payable under short-term and low-value leases are as follows:

	Consolidated 31 December 2022 $	Consolidated 30 June 2022 $
Within one year	**9,930**	4,992
After one year but not more than five years	**-**	-
More than five years	**-**	-
	9,930	4,992

(b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (30 June 2022: nil).

(c) Other Commitments

On 30 September 2020, the Group entered into an agreement with Google Australia Pty Limited in which the Company committed to a minimum spend of USD1,500,000 over 36 months on Google Cloud Platform services. If the spend on the Google Cloud Platform service is less than USD1,500,000 over the 36 month period, a "true-up" payment of the difference between accrued charges over the 36 months and the USD1,500,000 will be payable in additional to the accrued charges.

(d) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (30 June 2022: nil).

14. RELATED PARTY DISCLOSURE

The interim consolidated financial statements include the financial statements of Adveritas Limited and the entities listed in the following table.

	Country of incorporation	% Equity interest	
		31 December 2022	31 December 2021
Livelynk Group Pty Ltd[1]	Australia	100	100
TrafficGuard Pty Ltd[2]	Australia	100	100
TrafficGuard APAC Pte Ltd[2]	Singapore	100	100
TrafficGuard US Inc[2,]	United States	100	100
Appenture d.o.o[2]	Croatia	100	100
TrafficGuard UK[2, 3]	United Kingdom	100	100
TrafficGuard LATAM [2, 4]	Brazil	100	-

Notes:
1. equity interest is held directly by Adveritas Limited.
2. equity interest is held directly by Livelynk Group Pty Ltd.
3. TrafficGuard UK was incorporated on 19 August 2021
4. TrafficGuard LATAM was incorporated on 9 June 2022

15. EVENTS AFTER BALANCE SHEET DATE

Subsequent to the half-year end, the Group issued 43,647,059 shares at 8,5 cents per share to raise $3,710,000. No other event has arisen since 31 December 2022 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

In accordance with a resolution of the directors of Adveritas Limited, I state that:

In the opinion of the directors:

(a) The consolidated financial statements and notes of Adveritas Limited for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) Subject to note 2(d), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mathew Ratty
Managing Director

Perth, Western Australia
27 February 2023

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Independent auditor's review report to the members of Adveritas Limited

Conclusion

We have reviewed the accompanying half-year financial report of Adveritas Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(d) in the interim consolidated financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Mark Cunningham
Partner
27 February 2023