

ASX RELEASE**29 April 2024****RECORD MARCH 2024 QUARTER RESULTS**

- **Record quarter cash receipts** of approximately \$1.73 million, up 189% on the March 2023 quarter
- **On track for new global agency partnerships**, providing access to substantially expanded client networks, with trials expected to conclude in the September 2024 quarter
- **Record pipeline of global gaming across USA, Europe and Asia**
- **Visible path to operating cashflow positive** supported by existing high growth momentum, and accelerated growth potential of new agency partnerships
- **Strong growth outlook**, with new agency partnerships, continued momentum in the sports betting and gaming verticals, ongoing price increases supported by the release of new product features, and ongoing product cross-sell opportunities

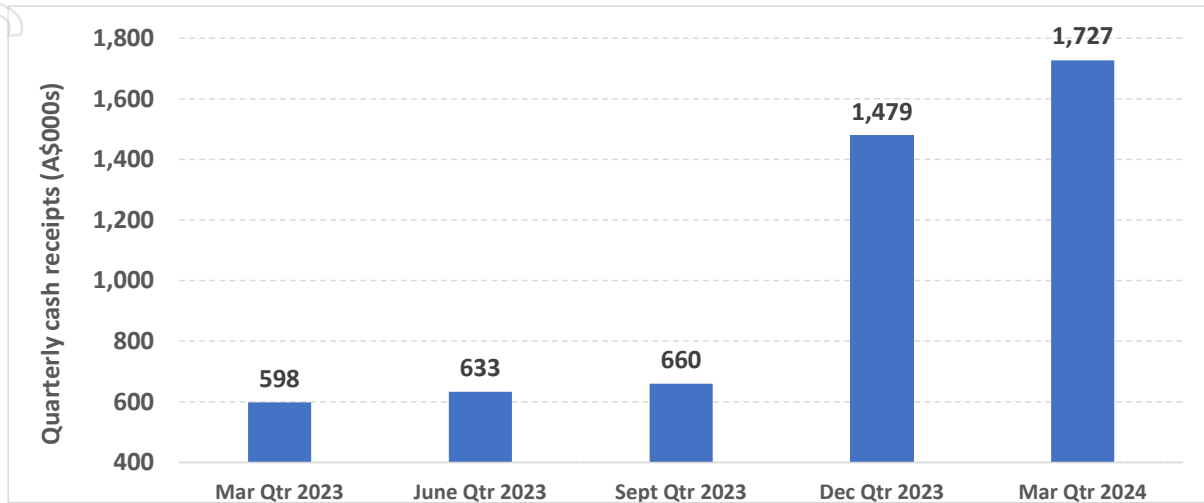
Adveritas Limited (**Company** or **Adveritas**) (ASX: AVI) is pleased to report its results for the March 2024 quarter.

Record quarter

The Company recorded its highest ever quarterly cash receipts of \$1.73 million, representing a year-on-year increase of 189% on the March 2023 quarter, and up 17% from the December 2023 quarter.

The record quarterly cash receipts were driven by a combination of customers electing to prepay their contracts, and both new and renewed contracts encompassing the Company's increased pricing structure.

CHART 1: Growth in quarterly cash receipts (\$'000s)



Other milestones achieved during the March 2024 quarter include:

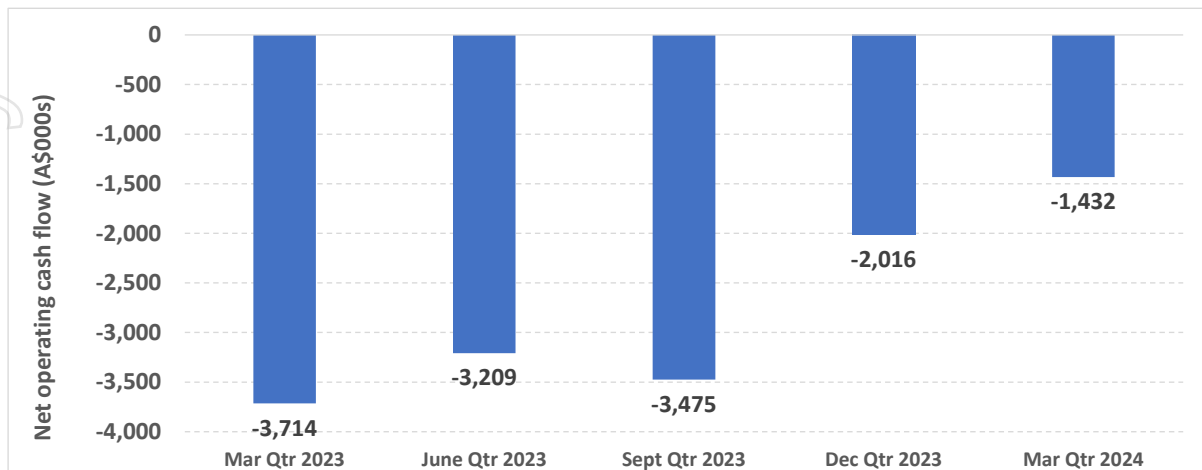
- **Record growth in annualised revenue** from contracts of circa \$1.1 million, resulting from new contracts and contract expansions.
- **Record annual contract value** of circa \$415k, with a global online gaming organisation, which, whilst not individually material to the Company, demonstrates TrafficGuard's continued ability to service large, multinational entities.
- **Continued strong growth in sports betting and online gaming segments**, with new client contracts generating annual revenue of \$585k and expanded contracts with existing clients generating annual revenue of \$230k.

Visible path to positive operating cashflow

As announced in the December 2023 quarterly report (see ASX announcement dated 17 January 2024), the Company identified annualised cost savings of circa \$1.7 million which were driven largely by an organisational restructure. The cost saving measures were deployed late in the December 2023 quarter, with the realisation of the benefits commencing in the March 2024 quarter.

Payments for operating expenditure of \$3.2 million in the March 2024 quarter were approximately 26% lower than both the March 2023 and December 2023 quarters.

CHART 2: Net operating cash flow (\$000s)



The Company's cashflow outlook is substantially improved, supported by the following factors:

- **Revenue growth momentum**, with the potential for substantial growth through agency partnerships, online sports betting and gaming client growth, USA market entry and ongoing cross/upsell.
- **Cost reductions** of circa \$1.7 million (annualised) deployed late in December 2023, which the Company expects to be fully reflected in the second half of the 2024 financial year.
- **Price increases**, which are being rolled out progressively through to December 2024.
- **Upfront annual payments**, which are being offered to new clients and existing clients progressively as their contracts mature.
- **Fast growing sports betting and gaming pipeline.**

Agency partnerships set to significantly accelerate growth

The Company has commenced holding group trials of the TrafficGuard Pay Per Click and Performance Max solutions for Tier 1 agencies across Europe and the Middle East.

These agencies are the budget holders for several Fortune 500 companies and, as such, are instrumental in recommending products such as TrafficGuard. If these trials are converted, it will see TrafficGuard as the preferred PPC and Pmax vendor of choice across their client base.

A global strategic partnership with any one of these agencies has potential to materially impact revenue as TrafficGuard would be potentially protecting hundreds of clients through a single agency on a minimum fee commit throughout the life of the contract.

These trials are expected to conclude in the September 2024 quarter.

Enhanced customer experience

As part of its ongoing commitment to continually enhance TrafficGuard's customer service proposition, the Company is releasing a new TrafficGuard user interface to drive adoption by reporting incremental fraud prevented by TrafficGuard.

Importantly, this quantified saving from TrafficGuard's fraud prevention can then be reinvested into clients' ad campaigns, enabling increased client acquisition, demonstrating the significant value of TrafficGuard.

This new feature is in addition to other previously announced new product features, including:

- TrafficGuard's Pmax solution for Google's Performance Max product (See September 2023 quarterly report released on 31 October 2023).
- Smart Ranges, a new product which improves customers' return on digital advertising investment (see ASX announcement dated 19 February 2024).

Positive outlook

The Company has a strong growth outlook underpinned by the following:

- **Visible path to positive operating cashflow** through a combination of ongoing cost control, increased contract pricing structures, the offering of attractive prepaid annual contracts, and continued focus on high margin verticals.
- **Record pipeline**, including a growing number of USA prospects that have already commenced trials.
- **Product cross-sell opportunities** with ~90% of clients currently using only one of the Company's four products.
- **New agency partnerships**, which have the potential to substantially accelerate growth.

Commenting on the Company’s performance in the March 2024 quarter and future opportunities available to Adveritas, Co-founder & CEO Mat Ratty said:

“Our entry into the USA market has gathered significant momentum and we look forward to further expanding our enterprise customer base and revenue in that market. Our focus on negotiating annual prepayments for new and renewed contracts combined with our recently deployed expenditure reduction significantly boosts our cash position.

Our Company is extremely well placed to service both direct clients and agency wide deals and as our margins have significantly improved over the last few months, our path to being cash flow positive is in sight.”

Commentary on the Appendix 4C

Receipts from customers

Record receipts from customers in the March 2024 quarter, largely driven by a number of customers electing to prepay their contracts on an annual or semi-annual basis.

| | Previous quarters | | | | |
|-------------------------|-------------------|----------|----------|----------|----------|
| | Mar 2024 | Dec 2023 | Sep 2023 | Jun 2023 | Mar 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Receipts from customers | 1,727 | 1,479 | 660 | 633 | 598 |

Cash payments

Realisation of the benefits from the cost saving initiatives and organisational restructure deployed at the close of the December 2023 quarter commenced in the March 2024 quarter.

Total expenditure payments in the March 2024 quarter were 26% lower than in the December 2023 quarter.

| | Previous quarters | | | | |
|---|-----------------------|-----------------------|--------------------|-----------------------|-----------------------|
| | Mar 2024 \$'000 | Dec 2023 \$'000 | Sep 2022 \$'000 | Jun 2023 \$'000 | Mar 2023 \$'000 |
| Research and development | (312) | (474) | (328) | (339) | (347) |
| Product manufacturing and operating | (175) | (337) | (304) | (158) | (403) |
| Advertising and marketing | (406) | (375) | (349) | (467) | (600) |
| Staff costs | (2,075) | (2,681) | (2,540) | (2,608) | (2,663) |
| Administration and corporate | (218) | (420) | (653) | (282) | (315) |
| Total operating expenditure payments | (3,186) | (4,287) | (4,174) | (3,854) | (4,328) |

Salaries and fees paid to directors during the quarter amounted to \$91k and are included in staff costs.

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

- ENDS -

For more information, please contact:

Mathew Ratty

Co-founder & CEO, Adveritas

+61-8 9473 2500

investor.enquiry@adveritas.com.au

About Adveritas

Adveritas Ltd (ASX:AV1) 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.

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

About TrafficGuard



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

Trusted by global brands TrafficGuard is a multiple award winning fraud prevention product recognised by The Drum, the Martech Breakthrough Awards, voted the Most effective anti-fraud solution by Mobile Marketing and is the only PPC verification vendor admitted to the Google Cloud Marketplace globally.

For more information, find us at www.trafficguard.ai

More on TrafficGuard's omni channel solution:

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

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

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

Social Verification: A new channel offering, starting with Meta's Facebook, with a planned product pipeline to rollout to Tik Tok, Reddit, LinkedIn and other channels in 2024 due to increasing demand from both current and prospective clients.

Forward Looking Statements

This announcement contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations and sales. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

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")

March 2024

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 1,727 | 3,866 |
| 1.2 Payments for | | |
| (a) research and development | (312) | (1,114) |
| (b) product manufacturing and operating costs | (175) | (816) |
| (c) advertising and marketing | (406) | (1,130) |
| (d) leased assets | - | - |
| (e) staff costs | (2,075) | (7,296) |
| (f) administration and corporate costs | (218) | (1,291) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 18 | 70 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | (1) | (1) |
| 1.7 Government grants and tax incentives | - | 773 |
| 1.8 Other (provide details if material) | 8 | 14 |
| 1.9 Net cash from / (used in) operating activities | (1,434) | (6,925) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | (1) | (6) |
| (d) investments | - | - |
| (e) intellectual property | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| (f) other non-current assets | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | 1 | 2 |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | 6 | 6 |
| 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 | 6 | 2 |

| | | |
|---|----------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | 2,925 |
| 3.2 Proceeds from issue of convertible debt securities | - | - |
| 3.3 Proceeds from exercise of options | - | - |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | (16) | (183) |
| 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) | 25 | 25 |
| 3.10 Net cash from / (used in) financing activities | 9 | 2,767 |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 3,599 | 6,339 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (1,434) | (6,925) |

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| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 6 | 2 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 9 | 2,767 |
| 4.5 | Effect of movement in exchange rates on cash held | 13 | 10 |
| 4.6 | Cash and cash equivalents at end of period | 2,193 | 2,193 |

| 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 | 2,193 | 3,599 |
| 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) | 2,193 | 3,599 |

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 |
|------------------------------------|
| 91 |
| - |

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

Explanation of payments shown at 6.1

The amount at item 6.1 comprises the payment of salaries and fees to executive and non-executive directors of \$91,140

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)

Convertible loan notes

7.4 **Total financing facilities**

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

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.

Refer to Schedule 1

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

8.1 Net cash from / (used in) operating activities (Item 1.9)

(1,435)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

2,193

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

2,193

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

1.5

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

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

Answer: Yes

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

Answer: Yes. Tranche 2 of the placement announced in December 2023 has settled with \$25,000 received prior to 31 March and \$250,000 received in April. In addition, the Company's Board of Directors is considering a number of options available to the Company to raise additional capital. Given the Company's track record in being able to secure funding, the Board believes it is highly likely that it will be successful in raising the funds required.

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

Answer: Yes, once the funds referred to in response 2 above have been received, the Company will have sufficient capital to meet its business objectives.

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: 29 April 2024

Authorised by: The Board of Directors

Notes

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

SCHEDULE 1: CONVERTIBLE LOAN NOTE

The Company has on issue 3,000,000 convertible notes each with a face value of \$1. The loan notes 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.

Interest

From 28 April 2022, interest accrues on the convertible notes at the rate of 8% per annum, capitalised at the end of each calendar quarter, and is to be satisfied in arrears upon the earlier of the redemption or conversion of the convertible notes. As at 31 March 2024, interest of \$503,762 has accrued and been capitalised.

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.

In the event 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.