

ASX RELEASE

28 October 2024

September 2024 Quarterly Report

Record Cash Receipts and Expanded Presence in Key Verticals

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

Key Highlights

- **Record quarterly cash receipts:** ≈\$2.65 million received, 300% higher than prior corresponding period (September 2023 quarter).
- **Record annualised recurring revenue (ARR):** \$6.5 million ARR to date, a compound annual growth rate (CAGR) of approximately 87% per annum over the last 3 years.
- **Sports betting growth:** strong expansion continued in the sports betting vertical across Europe and the United States.
- **Agency partnerships:** strategic partnership discussions with leading agency holding groups substantially progressed.
- **Expansion into eCommerce:** with first trials underway across the United States.
- **Record operating cashflow:** lowest operating cash outflow in TrafficGuard's history as continued revenue growth and cost reductions deliver increased momentum towards positive operating cashflow.

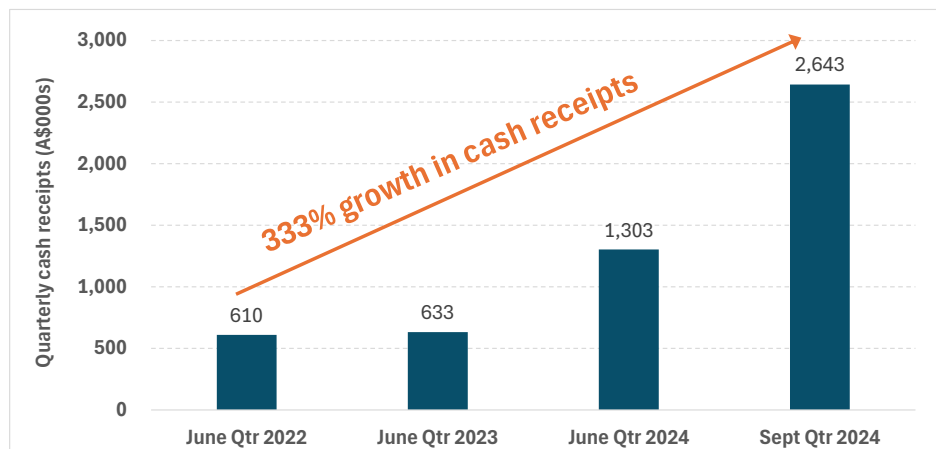
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Record Quarterly Cash Receipts

The Company received record quarterly cash receipts of approximately \$2.65 million.

Chart 1 below illustrates the Company's 333% quarterly cash receipts growth over the 2 years from the June 2022 quarter, reflecting a compound annual growth rate of approximately 108% per annum.

CHART 1: QUARTERLY CASH RECEIPTS

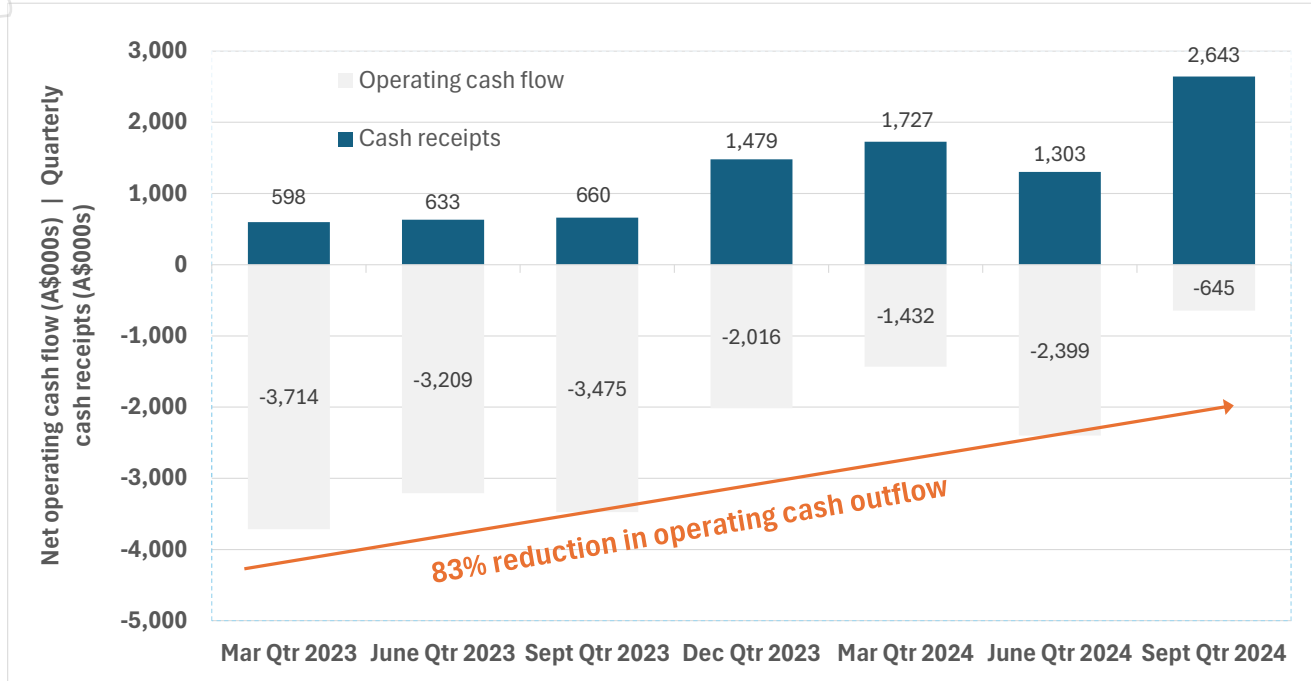


Financial Discipline and Operational Efficiency

The improved operating cash outflow reported in the September 2024 quarter is a result of increased cash receipts and continued financial discipline.

The Company is focused on achieving positive operating cashflow through a combination of revenue growth and cost reductions. Whilst continuing to strategically invest in high-growth business segments, the Company is committed to continue reducing its overheads before 30 June 2025 and identify other cost reduction in the 2025 year.

CHART 2: PATHWAY TO POSITIVE OPERATING CASHFLOW



Expansion into eCommerce Vertical

Following on from the Company's success in the sports betting vertical, the eCommerce sector is now a target growth segment. The eCommerce sector is significantly larger than Sports Betting in both the number of customers and the total advertising spend.

The Company has commenced multiple trials for organisations based in the United States and is in discussions with major agencies across multiple jurisdictions to be the preferred vendor of anti-fraud services. These agencies have thousands of potential clients who could use the TrafficGuard service, providing substantial opportunity to drive revenue growth.

Commentary from Co-founder and CEO, Mat Ratty

"Whilst the sports betting and online gaming verticals continue to deliver significant quarter-on-quarter and year-on-year revenue growth for the Company, we are focused on expanding into the eCommerce vertical which we believe will accelerate our journey towards profitability. Delivering shareholder value remains our priority and we look forward to updating the market on our continued progress".

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Appendix 4C

The Appendix 4C is attached to this announcement. Accompanying commentary is set out below:

Receipts from customers

Receipts from customers in the September 2024 quarter were 103% higher than the June 2024 quarter and 300% higher than the September 2023 quarter, reflecting the growth in the customer base and the decision by several enterprise clients to enter into prepaid annual contracts.

Receipts from customers

	Previous quarters			
	Jun 2024 \$'000	Mar 2024 \$'000	Dec 2023 \$'000	Sep 2023 \$'000
Receipts from customers	1,303	1,727	1,479	660

Cash payments

Total expenditure payments in the September 2024 quarter were 11% lower than the June 2024 quarter and 21% lower than the September 2023 quarter, demonstrating the realisation of benefits from the cost saving initiatives and organisational restructure enacted at the close of the December 2023 quarter.

Research and development
 Product manufacturing and operating
 Advertising and marketing
 Staff costs
 Administration and corporate
Total operating expenditure payments

	Previous quarters			
	June 2024 \$'000	Mar 2024 \$'000	Dec 2023 \$'000	Sep 2023 \$'000
Research and development	(349)	(312)	(474)	(328)
Product manufacturing and operating	(218)	(175)	(337)	(304)
Advertising and marketing	(434)	(406)	(375)	(349)
Staff costs	(1,939)	(2,075)	(2,681)	(2,540)
Administration and corporate	(371)	(218)	(420)	(653)
Total operating expenditure payments	(3,311)	(3,186)	(4,287)	(4,174)

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Salaries and fees paid to directors during the quarter amounted to \$100k and are included in staff costs.

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

- ENDS -

For more information, please contact:

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ABOUT US

Adveritas

Adveritas Ltd (ASX:AVI) creates innovative software solutions that leverage big data to drive business performance. The Company's flagship product is its ad fraud prevention software as a service (SaaS), called TrafficGuard. Clients include Disney Streaming, Tabcorp, William Hill, Singtel, Luxury Escapes, Tesco, and Coinbase.

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

TrafficGuard

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

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

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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.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Adveritas Limited

ABN

88 156 377 141

Quarter ended ("current quarter")

September 2024

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,643	2,643
1.2 Payments for		
(a) research and development	(349)	(349)
(b) product manufacturing and operating costs	(218)	(218)
(c) advertising and marketing	(434)	(434)
(d) leased assets	-	-
(e) staff costs	(1,939)	(1,939)
(f) administration and corporate costs	(371)	(371)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	25	25
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid	(8)	(8)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	18	18
1.9 Net cash from / (used in) operating activities	(645)	(645)

2. Cash flows from investing activities

2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(1)
(d) investments	-	-
(e) intellectual property	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	1	1
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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(16)	(16)
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	(16)	(16)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,286	4,286
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(645)	(645)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(16)	(16)
4.5	Effect of movement in exchange rates on cash held	14	14
4.6	Cash and cash equivalents at end of period	3,639	3,639

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	3,639	4,286
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)	3,639	4,286

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
100
-

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 \$100,443

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.

	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

-

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)	(645)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,639
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,639
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.6

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

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

Answer:

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:

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:

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 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 originally had a maturity date of 12 April 2024 which was subsequently extended to 12 April 2025. On maturity, the principal amount of \$3,000,000 together with interest capitalised to 12 April 2024 will be automatically converted into fully paid ordinary shares in the Company, whilst the interest capitalised over the period 13 April 2024 to 12 April 2025 will be paid in cash.

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 maturity of the convertible notes. As at 30 September 2024, interest of \$748,038 has accrued and been capitalised.

On maturity, the interest capitalised to 12 April 2024 will be fully satisfied through the issue of conversion shares at the conversion price. Interest capitalised over the period 13 April 2024 to 12 April 2025 will be settled by way of a cash payment.

In the event the convertible notes are redeemed prior to maturity, 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 interest capitalised to 12 April 2024, will automatically convert into fully paid ordinary shares in the Company on the maturity date (**Conversion Shares**). Interest capitalised from 12 April 2024 to the maturity date will be paid on cash.

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.