

ASX RELEASE

31 January 2025

December 2024 Quarterly Report

Accelerated Growth in Sports Betting and Expansion into Key Verticals Continues

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

Key Highlights

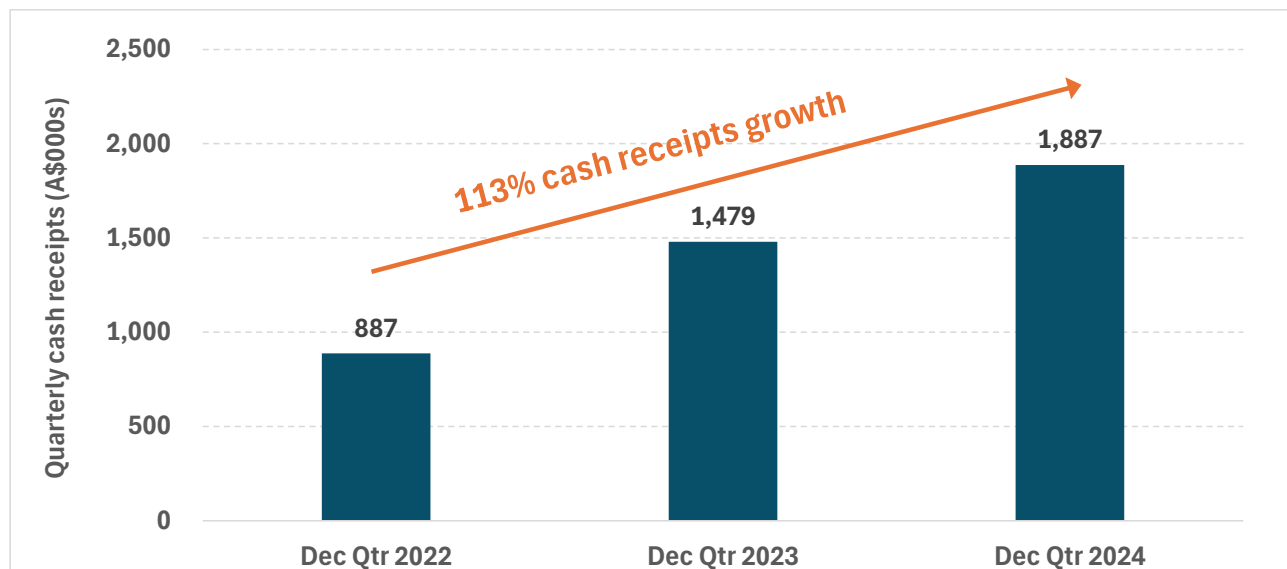
- **Strong quarterly cash receipts:** \$1.89 million received, 28% higher than prior corresponding period (December 2023 quarter).
- **Record annualised recurring revenue (ARR):** \$7.8 million ARR at quarter end approximately 79% higher than at 31 December 2023.
- **Sports betting growth:** strong expansion continued with a combination of new and renewal contracts, including **LeoVegas**, **FanDuel** and **Bally's** all of which are influential organisations in the global sports betting industry.
- **Agency partnerships:** strategic partnership discussions with leading agency holding groups substantially progressed and pending final legal review.
- **Expansion into eCommerce:** with significant trials underway across the United States and Europe.
- **Record March quarter anticipated:** the adoption of the Company's increased pricing structure is expected to drive record quarterly receipts and revenue, underpinned by a number of multi-year contracts as well as revenue from new eCommerce clients and agencies.

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Strong Quarterly Cash Receipts

Receipts in the December quarter each year are generally expected to be lower than other quarters due to the shut-down of many organisations over the holiday season. Despite the seasonal trend, growth in the Company's customer base is evident from the increase in receipts from customers in the December 2024 quarter compared to the December 2023 quarter and the December 2022 quarter.

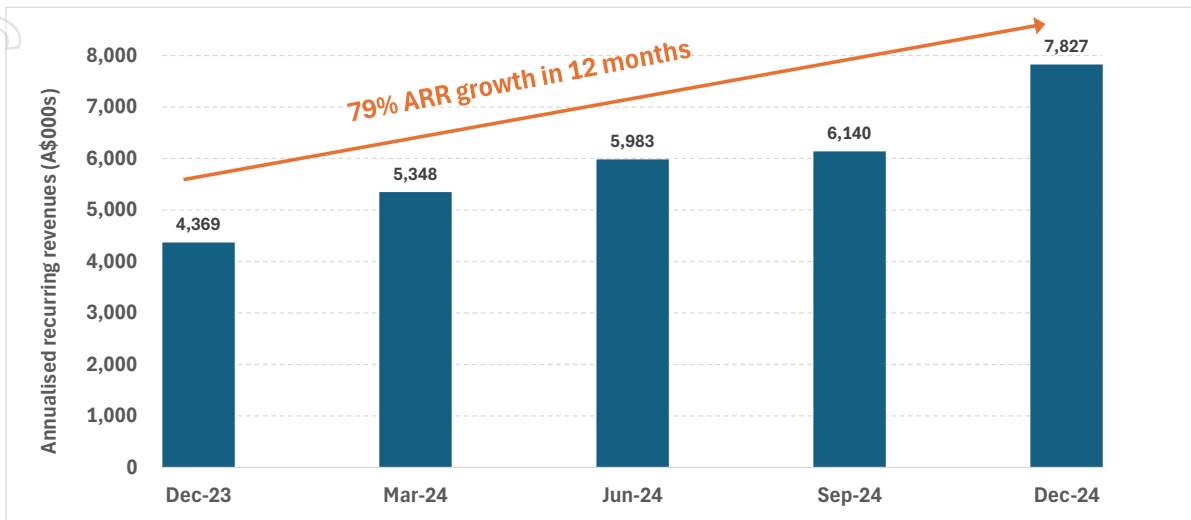
Chart 1: Cash receipts growth



Growth in Annual Recurring Revenue

Annualised recurring revenue (ARR) has grown by 79% over the last 12 months. During the December 2024 quarter, ARR increased by \$1.69 million which was mainly derived from the sports betting and online gaming vertical through a combination of new and renewal contracts, including three influential organisations: **LeoVegas**, **FanDuel**, and **Bally's** whose combined annual contract values amount to approximately \$1.1 million¹.

1. While not individually material, these contracts reinforce TrafficGuard's market-leading capabilities and position the Company for further penetration into this sector.

Chart 2: Annualised recurring revenue growth

The high-growth sports betting sector remains a key focus for the Company. It has identified over 1,000 sports betting companies globally and is currently only servicing approximately 60 of these companies, meaning that there is significant untapped opportunity in this market. In addition, many of the globally recognised sports betting companies are owned by larger holding groups which creates the opportunity for TrafficGuard to sign group deals, thereby streamlining the contracting process by avoiding the need for individual company signings and facilitating larger agreements that incorporate all subsidiaries. These group deal negotiations are currently underway.

Expansion into eCommerce Vertical and Agency Penetration

The Company has commenced, through agencies multiple trials for eCommerce organisations based in the United States and the United Kingdom and is in final legal negotiations with major agencies across multiple jurisdictions to be the preferred vendor of anti-fraud services, with the clients from these agencies spanning across eCommerce, telecommunications, finance and entertainment. These agencies are well progressed in educating their clients and have thousands of potential clients who could use the TrafficGuard service, providing substantial opportunity to drive revenue growth once executed.

Outlook

The Company is strongly focused on its key strategic objectives to:

- Expand its share in the global sports betting market.
- Secure entry into the e-commerce sector.
- Enter long term strategic partnerships with agencies to broaden market reach.

Negotiations that are currently underway span multiple verticals including sports betting, eCommerce, and agency deals, presenting opportunities for scalable growth and a strong March 2025 quarter.

Commentary from Co-founder and CEO, Mathew Ratty

“Whilst the sports betting and online gaming verticals continue to deliver significant revenue and cash growth for the Company, we will continue to monetise this at a faster rate with multi-year contracts as well as holding group contracts which will see our technology being utilised across the entire group instead of only selected subsidiaries. This not only allows for increased geographic presence, but also faster revenue growth for the Company. The critical expansion into the eCommerce vertical is well underway with first revenues already received in the March 2025 quarter and an increasing rate of adoption occurring across the United States and Europe. Combining this with strong agency interest and imminent adoption, TrafficGuard is fast becoming known as the leader in anti-fraud protection for digital marketing.”

Appendix 4C

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

Receipts from customers

The Company had anticipated lower receipts in the December 2024 quarter than in the September 2024 quarter due to the shut-down of many organisations over the holiday season. However, growth in the Company's customer base is evident from the increase of 28% in receipts from customers in the December 2024 quarter compared to the December 2023 quarter.

Receipts from customers

	Previous quarters			
	Sep 2024	Jun 2024	Mar 2024	Dec 2023
	\$'000	\$'000	\$'000	\$'000
	1,887	2,643	1,303	1,727
				1,479

Cash payments

Total expenditure payments in the December 2024 quarter were 15% lower than the December 2023 quarter, demonstrating the realisation of benefits from the cost saving initiatives and organisational restructure deployed at the close of the December 2023 quarter.

The Company remains focused on achieving positive operating cashflow through a combination of revenue growth and cost reductions and is committed to continue reducing its overheads before 30 June 2025 and identify other cost reduction in the 2025 year.

	Previous quarters				
	Dec 2024 \$'000	Sep 2024 \$'000	June 2024 \$'000	Mar 2024 \$'000	Dec 2023 \$'000
Research and development	(398)	(349)	(389)	(312)	(474)
Product manufacturing and operating	(215)	(218)	(211)	(175)	(337)
Advertising and marketing	(236)	(434)	(476)	(406)	(375)
Staff costs	(2,407)	(1,939)	(2,349)	(2,075)	(2,681)
Administration and corporate	(382)	(371)	(290)	(218)	(420)
Total operating expenditure payments	(3,638)	(3,311)	(3,715)	(3,186)	(4,287)

Salaries and fees paid to directors during the quarter amounted to \$288k 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) is a pioneering technology company that is revolutionising the advertising technology space with AI-driven solutions. As the parent company of TrafficGuard Pty Ltd Adveritas focuses on leveraging big data and AI to solve some of the most critical challenges in digital advertising, such as ad-fraud prevention and performance optimisation.

The Company is strongly positioned at the intersection of AI and advertising technology, offering cutting-edge software solutions that help businesses optimise their advertising spend and improve campaign performance. With a portfolio of industry-leading products like TrafficGuard, Adveritas is actively capturing a share of the rapidly growing ad tech market, where demand for intelligent, data-driven solutions is skyrocketing.

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

TrafficGuard

TrafficGuard, the AI-powered ad verification platform from Adveritas, is transforming how businesses protect their digital advertising spend from fraud and optimise campaign performance. By leveraging advanced artificial intelligence, TrafficGuard provides real-time protection across Google PPC, mobile app user acquisition campaigns, affiliate networks, and social media platforms.

TrafficGuard's AI technology proactively detects and blocks invalid traffic, ensuring that ad spend is directed towards real, high-value users. The platform's ability to safeguard campaign data integrity and deliver actionable insights is trusted by leading global brands, including Disney Streaming, Tabcorp, William Hill, Singtel, and Coinbase.

As the only PPC verification vendor admitted to the Google Cloud Marketplace, TrafficGuard is positioned for significant growth within the rapidly expanding ad tech market.

For more information, visit www.trafficguard.ai

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")

December 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,887	4,530
1.2	Payments for		
	(a) research and development	(398)	(747)
	(b) product manufacturing and operating costs	(215)	(433)
	(c) advertising and marketing	(236)	(670)
	(d) leased assets	-	-
	(e) staff costs	(2,407)	(4,346)
	(f) administration and corporate costs	(382)	(753)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	33
1.5	Interest and other costs of finance paid	-	(12)
1.6	Income taxes paid	(6)	(14)
1.7	Government grants and tax incentives	857	857
1.8	Other (provide details if material)	1	19
1.9	Net cash from / (used in) operating activities	(891)	(1,536)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(8)	(9)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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
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	(8)	(8)

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)
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)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,639	4,286
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(891)	(645)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(16)
4.5	Effect of movement in exchange rates on cash held	58	14
4.6	Cash and cash equivalents at end of period	2,798	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	2,798	3,639
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)	2,798	3,639

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**

288

-

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 \$287,528

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)	(891)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,798
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	2,798
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3

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

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

Answer:

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: 31 January 2025

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 31 December 2024, interest of \$710,274 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.