

ASX RELEASE

31 JULY 2019

QUARTERLY ACTIVITIES REPORT: PERIOD ENDED JUNE 30

Key Highlights

- Adveritas made significant progress over the quarter to grow TrafficGuard's client base and technology capabilities
- Trials resulted in multiple client wins including super apps GO-JEK and Rappi
 - Rappi - Latin American tech unicorn with operations in 7 markets (see announcement dated 11 April). Signed a 24 month contract with TrafficGuard valued at USD\$360,000
 - GO-JEK - With a valuation approaching \$10 billion, GO-JEK is one of the world's highest valued unicorns (see announcement dated 1 July). Signed 12 month contract attracting fees of USD\$210,000
 - New month-to-month subscribers include Southeast Asian unicorn Bukalapak and Brazilian listed, Centauro
- North American sales and marketing efforts intensified in the period following the appointment of TrafficGuard's North American VP of Sales
- Sales and marketing efforts strengthened TrafficGuard's pipeline. Ongoing trials and sales developments are expected to result in further client wins
- TrafficGuard's Pay Per Click (PPC) fraud protection was launched expanding the Company's addressable market
- An oversubscribed placement in the quarter raised \$2 million
- Cash and receivables at quarter end of \$2.6 million
- The Company's continuous research and development activities will result in the Company receiving a research and development grant of approximately \$1 million

Adveritas Limited (**Company or Adveritas**) (**ASX: AVI**) is pleased to provide its quarterly report for the June quarter.

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Sales and marketing update

Amongst new clients signed during the period were unicorns GO-JEK, Rappi, and Bukalapak, as well as Brazilian listed, Centauro. All pay monthly fees, with Rappi and GO-JEK contracting for 24 and 12 months respectively, and both Bukalapak and Centauro subscribing on a month-to-month basis.

Rappi is an on-demand delivery app that currently spans 7 markets and attracted an additional USD \$1 billion in funding in May this year¹. After a successful trial period, Rappi signed a 24 month contract with TrafficGuard valued at USD\$360,000 (~AUD\$500,000) (see 11 April announcement). With digital advertising playing a vital role in Rappi's growth strategy, TrafficGuard will help the super app to safely and confidently scale its advertising. Since becoming a client, Rappi has already advocated the value it has received from TrafficGuard by presenting a TrafficGuard case study at an industry event in New York in July.

GO-JEK's on-demand offering spans ride-hailing, delivery and payment solutions across four Southeast Asian countries². With a valuation approaching USD\$10 billion, GO-JEK is amongst the world's highest valued unicorns. GO-JEK has licensed TrafficGuard for a 12 month term attracting fees of USD\$210,000 (~AUD\$300,000) for the term (see 1 July announcement).

eCommerce platform, Bukalapak, is the third unicorn to join TrafficGuard's growing client base and the second from Southeast Asia. TrafficGuard's partnership with campaign management platform, Tune (formerly HasOffers), was instrumental in the process of engaging Bukalapak. TrafficGuard continues to leverage platform partnerships to build awareness.

In each new client's procurement process, TrafficGuard was selected after competitive evaluation. TrafficGuard's ability to outperform competitors in trials with industry revered clients, such as GO-JEK, Rappi, Bukalapak and Centauro, is a testament to its sophistication, that supports sales and marketing efforts.

¹ <https://www.reuters.com/article/us-rappi-investment-softbank-group/rappi-to-triple-number-of-cities-in-brazil-where-it-operates-after-softbank-deal-idUSKCN1SF2Q2>

² <https://www.gojek.com/about/>

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In addition to new clients, TrafficGuard's sales pipeline was strengthened during the quarter through activities such as events and content production which have nurtured existing prospects towards trialling TrafficGuard.

Growing awareness and strengthening reputation through association with high-profile clients is expected to shorten the sales cycle.

Technology Update

During the June quarter the engineering and data science teams continued to build and optimise functionality of the TrafficGuard platform.

New reporting features have been launched to help clients get a better understanding of their traffic and the value that TrafficGuard provides.

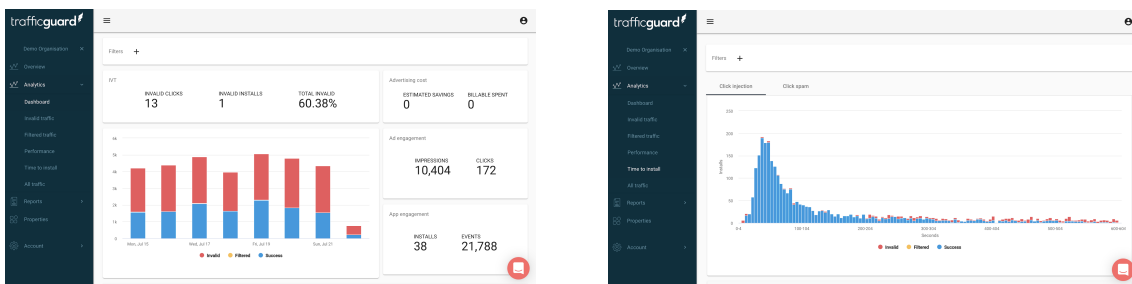


Figure 1. New dashboards helping clients understand the value of TrafficGuard

Additionally, TrafficGuard launched a new offering to prevent fraud in pay per click (PPC) advertising on the Google Ads platform (see 4 June announcement). This solution capitalises on existing intellectual property to extend the use of TrafficGuard across a greater proportion of ad spend in its existing enterprise target market, while also appealing to new market segments.

The Company's commitment to continuously enhancing TrafficGuard's technological capabilities through research and development initiatives will result

in the Company receiving a research and development grant. The Company anticipates that the grant will be approximately \$1 million, consistent with that received for FY18.

Outlook

The \$2 million capital raise completed in April (see 9 April announcement) has bolstered the Company's financial position ahead of expansion into North America.

The Company expects further material contracts to result from ongoing trials and looks forward to sharing updates as these occur. Sales and marketing efforts will continue to intensify in the coming months, emphasising the value TrafficGuard is delivering to the high-calibre clients it has signed in its first year of operations.

Adveritas CEO, Mathew Ratty said, "All the client wins this quarter are well-funded companies with aggressive growth targets. Unlike legacy fraud solutions, TrafficGuard's proactive approach actually facilitates growth by enabling clients to safely work with new traffic sources and scale activity knowing that they are protected.

"As we work with our clients to share valuable insight into how TrafficGuard can be used as a tool for growth, we expect to appeal to other like-minded businesses of all sizes around the world"

- ENDS -

About Adveritas

Adveritas Ltd (ASX:AVI) creates innovative software solutions that leverage big data to drive business performance. Adveritas' ad fraud prevention software, TrafficGuard, is its first available software as a service. TrafficGuard, counts global ad network, ClearPier (<http://clearpier.com/>) and media agency, Omnicom Media Group (MENA) (<https://www.omnicommediagroup.com/>), amongst its early adopters. For more information, see <https://www.adveritas.com.au/>

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About TrafficGuard

TrafficGuard detects, mitigates and reports on ad fraud before it impacts digital advertising budgets. Three formidable layers of protection block both general invalid traffic (GIVT) and sophisticated invalid traffic (SIVT) to ensure that digital advertising results in legitimate advertising engagement. TrafficGuard uses patent-pending technology and proprietary big data accumulated by the performance advertising business previously operated by the Company.

For more information about TrafficGuard's comprehensive fraud mitigation, see <https://www.trafficguard.ai>

For more information, please contact:

Investor Enquiries

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Adveritas Limited

ABN

88 156 377 141

Quarter ended ("current quarter")

June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	152	1,081
1.2 Payments for:		
(a) research and development (see additional note 1)	(839)	(3,310)
(b) product manufacturing and operating costs including cost of services rendered	(149)	(1,002)
(c) advertising and marketing	(91)	(445)
(d) leased assets	-	-
(e) staff costs (see additional note 2)	(848)	(2,982)
(f) administration and corporate costs	(153)	(1,265)
(g) other	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	23
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	(12)	(44)
1.7 Government grants and tax incentives	-	979
1.8 Other: income tax refunds received	-	20
other income received	6	19
1.9 Net cash from / (used in) operating activities	(1,925)	(6,927)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(28)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	1
(b) businesses (see item 10)	57	557
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other:		
cash disposed of on sale of controlled entity	-	(348)
withholding tax paid	-	(39)
2.6 Net cash from / (used in) investing activities	(53)	143

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,078	4,726
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(98)	(263)
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):	-	-
(a) Net short term advances under debtor financing facility	-	61
3.10 Net cash from / (used in) financing activities	1,980	4,524

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,945	4,232
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,925)	(6,927)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	53	143
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,959	4,524
4.5	Effect of movement in exchange rates on cash held	15	75
4.6	Cash and cash equivalents at end of quarter	2,047	2,047

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	2,047	1,945
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term Deposit)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,047	1,945

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	186
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other: debtor factoring facility	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 31 July 2018, the Company disposed of 90% of its interest in Mpire Network Inc. Mpire Network was party to a debtor factoring facility agreement. During the month of July 2018, Mpire Network received net short-term advances of \$61,398 under the facility agreement. This is shown at item 3.9(a) above.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	927
9.2 Product manufacturing and operating costs including cost of services rendered (see additional note 4)	200
9.3 Advertising and marketing	250
9.4 Leased assets	-
9.5 Staff costs	721
9.6 Administration and corporate costs	316
9.7 Other	-
9.8 Total estimated cash outflows	2,414

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10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	n/a	Mpire Network Inc
10.2 Place of incorporation or registration	n/a	Canada
10.3 Consideration for acquisition or disposal	n/a	\$900,000*
10.4 Total net assets	n/a	\$478,543
10.5 Nature of business	n/a	Performance marketing

*In addition to the purchase consideration of \$900,000, the Company is due to receive a working capital refund of \$220,000. During the quarter ended 30 September 2018, the upfront purchase consideration of \$500,000 was received. \$57,200 was received in the current quarter. The balance due to the Company is to be received in future quarters.

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.



Sign here: (Director / ~~Company secretary~~)

Date: 31 July 2019

Print name: MATHEW RATTY

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

Additional Notes

1. Item 1.2(a), payments for research and development, comprises primarily staff costs relating to on-going technology development work.
2. Item 1.2(e), payments for staff costs, excludes those costs relating to on-going technology development work which are included instead at item 1.2(a) – see additional note 1 above.
3. Item 1.2(g), payments for restructuring and expansion costs relate to expenditure incurred as part of the Company's sales and marketing restructure and APAC establishment costs.
4. Item 9.2, estimated cash outflows for next quarter - product manufacturing and operating costs including cost of services rendered, includes payments to supply partners for the cost of services rendered to advertising clients and consequently the estimated cash outflow is dependent primarily on estimated sales for the next quarter.