

ASX RELEASE

16 September 2020

TRADING UPDATE

Key Highlights

- **12-month contract signed with online betting company GVC Australia (Ladbrokes and NEDS)**
- **12-month contract entered into with agency MCN Mediabrand in the MENAT region**
- **Strong number of land and expand contracts**
- **Sales momentum continues across all channels**
- **Continued growth in subscribers to TrafficGuard's Freemium fraud detection product**
- **Strong growth in revenue leading indicators – i.e. numbers of referring agencies, Freemium subscribers and Freemium conversions**
- **Record Enterprise level pipeline across multiple verticals**

Adveritas Limited (**Company** or **Adveritas**) (**ASX: AV1**) is pleased to report both continued revenue growth driven by new customer contracts, and strong momentum in revenue leading indicators.

1. Growing Revenues From New Customer Contracts

The Company has entered into a number of land and expand contracts across several verticals including fintech, financials, cashback companies, legal companies, education companies and affiliate networks. The Company's salesforce and customer success team will work closely with these customers to encourage conversion to long dated contracts.

Online betting sector

The Company has signed a 12-month contract with GVC Australia (which count Ladbrokes and Neds as their main businesses). GVC Australia is part of GVC holdings group which is one of the largest betting agencies in the world. The contract value is circa \$100,000 and is a "land and expand" contract which is initially limited to the provision of TrafficGuard's fraud prevention only product on Google pay-per-click ad spend with the potential to expand the service to include protection of the clients mobile advertising spend.

Several other global, online sports betting brands are currently trialling TrafficGuard. The Company is confident it will convert the majority of these trials into paying clients.

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Agency contract

The Company has signed a 12-month contract with MCN Media brands which allows them to bring any of their clients onto TrafficGuard. This 12-month contract will be charged on a cost per install basis across all of their agencies (UM, Reprise and Initiative) in the Middle East, North African and Turkey (MENAT) region. The first client has already been onboarded, a large telecommunications company in Saudi Arabia. Given the pricing structure, it is too early to determine the revenue potential from this contract.

Affiliate Networks

Affiliate networks are third party organisations that many online advertisers use to track and optimise their digital marketing spend (“Affiliate Networks”). They provide positive introductions to TrafficGuard’s sales pipelines.

Adveritas has entered into a paid 3-month pilot with an Australian Affiliate Network to trial TrafficGuard’s anti-fraud technology across their network in order to serve their clients better.

2. Strong Leading Indicators of Future Revenue Growth

The Company’s key revenue leading indicators continue to show strong momentum since the June quarter end:

- Referring agencies increased 50% from 20 to 30
- Freemium subscribers increased 33% to 775
- Number of paying clients have increased 30% from 40 to 52.

Number of Referring Agencies

Advertising Agencies are a significant part of the mobile advertising value chain, typically engaged by advertisers to manage their entire campaigns. Agencies have consistently proven to be strong referral partners, introducing multiple clients to TrafficGuard’s unique anti-fraud digital marketing software.

The number of referring agencies has increased by 50% from 20 in June to 30 as at the date of this announcement.

Number of Freemium Subscribers

Freemium Subscriber growth is a strong leading indicator of future conversions to “land and expand” paying customers.

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The number of freemium subscribers has increased from circa 600 at 30 June to 775 as at the date of this announcement.

Freemium Conversion Ratio

The Freemium Conversion Ratio (FCR) measures how many Freemium Subscribers convert to paying “land and expand” customers and as at 30 June sat at circa 4% which is above initial estimates.

The Company is rolling out a number of initiatives to drive its FCR increase including:

- Segmented email campaigns per customer sector
- Ongoing email marketing and communication campaigns to reinforce the value of prevention vs detection
- Increased public relations to build awareness of the sophistication of TrafficGuard

3. Outlook

The Company is pleased to report a strong outlook, with strong revenue leading indicators (summarised above) and strong momentum across multiple customer industries.

4. Revenue Drivers

In the second half of 2020, the Company will remain focused on driving revenue in multiple ways:

- **Freemium pipeline expansion** through increased digital marketing across multiple platforms and from strategic partnerships.
- **Freemium subscriber conversion expansion** through content marketing, bundled offerings and the introduction of direct sales contacts for the purpose of driving the conversion ratio higher.
- **Upgrades** of land and expand customers to larger and longer-dated contracts.
- **Enterprise-level pipeline conversion.**

5. Enterprise-level pipeline

Several Enterprise-level prospects are running trials, across many high spending verticals, including:

- Insurance;
- Money Transfer apps;
- On demand services;
- Retail;
- Automotive; and

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- Betting agencies.

CEO Commentary

CEO Mathew Ratty said:

“TrafficGuard continues to make good traction across all sales channels and is increasing its public relations to showcase our technology. Our main product when we launched was focused purely on mobile, but now we have increased our technology capabilities to sit across programmatic, desktop, mobile and Google PPC. By doing so, we are now a full funnel approach so that we cover more silos than any of our competitors. Essentially, we use the intelligence from all of these silos to make more accurate decisions around fraudulent traffic. The client can use Trafficguard’s data in their own personalised dashboard to assist them in making better decisions around their advertising spend and optimise it going forward.

In a time where advertising spend is increasing, the need for accurate data and a full funnel approach is more crucial than ever. Legacy solutions only sit across one silo, making it necessary for the client to employ multiple vendors to be fully protected against advertising fraud. The feedback from a number of enterprise level entities on trial has been very positive and we are making slight changes to satisfy their requests before moving to long dated contracts.

The management team are confident that a number of these large enterprise level trials will continue into full fee-paying customers and we will then use subsequent case studies in order to attract further customers and agencies. “

This announcement has been approved by the Board of Directors of Adveritas Limited.

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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. Early adopters of TrafficGuard include LATAM super-app, Rappi and APAC super-app, GO-JEK. Both businesses are well funded with \$2 billion and \$12 billion valuations respectively, and conducting aggressive user acquisition advertising for fast growth. In both cases, TrafficGuard was chosen after a rigorous procurement process that saw the effectiveness of our solution evaluated against a range of competing solutions. For more information, see <https://www.adveritas.com.au/>



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

Mathew Ratty
Chief Executive Officer
Adveritas Limited
08 9473 2500
investor.enquiry@adveritas.com.au

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