AGM Presentation

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Adveritas Limited (ASX: AV1)

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Disclaimer

Contents

Corporate Overview

Adveritas (ASX: AV1) provides anti-fraud solutions for the global digital marketing sector on a software-as-a-service (SaaS) revenue model.

TrafficGuard is its flagship SaaS solution, protecting advertisers from fraudulent digital advertising engagements. Clients pay AV1 a monthly fee to use TrafficGuard.

In less than 12 months, AV1 has (i) several Tier 1 global clients on 1-2 year contracts paying A$150k-$350k per annum; (ii) $1.6m annualised recurring revenues and (iii) set the foundations for global growth.

Financial Snapshot

Ticker	ASX: AV1
Cash and receivables - Sep 30th	$2.3m
Debt	$0
Shares on issue	187 million
Options on issue (55m of these are 10c exercise)	62 million
Market Capitalisation at 18c	$34 million
Fully diluted Market Capitalisation	$45 million
Top 20 Holding	~ 48%
Directors and Management Holding	~ 20%

AV1 Stock Price

SHARE PRICE (CENTS PER SHARE)

29-OCT-18   29-JAN-19   29-APR-19   29-JUL-19   29-OCT-19

The Global Problem

Digital advertising fraud is forecast to be a US$100 billion problem by 2023, manifest in "human click fraud farms" and other sophisticated fraud ring techniques.

Litigation *Uber v Fetch* highlights the problem.

- In digital advertising, advertisers pay for ad engagements such as when users view, click and convert on ads. Ad fraud occurs when these engagements with digital advertising are generated by people or bots that have no intention and/or ability to become genuine customers of the advertiser. The fraudster makes money by getting the advertiser to pay them for the fake ad engagements.

- Ad fraud is forecast to cost advertisers globally $42 billion in 2019.
- This is estimated to grow to US$100b by 2023 (source: Juniper research)

- An industry example of fraud is Uber vs Fetch litigation
- 3VE fraud syndicate takedown

Solution: TrafficGuard's Cutting Edge Fraud Prevention

trafficguard
An Adveritas Company

The most basic anti-fraud solution is simply a "blacklist" which blocks particular affiliates (eg. websites, blogs etc) completely. However, this simple approach risks blocking both fraudulent and genuine downloads which is detrimental to the client. TrafficGuard uses machine learning to constantly analyse user download behaviour to identify patterns of fraud. The more data TrafficGuard gathers, the better its proprietary data set and efficiency of anti-fraud solution.

v1.0 Blacklists
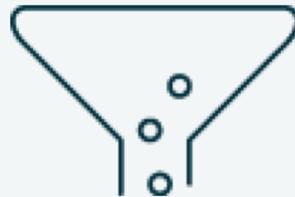
v2.0 Rules-based
logical rules and static thresholds
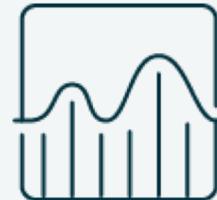
v3.0 Behaviour based
Defined behaviour anomaly detection

v4.0 ML based
Multi-point prevention using ML

General

Sophisticated

Ready to scale: the foundations for growth are now in place

VALIDATION

FOUNDATIONS FOR GROWTH

READY TO SCALE

VALIDATION PHASE

✓ Sign marquee clients

✓ Best of breed product after extensive review of global anti fraud offerings

✓ Contracted revenue upgrades

✓ Rapid Growth of ARR to $1.6m

FOUNDATIONS FOR GROWTH

✓ Sector Education – white papers and case studies

✓ Growing a quality client base

✓ Integrations with Campaign Management Platforms (CMPs)

✓ USA expansion

✓ Contracted Revenue upgrades

✓ Agency Clients booked

Adveritas has set the foundations for growth

And is now ready to scale globally

Validation: Key Contracts after extensive product review

Tier 1, global clients (eg. Go-Jek, Rappi and MUV) signed 1-2 year contracts of A$150k-350k per annum, after global reviews of anti-fraud offerings.

Indicative pricing for US global enterprise clients is expected to be higher depending on the level of service provided.

- Businesses recently joining the TrafficGuard client base include GO-JEK, Rappi, Bukalapak, Centauro, GoGames and Mobile division of WPP, MUV.

- Multiple enterprise trials are underway with prominent brands investing heavily in digital advertising.

- Clients range from ride-sharing + delivery apps, sporting apps as well as gaming, where user acquisition budgets are high and user-base growth is paramount.

- **Sales cycles in each vertical is expected to reduce rapidly as first clients within them are onboarded.**

- **Contract upgrades recently witnessed by Rappi and MUV**

In less than 12 months, Adveritas has grown annualised recurring revenues to A$1.6m

Annualised Recurring Revenue (A$)
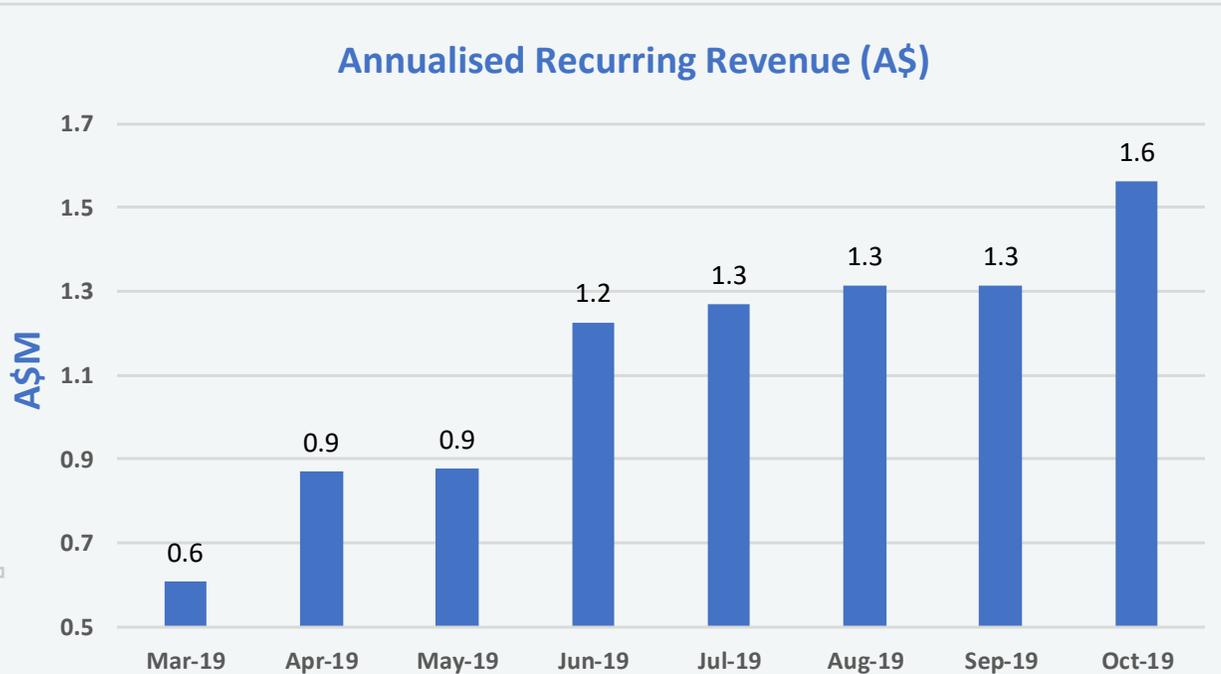
Revenues are generated from 1-2 year contracts with clients including Go-Jek, Rappi, MUV and many others.

Leading indicators of future revenue growth include:

- Strong pipeline
- Recent addition of USA sales team (relatively low base, high commission), with the USA being the largest digital advertising market globally
- Strategic integrations with Campaign Management Platforms, who can provide introductions to potential clients and seamless use of TrafficGuard in client advertising campaigns
- Multiple industry events/TrafficGuard events organised with a wide range of industry vertical participants confirmed to attend

Growth Strategy #1 – Sector Education

We lead the education of the digital marketing sector on the global ad fraud problem.
We showcase our solutions through white papers, industry events and journal articles. Some examples are below.

7 May 2019 – **Buyer's Guide,** *"Ad fraud prevention Buyer's Guide for ad networks"*

- The three steps to identify the right anti-fraud solution for your business

- The various direct and indirect costs of ad fraud for ad networks

- How to differentiate true machine learning capabilities from marketing spin

- Buyers Guide for mobile app advertisers released in June

18 July 2019 – **Mobile Growth Summit, New York**

- Rappi's Growth Lead, Gabriel Sampaio, presented his experience with TrafficGuard, highlighting:

    - Average of 25% of clicks invalidated before attribution, with peaks of up to 40%

    - ROAS improved 25%

    - Automation of fraud mitigation removed the burden of manual analysis from growth team – saving 30% of the team's time

25 July 2019 – **White paper with Juniper Research,** *"Digital Ad Fraud: A Profile on North America"*

- Released in advance of appointing sales team in US to speak directly to businesses in the US and address the ad fraud challenges they face as the world's largest digital advertising market

- Annual invalid traffic (IVT) volume per North American Internet user is set to grow 57% over the next 4 years; almost twice the growth of genuine advertising traffic in the same period.

- Already today, almost 1 in 5 ad transactions are derived from fraud.

Leading the digital marketing sector with ad fraud education and solutions

20 August 2019 – **WARC Industry Journal Publication** '"*How Southeast Asia's marketers can prevent ad fraud".* by Adveritas COO, Luke Taylor.

- Southeast Asians are the world's most engaged mobile users, with 90%+ of internet users connecting first via mobile.
- US$17m is estimated to be lost to ad fraud each day in the Asia-Pacific region.
- But Asia's advertisers can learn from North America's mistakes in combating ad fraud. In North America, businesses initially focused on arguing with vendors to recover ad fraud losses. This meant fraudsters continued to get paid and were able to re-invest to innovate new tactics. And ad fraud grew into the $18.7 billion industry it is today in North America.
- In contrast, APAC advertisers have the opportunity to focus on stopping attempted ad fraud rather than just recovering ad spend after fraud has occurred.

5 June 2019 – **white paper,** *"Understanding machine learning for fraud prevention"*

- Explains the difference between machine learning and non-ML solutions and why machine learning is a superior proposition that responds real-time to evolving ad fraud tactics
- TrafficGuard is a unique machine learning solution

Growth Strategy#2 – Growing a quality client base

After extensive due diligence, marquee clients Go-Jek and Rappi signed long-dated TrafficGuard contracts

$9.5 BILLION VALUATION [1]

Backed by Tier 1 global investors including Visa, Google, KKR, Temasek, Blackrock, Jardine Matheson, JD.com, Tencent Holdings.

The 12-month contract is for a total USD$210,000 (approx. $300,000 AUD) over the contract term, with options to extend in place.

$2.5 BILLION VALUATION [2]

Backed by investors including
Sequoia, Andreessen Horowitz, DST Global, Softbank.

US$22.5k per month (approx. $390,000 AUD per year), minimum 24-month contract.

[1] TechCrunch 2019
[2] Crunchbase 2019

Growth Strategy – Growing a quality client base

" Return on Ad Spend increased 25% with TrafficGuard…

Having a fraud prevention solution is a must for any growth professional.

TrafficGuard is a key partner to helping us achieve our results."
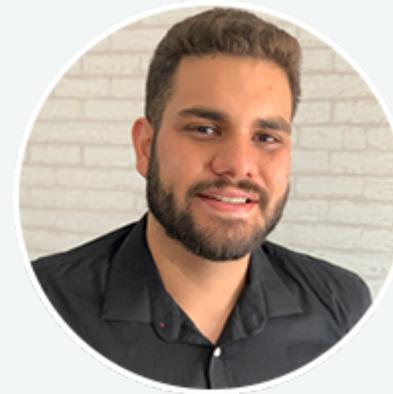
Gabriel Sampaio
Growth Lead - Digital Channel, Rappi

Rappi

Growth Strategy #3 - Campaign Management Platforms/Integrated partners

Major brands and networks use Campaign Management Platforms (CMPs) to manage their digital advertising campaigns. TrafficGuard is now directly integrated with several CMPs and other platforms, so their clients can easily access TrafficGuard.

Benefits of integrations:
- It is easier for new clients to activate TrafficGuard through their existing tools
- These platforms expected to be a strong sales channel in Q2 that give TrafficGuard access to over 10,000 businesses utilising their tools
- Co-marketing opportunities have begun to leverage partner networks to grow awareness and adoption of TrafficGuard
- Sales cycle expected to shorten as initial clients from these partnerships are onboarded.

	No. of Clients	Clients Sited			VC Investment
PARTNERIZE	300+	adidas	tripadvisor AUSTRALIA	Expedia	
has offers by TUNE	200+	Bai du 百度	TAPSTONE		
Segment	19,000+	GAP	ATLASSIAN	instacart	
AFFISE	100+	iFunny	mobupps		

Scalable Growth with Strategy #3

TrafficGuard is now integrated and certified for use across a growing number of adtech platforms and publishers

| Build network integration | Raise awareness of integration | Prospect to partners customers | Partner sales / Inside-sales | Onboard and service |

- Connect anywhere/anytime approach
- The more integrations TrafficGuard has, the easier it is for clients to onboard
- Partner sales are key to mid and low level clientele
- Avoids direct cost to the company
- Customers can use self service onboarding
- **Integration marketing expected Q2**

Growth Strategy #4 - North American Expansion

North America is a target region for TrafficGuard's international expansion, given it is the leader in global digital ad spend.

Recently established sales force gives access to client facing time:

- New Sales force covers: New York, Los Angeles, San Francisco

- Trials + clients from new sales force **expected Q2**

- Sales force educated and well prepared to sell into clients across the region

- Leveraging marquee clients Rappi, Gojek, Bukalapak with appropriate case studies showing strong ROI

38%
Proportion of global ad spend from the US

San Francisco
Los Angeles

New York
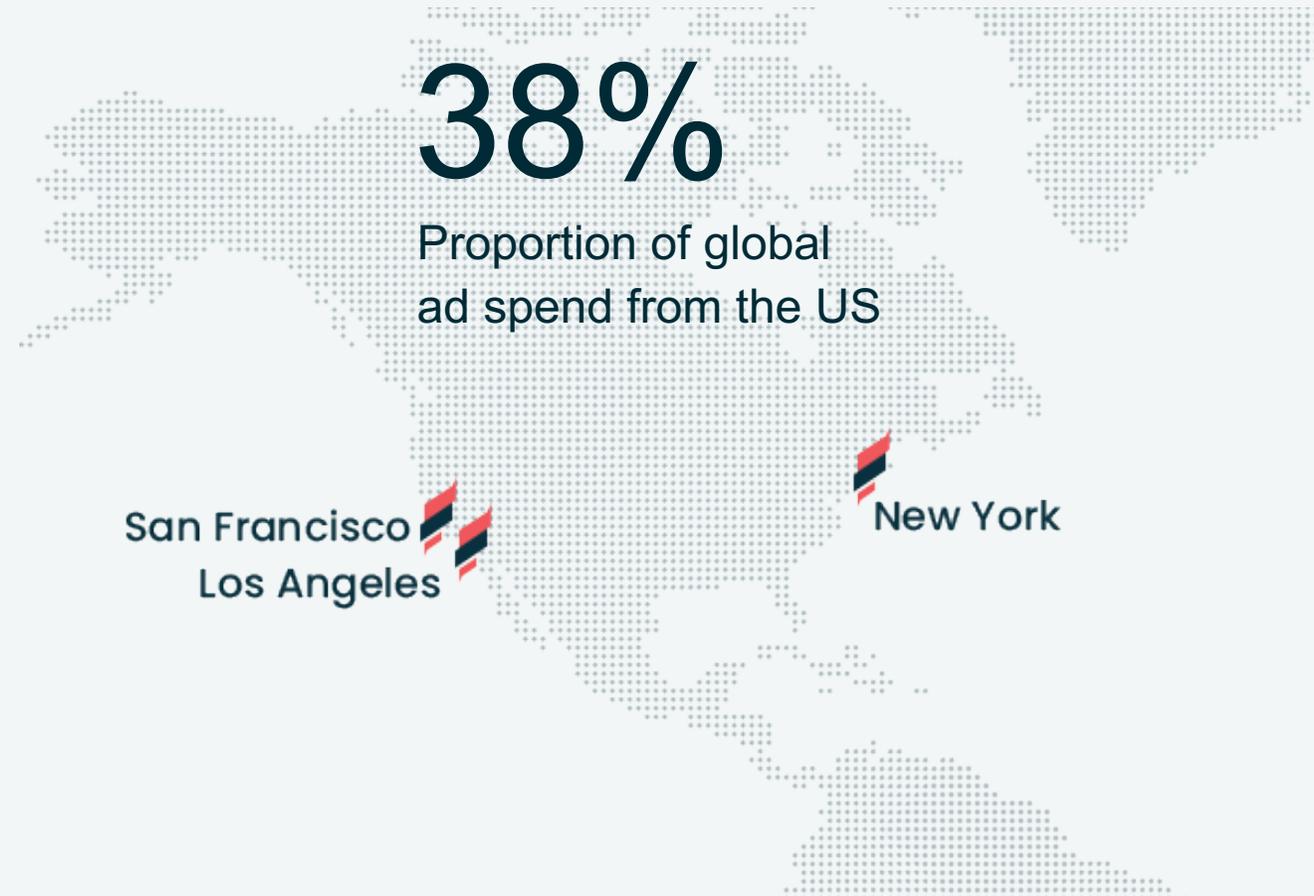
Growth Strategy #5 – Agency Channel Strategy

- Agencies will often only manage a portion of each of their brand clients' ad spend.

- TrafficGuard's agency clients can therefore provide a source of new business for TrafficGuard. Onboarding one agency client, exposes the value of TrafficGuard to multiple brand advertiser prospects. TrafficGuard can then pursue a direct brand engagement to run fraud prevention across any additional advertising activity not managed by the agency.

- Recent agency contract win is MUV

Agency's ad spend

TrafficGuard Agency client

Ad spend of all of the agency's clients

Portion of Brand X's ad spend managed by agency

Growth Opportunity

Ad spend of brand not managed by agency

Brand X's ad spend
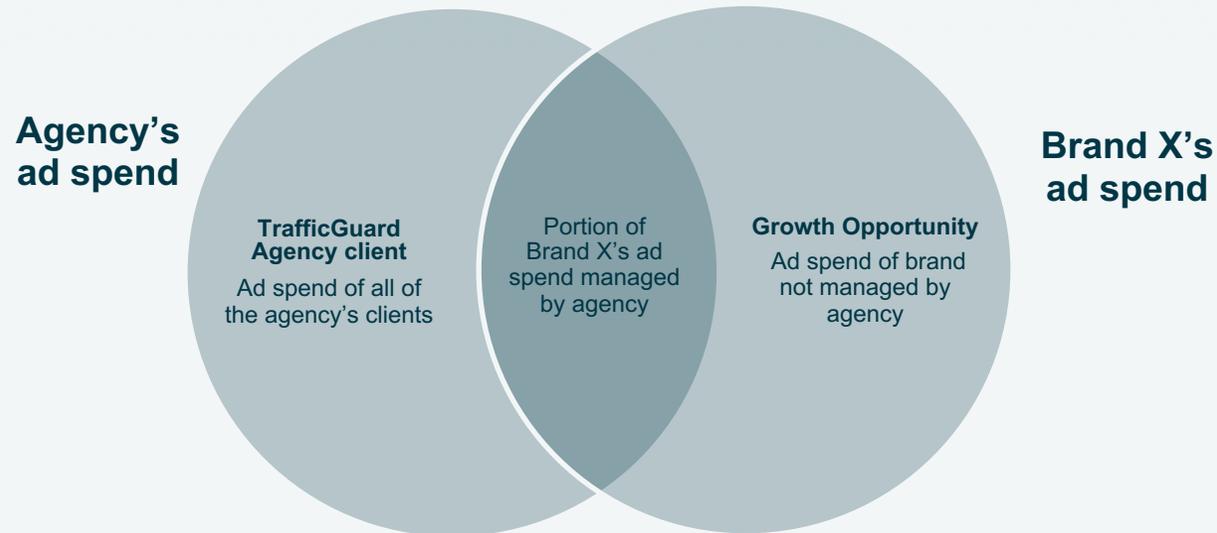
Growth Strategy #6 – Account Growth

- The proactive nature of TrafficGuard helps clients to safely access new traffic sources and improve advertising performance. In many businesses, this leads to increases in overall advertising activity.
- As TrafficGuard processes more traffic for growth clients, client contracts are revised and subscriptions tiers upgraded, improving revenue per client.
- Recent subscription upgrades from mobile agency MUV and super-app, Rappi, have resulted from account growth, 400% and 50% respectively.

Growth driving ad fraud prevention

Client is able to safely reach more users

Fraud free data enables optimal advertising decisions

Higher value customers through optimised advertising

Improved advertising ROI

Increase in ad spend

TrafficGuard enables advertisers to confidently work with more traffic sources and access cheaper advertising channels without the risk of ad fraud
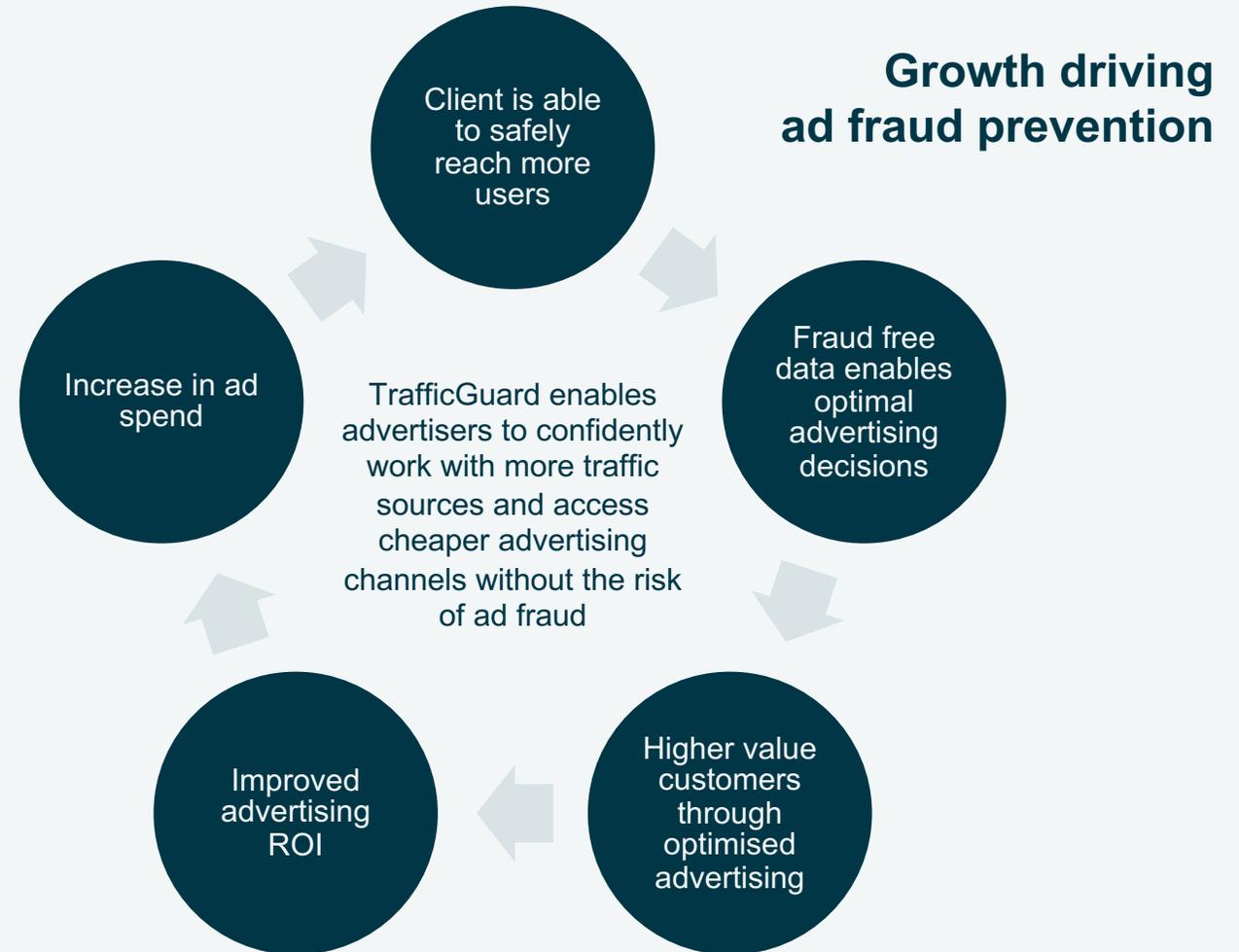
Outlook

Q2   Client trials and new client wins from North America expected

Q2   New clients from Emerging markets expected

Q2   Joint events with partners in Jakarta and Brazil with client facing time

Q3   New clients from Europe expected

Ongoing New functionality in reporting and data dictionaries

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