

ASX RELEASE

20 FEBRUARY 2020

TRADING UPDATE

- **“Three by Three” sales model launch**
- **Expanded sales pipeline**
- **New client contracts across United States and South America**
- **Strong balance sheet**

Adveritas Limited (**Company** or **Adveritas**) (**ASX: AV1**) is pleased to provide a trading update.

“Three by Three” Sales Model

As set out in the Company’s most recent quarterly report (refer ASX announcement dated 31 January 2020), the Company is proceeding with the launch of its Three by Three Sales Model, which involves 3 pricing models combined with 3 routes to market. The Company expects to have its Three by Three Sales Model fully operational by second quarter 2020.

The Company’s three pricing models are:

- **Freemium** – fraud detection only, free of charge.
- **Land and Expand** – relatively low-priced monthly contracts but with excess data/usage charges for usage above maximum agreed volumes.
- **Long-dated contracts** – where clients typically enter into a 12-month (or longer) contract which provides for a higher total payment per month but a lower fee on per data usage basis.

The Company’s three routes to market are:

- **Mass market** to be accessed through the freemium product offering and sector marketing activity.
- **Direct sales** through the Company’s employed salesforce.
- **Third party distribution** through integrations with Campaign Management Platforms, ad agencies and Amazon Marketplace Services.

New Client Contracts

The Company secured two new “land and expand” client contracts in February 2020 – NASDAQ-listed, global leader in mobile gaming, Glu Mobile and global mobile advertising agency, Lemmonet.

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Glu Mobile Inc (NASDAQ: GLUU, market capitalisation of \$1.6 billion) is recognised as a leader in the mobile gaming industry across genres like social, RPG, racing, shooters, sports and simulation. Based in San Francisco, Glu Mobile has over 600 employees, with offices also in Toronto, Canada and Hyderabad, India.

Lemmonet is a global digital marketing company which is headquartered in Argentina, with a presence in 50+ countries and trusted by brands and apps to grow their user bases.

Both contracts may be expanded into long-dated contracts in due course. Adveritas has a strong track record of migrating clients from the “land and expand” stage to long-dated contracts. Examples include MUV (upgraded from US\$2k per month initially to US\$10k per month) and Rappi – (upgraded from US\$15k per month to US\$22.5k per month).

Expanded Sales Pipeline

The Company’s sales pipeline continues to expand, with new potential customers being recruited through both direct sales and third-party distribution. Adveritas expects that its launch of a freemium product offering in the second quarter of 2020 will further expand its sales pipeline and the number of clients progressing through the sales funnel.

In relation to direct sales, Adveritas expects additional customer prospects to be engaged through its ongoing education program which is facilitating a greater understanding of the digital marketing fraud problem and thereby position TrafficGuard as the optimal solution.

The Company’s customer education activity has historically included sector whitepapers (see ASX release dated 15 October 2019, page 18) and case studies. Future customer education activity is expected to include the following:

- **Conferences.** The Company will attend a number of conferences and participate in speaking panels across the United States, Europe and Asia to raise awareness of the TrafficGuard product over the coming quarters.
- **Case Studies.** A number of clients have agreed to participate in case studies to show the benefits of using TrafficGuard. A number of these customers were previously using competitors’ products but have changed to TrafficGuard due to its sophistication and real time fraud prevention.
- **Public Relations activity.** On the back of the Company’s first win in the gaming vertical in the United States, it has engaged a professional technology public relations agency in North America to help bolster the awareness of the TrafficGuard solution, PR activity is expected to commence in March 2020 onwards.

Strong Balance Sheet

In addition to the \$3.0m cash reported as at 31 December 2019, the Company has since received further capital of approximately \$1.3m from its R&D grant and options being exercised. As various option series are now in-the-money, the Company expects the ongoing exercise of options.

In addition, shareholder approval was obtained at the Company's General Meeting held on 18 February 2020, to approve further capital to be received from the CEO Mathew Ratty and NED Mark McConnell, who each committed to invest \$250k as part of the December 2019 capital raising.

Outlook

CEO Mathew Ratty said, "With continued roll-out of our Three by Three Sales Model, including additional sales reps in the United States, increased public relations and education efforts globally combined with the imminent launch of our freemium model, we look forward to accelerating customer acquisition and revenue growth over the coming quarters".

"We believe that we have significant potential to continually upgrade the value of existing client's contracts. In the "land and expand" stage, clients pay a low monthly fee to use the TrafficGuard anti-fraud software. As clients become familiar with the operations of TrafficGuard, it is more economical to move to a longer dated contract with increased usage."

This announcement has been approved by the Board of Directors.

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For more information, please contact:

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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 \$10 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>

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