



30 April 2019

ASX Announcement

## March 2019 Quarterly Activities Report

**Veriluma Limited (ASX: VRI, Veriluma or Company)** one of Australia's leading Artificial Intelligence companies providing prescriptive software solutions is pleased to provide an update on its activities for the quarter ended 30 March 2019.

### Operational Update

Following our tender submission, in February, Veriluma Software secured a 3 year contract worth \$1.97m, with an option to extend for a further 2 years, to supply software and services to the Australian Department of Defence. Delivery of software and services have begun in March 2019.

A joint venture with global design venture studio, Made In The Now, was announced in February 2019. The venture uses Veriluma's prescriptive analytics to deliver insight about the likelihood of success of new technology startups. Currently being trialled by the Circular Economy Lab, an industry led, Queensland Government supported, innovation and commercialisation lab. The application will be publicly available in May 2019.

### Corporate Update

The Company received commitments for an aggregate of \$500,000 financing by way of a convertible note facility. The notes will be convertible on or before 28 March 2020 at a conversion price of not less than \$0.002. This conversion is subject to shareholder approval. The funds will be used as working capital.

### Financial Overview

For the quarter, the Company's net operating cash outflow was \$130,000, which included Cash Inflows of \$18,000 for a Proof of Concept. Estimated cash outflow for the next quarter is \$1,698,678 is contingent upon a possible capital raising in June 2019. The cash outflow estimate is inclusive of repayment of the convertible note (\$500,000 + Interest) and borrowings under the Deed of Company Arrangement (\$246,948).

For more information, please contact:

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**About Veriluma and Prescriptive Analytics:**

Veriluma has developed and patented an advanced algorithm dealing in Prescriptive Analytics. Prescriptive Analytics is a form of advanced, forward-looking analytics, which provides assessments about future outcomes. Although most types of analytics aim to assist and improve in the decision-making process, only Prescriptive Analytics delivers a preferred course of action. Developed by a Commonwealth Research Centre for the Australian Defence Intelligence Organisation, which has been utilising Veriluma's technology since 2013, Veriluma's software assists decision makers with rapid and accurate assessments of terrorism and national security threats using its proprietary technology based on Prescriptive Analytics.

In complex decision making situations, the ability to comprehensively manage incomplete or uncertain inputs is highly valuable for businesses, governments and individuals. <sup>1</sup>The Prescriptive Analytics software market is expected to reach US\$1.1 billion in the next 3 years, with a 22% Compound Annual Growth Rate (CAGR) from 2016. Currently, 10% of organisations have some form of prescriptive analytics and this is expected to grow to 35% by 2020. <sup>1</sup>Source: Gartner Forecast Snapshot: Prescriptive Analytics, Worldwide, 2016; 5 February 2016

Veriluma's software has wide applications across multiple industries including banking and financial services, government, defence and national security, insurance, legal, health, pharmaceutical and resources.

## 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**

Veriluma Limited

**ABN**

48 142 901 353

**Quarter ended ("current quarter")**

31 March 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	18	53
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(177)	(469)
(f) administration, corporate costs and operating costs	(157)	(446)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	242
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(319)</b>	<b>(623)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(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 Exploration assets	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	17	68
3.2 Proceeds from issue of convertible notes	210	210
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(70)
3.7 Transaction costs related to loans and borrowings	(39)	(39)
3.8 Dividends paid	-	-
3.9 Bank Guarantee	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>188</b>	<b>169</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	151	474
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(131)	(454)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	20	20

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Cash and cash equivalents through acquisition	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>20</b>	<b>20</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	20	151
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20</b>	<b>151</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

<b>Current quarter \$A'000</b>
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56
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Payment to directors for salary, wages and director's fees.
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**7. Payments to related entities of the entity and their associates**

- 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

<b>Current quarter \$A'000</b>
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8. <b>Financing facilities available</b> <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	(40)	(12)
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.		

Veriluma Software Pty Ltd ANZ Overdraft

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	-
9.2 Product manufacturing	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	159
9.6 Administration, corporate costs and operating costs	1,540
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows*</b>	<b>1,699</b>

\* Includes costs to be incurred in anticipation of a capital raising in June 2019.

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

