

ADVERTITAS LIMITED

ABN 88 156 377 141

**HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2024**

Directors

Non-Executive Chairman Mr Joshua Lowcock

Managing Director and Chief Executive Officer Mr Mathew Ratty

Non-Executive Directors Mr Mark McConnell
Mr Andrew Stott
Mr Scott Thomson
Mr Marc Phillips

Company Secretary

Ms Susan Park

Principal and Registered Office

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Share Registry

Computershare Investor Services Pty Limited

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Perth WA 6000
Telephone: +61 8 9323 2000
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Securities Exchange Listing

Adveritas Limited shares are listed on the Australian Securities Exchange (ASX: AV1)

Solicitors

Steinepreis Paganin

Level 4, The Read Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited

150 St Georges Terrace
Perth WA 6000

Auditors

Ernst & Young

The EY Building
11 Mounts Bay Road
Perth WA 6000

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Reporting period

Current period: Half-year ended 31 December 2024
 Previous corresponding period: Half-year ended 31 December 2023

Results for announcement to market

Revenue from ordinary activities	up	87%	to	\$3,191,902	from	\$1,703,068
Loss from ordinary activities after tax attributable to members	down	30%	to	(\$4,424,951)	from	(\$6,358,937)
Net loss for the period attributable to members	down	30%	to	(\$4,424,951)	From	(\$6,358,937)

Dividends

	Amount per share	Franked amount per share
Final	\$ nil	n/a
Interim	\$ nil	n/a

Record date for determining entitlements to dividends: n/a

Brief explanation necessary to enable the figures above to be understood.

Refer to Directors' Report.

Net tangible assets

At 31 December 2024, the Company reported a net liability position of \$5,338,561. This net liability position is predominantly due to convertible loan notes which are classified as current liabilities at 31 December 2024. In addition, the Company has entered into a number of sales contracts pursuant to which the annual fee is prepaid by the customer. The prepaid portion of the fee is recognised as deferred revenue and classified as a current liability at 31 December 2024.

The convertible loan notes mature in April 2025 and have a carrying amount of \$4,519,236 at 31 December 2024. On maturity, the principal amount of \$3,000,000 together with interest capitalised to the original maturity date of 12 April 2024, will be automatically converted into fully paid ordinary shares in the Company, whilst the interest capitalised over the period 13 April 2024 to the extended maturity date of 12 April 2025 will be paid in cash.

	31 December 2024	31 December 2023
Net tangible asset backing	(0.70) cents	(0.10) cents

The net tangible asset backing calculation excludes the right of use assets and the associated lease liabilities.

Other

The Company has no equity interests in any associates or joint ventures.

Accounting standards used in relation to the Company's foreign subsidiaries in compiling this financial report are the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ADVERTITAS LIMITED
Directors' Report

The directors present their report together with the consolidated financial report of Adveritas Limited (**Adveritas** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the half-year ended 31 December 2024 and the independent auditor's review report thereon.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Joshua Lowcock
Mr Mathew Ratty (Managing Director and Chief Executive Officer)
Mr Mark McConnell
Mr Andrew Stott
Mr Scott Thomson
Mr Marc Phillips

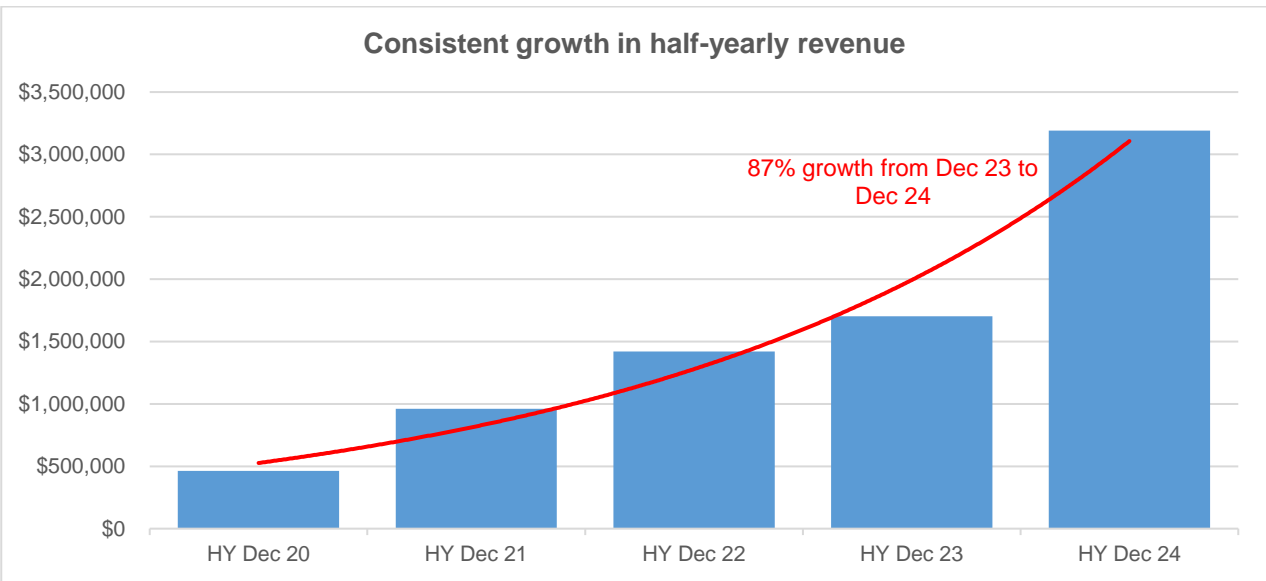
PRINCIPAL ACTIVITIES

The Company's principal activity during the half-year was the provision of its TrafficGuard® SaaS (software as a service) products. TrafficGuard is the world's first full funnel measurement, verification and fraud prevention solution for digital advertising.

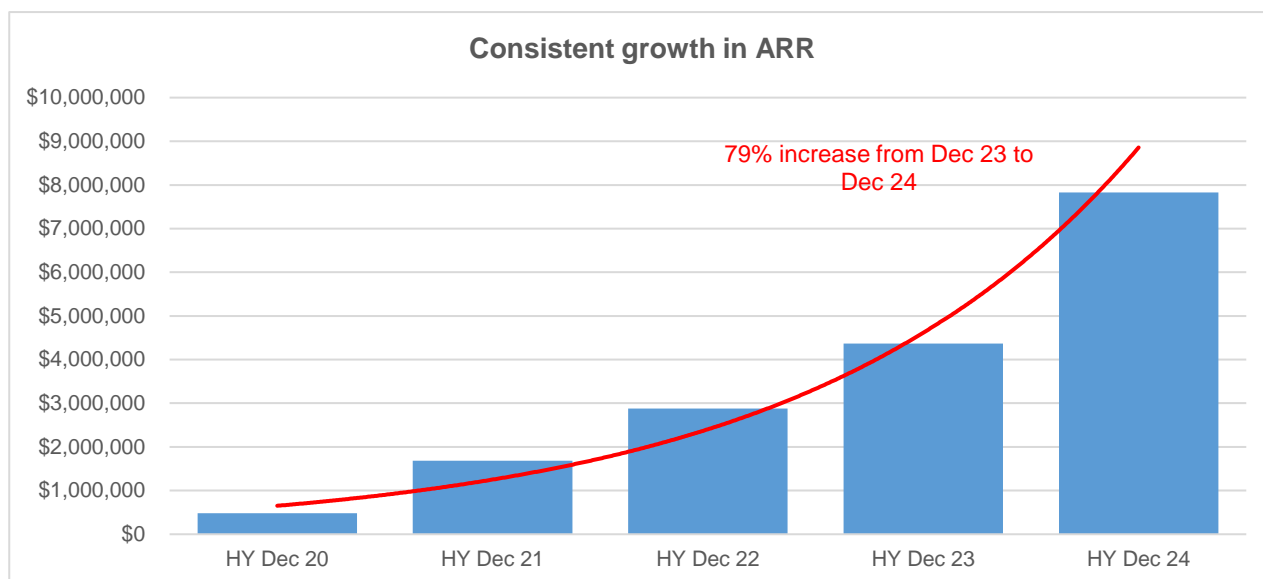
OPERATING AND FINANCIAL REVIEW

Strong revenue growth

Half yearly revenue recorded by the Group has been growing consistently, with a significant increase of 87% achieved on revenue of \$1,703,068 in the half-year ended 31 December 2023 to arrive at revenue of \$3,191,902 in the half-year ended 31 December 2024.



Similarly, annual recurring revenue (**ARR**) has increased by 79% from December 2023 reaching circa \$7,800,000 at 31 December 2024.



The Company continued to focus on the sports betting and gaming verticals during the half-year ended 31 December 2024 as these are the verticals where the Company has proven success, where the sales cycle is shortest and where the annual contract values are the highest.

New contracts with 31 clients were signed in the current half-year, including three influential organisations: LeoVegas, FanDuel, and Bally's whose combined annual contract values amount to approximately \$1.1 million which, whilst not individually material, reinforce TrafficGuard's market-leading capabilities and position the Company for further penetration into the sports betting and online gaming sector.

Expansion into eCommerce

The eCommerce sector has been identified as a target growth segment. The eCommerce sector has been assessed as significantly larger than sports betting in both the number of customers and the total advertising spend.

The Company has commenced multiple trials for organisations based in the United States and is in discussions with major agencies across multiple jurisdictions to be the preferred vendor of anti-fraud services. These agencies have thousands of potential clients who could use the TrafficGuard service, providing substantial opportunity to drive revenue growth.

Financial discipline and operational efficiency

The improved operating cash outflow of \$1,476,385 for the half-year ended 31 December 2024 compared to the operating cash outflow of \$5,439,191 reported for the half-year ended 31 December 2023 is a result of increased cash receipts and continued financial discipline. The growth in cash receipts is due to a combination of the expanded customer base and the election by a number of customers to pay their annual contract fees in advance, thereby securing optimal pricing structures.

The Company is focused on achieving positive operating cashflow through a combination of revenue growth and cost reductions. Whilst continuing to strategically invest in high-growth business segments, the Company is committed to continue reducing its overheads before 30 June 2025 and identify other cost reductions in the 2025 calendar year.

Outlook

The Company is strongly focused on its key strategic objectives to:

- Expand its share in the global sports betting market.
- Secure entry into the eCommerce sector.
- Enter long term strategic partnerships with agencies to broaden market reach.

Negotiations that are currently underway span multiple verticals including sports betting, eCommerce, and agency deals, presenting opportunities for scalable growth.

Financial summary

	31 December 2024 \$	31 December 2023 \$
Revenue from software as a service	3,191,902	1,703,068
Direct sales costs	(611,962)	(686,577)
Employment costs	(5,168,388)	(5,660,793)
Marketing costs	(692,651)	(832,900)
Administration costs	(646,178)	(796,407)
Overheads	(7,119,179)	(7,976,677)
Grants received	856,602	773,121
Interest and sundry income	44,388	66,292
Finance costs	(279,193)	(423,727)
Foreign exchange gain / (losses)	29,299	(52,008)
Depreciation	(68,971)	(95,001)
Share based payments	(152,908)	(292,179)
Bad debts and expected credit losses	(27,895)	(85,641)
Fair value (loss) / gain on convertible loan note derivative	(879,444)	23,815
Other expenses	(478,122)	(85,328)
Loss before income tax	(4,405,399)	(6,358,937)

The decrease in the loss before income tax in the half-year ended 31 December 2024 from the comparative period is largely driven by the 87% growth in revenue and the reduction in overheads resulting from cost cutting initiatives, including an organisational restructure.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No event has arisen since 31 December 2024 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

ROUNDING OF AMOUNTS

Amounts in this report and the financial report have been rounded to the nearest dollar, unless otherwise indicated.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included following the Directors' Report and forms part of the Directors' Report.

DIRECTORS' AUTHORISATION

This report is made in accordance with a resolution by the Board of Directors and is signed by authority for and behalf of the directors.



Mathew Ratty
Managing Director and Chief Executive Officer
Perth, Western Australia
Dated 24 February 2025



**Shape the future
with confidence**

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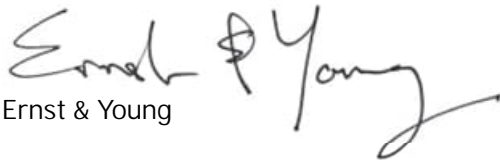
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Auditor's independence declaration to the directors of Adveritas Limited

As lead auditor for the review of the half-year financial report of Adveritas Limited for the half-year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b) No contraventions of any applicable code of professional conduct in relation to the review; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Adveritas Limited and the entities it controlled during the financial period.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a stylized flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Darryn Hall', with a stylized flourish at the end.

Darryn Hall

Partner
24 February 2025

ADVERTITAS LIMITED**Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**
Half-year ended 31 December 2024

For the six months ended			
	Note	31 December 2024 \$	31 December 2023 \$
Revenue from contracts with customers	4	3,191,902	1,703,068
Interest income		26,561	48,379
Other income	5(a)	874,430	791,034
Employment costs	5(e)	(5,168,388)	(5,660,793)
Marketing costs	5(f)	(692,651)	(832,900)
Server hosting and product costs		(611,962)	(686,577)
Administration costs	5(b)	(345,861)	(400,634)
Compliance costs	5(c)	(147,790)	(155,495)
Consultancy costs	5(d)	(91,591)	(143,507)
Occupancy costs		(60,937)	(96,771)
Expected credit losses and bad debt expense	5(g)	(27,895)	(85,641)
Finance costs	5(h)	(279,193)	(423,727)
Foreign exchange (gains) / losses		29,299	(52,008)
Depreciation	5(i)	(68,971)	(95,001)
Share based payments	13	(152,908)	(292,179)
Fair value (loss) / gain on convertible loan note derivative	11	(879,444)	23,815
Loss before income tax		(4,405,399)	(6,358,937)
Income tax expense	6	(19,552)	-
Loss for the period attributable to the members of Adveritas Limited		(4,424,951)	(6,358,937)
Other comprehensive income net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		58,919	(3,521)
Total comprehensive loss for the period attributable to the members of Adveritas Limited		(4,366,032)	(6,362,458)
Loss per share attributable to members of Adveritas Limited			
		Cents	Cents
Basic loss per share		(0.55)	(0.96)
Diluted loss per share		(0.55)	(0.96)

ADVERTITAS LIMITED
Interim Consolidated Statement of Financial Position
31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,797,015	4,285,814
Trade and other receivables	8	481,252	1,456,226
Prepayments		246,656	132,691
Convertible loan note derivative	11	-	879,444
TOTAL CURRENT ASSETS		3,524,923	6,754,175
NON-CURRENT ASSETS			
Plant and equipment		20,605	29,767
Right-of-use assets	9	151,580	202,107
TOTAL NON-CURRENT ASSETS		172,185	231,874
TOTAL ASSETS		3,697,108	6,986,049
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		991,109	796,474
Income tax payable		11,854	3,711
Deferred revenue	10	2,499,683	2,217,607
Provisions		730,948	548,487
Lease liabilities	9	154,730	146,398
Convertible loan note liability	11	4,519,236	4,259,858
TOTAL CURRENT LIABILITIES		8,907,560	7,882,535
NON-CURRENT LIABILITIES			
Provisions		59,896	88,346
Lease liabilities	9	68,213	136,427
TOTAL NON-CURRENT LIABILITIES		128,109	224,773
TOTAL LIABILITIES		9,035,669	8,107,308
NET LIABILITIES		(5,338,561)	(1,121,259)
EQUITY			
Contributed equity	12	72,498,285	72,165,390
Accumulated losses		(82,589,348)	(78,164,397)
Share based payment reserve		4,678,579	4,862,744
Foreign currency translation reserve		73,923	15,004
TOTAL DEFICIT		(5,338,561)	(1,121,259)

ADVERTITAS LIMITED
Interim Consolidated Statement of Cash Flows
Half-year ended 31 December 2024

	For the six months ended	
	31	31
	December 2024	December 2023
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	4,529,622	2,139,133
Payments to suppliers and employees	(6,880,556)	(8,394,113)
Research and development grant income received	856,602	773,121
Other income received	19,072	5,818
Interest received	33,076	52,059
Interest paid	(19,815)	(12,846)
Income tax paid	(14,386)	(2,363)
Net cash flows used in operating activities	(1,476,385)	(5,439,191)
Cash flows from investing activities		
Purchase of plant and equipment	(9,050)	(5,388)
Proceeds on disposal of plant and equipment	-	2,238
Deposit on leases property	885	-
Deferred consideration received on disposal of controlled entity	-	-
Net cash flows used in investing activities	(8,165)	(3,150)
Cash flows from financing activities		
Proceeds from issue of shares	-	2,925,000
Share issue costs paid	(16,387)	(166,791)
Lease liability payments: principal component	(59,882)	(53,727)
Net cash flows (used in) / provided by financing activities	(76,269)	2,704,482
Net decrease in cash and cash equivalents	(1,560,819)	(2,737,859)
Cash and cash equivalents at the beginning of the period	4,285,814	6,339,205
Effects of exchange rate changes on cash and cash equivalents	72,020	(1,625)
Cash and cash equivalents at the end of the period	7 2,797,015	3,599,721

ADVERTITAS LIMITED
Interim Consolidated Statement of Changes in Equity
Half-year ended 31 December 2024

	Contributed equity	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2024	72,165,390	(78,164,397)	4,862,744	15,004	(1,121,259)
Loss for the half-year	-	(4,424,951)	-	-	(4,424,951)
<i>Other comprehensive expenditure</i>					
Foreign exchange differences arising on translation of foreign operations	-	-	-	58,919	58,919
Total comprehensive loss for the half- year	-	(4,424,951)	-	58,919	(4,366,032)
Transactions with equity holders in their capacity as owners					
Ordinary shares issued	-	-	-	-	-
Share issue costs	(4,178)	-	-	-	(4,178)
Shares issued on conversion of performance rights	337,073	-	(337,073)	-	-
Share based payments expense	-	-	152,908	-	152,908
	332,895	-	(184,165)	-	148,730
Balance at 31 December 2024	72,498,285	(82,589,348)	4,678,579	73,923	(5,338,561)
Balance at 1 July 2023	64,658,338	(66,569,412)	4,602,426	37,493	2,728,845
Loss for the half-year	-	(6,358,937)	-	-	(6,358,937)
<i>Other comprehensive income</i>					
Net foreign exchange differences arising on translation of foreign operations	-	-	-	(3,521)	(3,521)
Total comprehensive loss for the half- year	-	(6,358,937)	-	(3,521)	(6,362,458)
Ordinary shares issued	2,925,000	-	-	-	2,925,000
Share issue costs	(64,620)	-	-	-	(64,620)
Shares issued on conversion of performance rights	93,385	-	(93,385)	-	-
Share based payments expense	-	-	292,179	-	292,179
Transactions with equity holders in their capacity as owners	2,953,765	-	198,794	-	3,152,559
Balance at 31 December 2023	67,612,103	(72,928,349)	4,801,220	33,972	(481,054)

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

1. CORPORATE INFORMATION

The interim consolidated financial statements of Adveritas Limited and its subsidiaries (collectively, **the Group**) for the six months ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 24 February 2025.

Adveritas is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is in Bentley, Western Australia.

The nature of operations and principal activities of the Group are the creation of innovative software solutions that leverage big data to drive business performance. TrafficGuard, is the Group's first commercially available software as a service.

2. BASIS OF PREPARATION

a) General information

The interim consolidated financial statements for the six months ended 31 December 2024 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2024.

The half-year consolidated financial statements are presented in Australian dollars.

b) Accounting policies, disclosures, standards and interpretations

Basis of preparation

The Group has not early adopted any of the accounting standards that have been issued but are not yet effective as of balance date. The Group will assess the impact of these new standards during the reporting period to which they are applicable. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2024, other than as set out below.

(i) Accounting Standards and Interpretations issued but not yet adopted

AASB 18 - Presentation and Disclosure in Financial Statements (effective 1 January 2027)

AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. AASB 18 is accompanied by limited amendments to the requirements in AASB 107 Statement of Cash Flows. AASB 18 is effective from 1 January 2027 and applied fully retrospectively. Entities are permitted to apply AASB 18 before that date.

AASB 18 replaces AASB 1 - Presentation of Financial Statements. The requirements in AASB 1 that are unchanged have been transferred to AASB 18 and other standards. There are 3 main areas of changes:

- requiring additional defined subtotals in the statement of profit or loss, which makes entities' financial performance easier to compare and provides a consistent starting point for investors' analysis;
- requiring disclosures about management - defined performance measures, which increases discipline over use and transparency about their calculation; and
- adding new principles for grouping (aggregation and disaggregation) of information, which improves effective communication of information.

(ii) New standards, interpretations and amendments adopted by the Group

The Group has not adopted any new standards, interpretations nor amendments during the current period.

b) Significant estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Refer to the most recent annual financial report for the year ended 30 June 2024 for a discussion of the significant estimates and judgments.

2. BASIS OF PREPARATION (continued)

c) Going concern

This financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the half-year ended 31 December 2024, the Group incurred a net loss after tax of \$4,424,951 (31 December 2023: net loss after tax of \$6,358,937) and a net cash outflow from operating activities of \$1,476,385 (31 December 2023: net cash outflow from operations of \$5,439,191). The cash and cash equivalents balance at 31 December 2024 was \$2,797,015 (30 June 2024: \$4,285,814). The Group's net current liability position at 31 December 2024 was \$5,382,637 (30 June 2024: net current liability position of \$1,128,360). Included in the Group's net current liabilities is a convertible loan note liability of \$4,519,236 (30 June 2024: \$4,259,858). The convertible loan notes mature in April 2025, at which point the balance will be automatically converted into shares in the Company in accordance with the terms of the convertible loan note agreements. There will be no cash outflows from the settlement of the convertible loan note liability other than the payment of interest of approximately \$288,822. Also included in the Group's net current liabilities at 31 December 2024 is deferred revenue of \$2,499,683 (30 June 2024: \$2,217,607) which represents the prepaid portion of those sales contracts that have been paid upfront by the Group's customers. It is anticipated that the deferred revenue obligations will be satisfied in the fulfilment of the Group's services in accordance with the contracts.

The ability of the Group to pay its trade creditors, continue its planned activities and maintain its going concern status is dependent on the Group continuing to grow revenue and raising additional funds, as required. As at the date of this report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern by continuing to grow revenue and raising further funds as required. In forming this view, the directors of the Company have considered the ability of the Company to generate sufficient revenue and raise funds as required by way of future capital raisings.

There are inherent uncertainties associated with growing revenue and the successful completion of capital raisings. Should the directors not be able to manage these inherent uncertainties and successfully secure funding as required, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and therefore continue as a going concern.

These interim consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

3. SEGMENT INFORMATION

The Group's operating segments comprise:

- **Product and Engineering:** responsible for the development and maintenance of the Group's proprietary software offerings. These activities are conducted primarily in Australia and Croatia; and
- **Sales and marketing:** responsible for deploying the Group's sales and marketing initiatives and for providing ongoing customer service. These activities are carried out by sales and marketing personnel and consultants located in the Australia Pacific region, Europe and South-east Asia,
- **Corporate:** responsible for carrying out the finance and the administration and human resources functions for the Group. These activities are primarily carried out of Australia.

The board of directors review internal management reports on a monthly basis that are consistent with the information provided in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result, no reconciliation is required because, in aggregate, the information as presented is what is used by the board to make strategic decisions. No operating segments have been aggregated.

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

3. SEGMENT INFORMATION (continued)

Segment results for the half-year ended 31 December 2024

	Technology	Sales and marketing	Corporate	Consolidated
	\$	\$	\$	\$
Revenue	-	3,191,902	-	3,191,902
Other income	856,602	2,282	15,546	874,430
Overheads	(2,957,963)	(2,250,198)	(1,938,914)	(7,147,075)
Other expenses	-	-	(1,003,053)	(1,003,053)
Loss before interest, depreciation and tax	(2,101,361)	943,986	(2,926,421)	(4,083,796)
Interest income	-	-	26,561	26,561
Interest expense	(4,010)	-	(275,183)	(279,193)
Depreciation	(38,877)	(2,390)	(27,704)	(68,971)
Income tax expense	-	(19,552)	-	(19,552)
Loss after income tax	(2,144,248)	922,044	(3,202,747)	(4,424,951)

Segment results for the half-year ended 31 December 2023

	Technology	Sales and marketing	Corporate	Consolidated
	\$	\$	\$	\$
Revenue	-	1,703,068	-	1,703,068
Other income	773,121	-	41,728	814,849
Overheads	(3,286,775)	(2,782,314)	(1,993,229)	(8,062,318)
Other expenses	-	-	(344,187)	(344,187)
Loss before interest, depreciation and tax	(2,513,654)	(1,079,246)	(2,295,688)	(5,888,588)
Interest income	-	-	48,379	48,379
Interest expense	(6,294)	-	(417,433)	(423,727)
Depreciation	(57,259)	(8,333)	(29,409)	(95,001)
Income tax expense	-	-	-	-
Loss after income tax	(2,577,207)	(1,087,579)	(2,694,151)	(6,358,937)

The following tables present assets and liabilities information for the Group's operating segments as at 31 December 2024 and 30 June 2024, respectively.

Segment assets and liabilities at 31 December 2024	Technology	Sales and marketing	Corporate	Consolidated
	\$	\$	\$	\$
Assets	1,611,229	501,949	1,583,930	3,697,108
Liabilities	926,355	2,875,686	5,233,628	9,035,669

Segment assets and liabilities at 30 June 2024	Technology	Sales and marketing	Corporate	Consolidated
	\$	\$	\$	\$
Assets	991,470	1,489,075	4,505,504	6,986,049
Liabilities	838,612	2,409,730	4,858,966	8,107,308

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

3. SEGMENT INFORMATION (continued)

Geographic information

	Consolidated	
	For the six months ended	
	31 December 2024	31 December 2023
	\$	\$
Revenue from external customers by customer location¹:		
Australia	256,148	218,650
Foreign countries (refer to note 4.1. for further details)	2,935,754	1,484,418
Total	3,191,902	1,703,068
Non-current operating assets by location²		
Australia	15,940	40,902
United States	402	366
Asia Pacific	963	7,040
Europe	-	1,453
Other	3,300	6,643
Total	20,605	56,404

Notes:

1. Included in revenue from foreign countries is revenue arising from sales shown in the sales and marketing segment from one customer which amounted to \$380,604 (31 December 2023: \$105,461).
2. Non-current assets for this purpose consist of property, plant and equipment.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Consolidated	
	For the six months ended	
	31 December 2024	31 December 2023
	\$	\$
Revenue by type of goods or services		
Revenue from the sale of software as a service	3,191,902	1,703,068
Total revenue from contracts with customers	3,191,902	1,703,068
Revenue by timing of revenue recognition		
Services transferred over time	3,191,902	1,703,068
Total revenue from contracts with customers	3,191,902	1,703,068
Revenue by geographical region		
North America	506,966	172,896
Latin America	8,292	17,442
Asia Pacific	143,797	349,279
Australia	256,148	218,650
Europe	2,192,556	843,293
Other	84,143	101,508
Total revenue from contracts with customers	3,191,902	1,703,068

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

5. OTHER INCOME AND EXPENDITURE

This note provides a breakdown of other income and expenditure shown in the Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	Consolidated	
	For the six months ended	
	31 December 2024	31 December 2023
	\$	\$
(a) Other income		
Research and development grant ¹	856,602	773,121
Miscellaneous income	17,828	17,913
	874,430	791,034
(b) Administration costs		
IT costs	121,375	116,438
Office and general administration costs	143,360	156,023
Corporate travel	81,126	128,173
	345,861	400,634
(c) Compliance costs		
Accounting fees	19,856	18,170
ASX compliance fees	71,301	68,663
Audit and tax compliance fees	53,400	68,042
Regulatory body fees	3,233	620
	147,790	155,495
(d) Consultancy costs		
Legal fees	16,830	57,111
Investor relations	60,591	38,349
Other	14,170	48,047
	91,591	143,507
(e) Employment costs		
Salaries and wages	4,429,528	4,980,698
Ancillary employment costs	734,189	585,706
Recruitments fees	4,671	94,389
	5,168,388	5,660,793
(f) Marketing costs		
Advertising, marketing materials and public relations	385,595	491,631
Travel, entertainment, trade shows and events	307,056	341,268
	692,651	832,900
(g) Expected credit losses and bad debt expense		
Trade receivables written off as bad debt expense	74,076	54,267
Expected credit losses (reversed) / recognised	(46,181)	31,374
	27,895	85,641
(h) Finance costs		
Interest expense on lease liabilities (Note 9)	8,183	12,844
Interest on convertible loan notes (Note11)	259,378	410,881
Other	11,632	2
	279,193	423,727

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

5. OTHER INCOME AND EXPENDITURE (continued)

	Consolidated	
	For the six months ended	
	31 December	31 December
	2024	2023
	\$	\$
(i) Depreciation		
Depreciation of property, plant and equipment	18,444	44,474
Depreciation of right-of-use asset	50,527	50,527
	68,971	95,001

Notes

1. Research and development grant income is received from the Australian government in relation to qualifying research and development activities carried out within Australia. Grant income relating to FY24 was received in the current half-year whereas grant income relating to FY23 was received in the comparative period.

6. INCOME TAX EXPENSE

	Consolidated	
	For the six months ended	
	31 December	31 December
	2024	2023
	\$	\$
Major components of income tax expense for the period are:		
<i>Current income tax</i>		
Current income tax charge	5,536	-
Under provision of income tax liability in prior year	14,016	-
<i>Deferred income tax</i>		
Deferred income tax charge relating to origination and reversal of temporary differences		-
Income tax expense reported in income statement	19,552	-

Reconciliation

The Group calculates the income tax for the period using the tax rate that would be applicable to the expected total annual earnings. A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the period is as follows:

	Consolidated	
	For the six months ended	
	31 December	31 December
	2024	2023
	\$	\$
Accounting loss before tax	(4,405,399)	(6,358,937)
Income tax benefit at the statutory income tax rate of 25% (2024: 25%)	(1,101,350)	(1,589,734)
Adjusted for:		
Other deductible expenditure not included in accounting loss	(17,016)	(16,643)
Under provision of income tax expense in prior period	14,016	-
Non-deductible share-based payment expenses	38,227	73,045
Non-deductible fair value loss on convertible loan note derivative	219,861	-
Non-deductible effective interest on convertible loan notes	28,539	69,186
Other non-deductible expenses	15,606	33,087
Non-assessable grant income	(214,151)	(193,280)
Non-assessable fair value gain on convertible loan note derivative	-	(5,954)
Tax losses utilised	(10,656)	(16,882)
Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations	(1,748)	(200)
Tax losses and temporary differences not recognised as a deferred tax asset	1,048,224	1,647,375
Income tax expense	19,552	-

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

7. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Cash at bank, on hand and in electronic money accounts	2,797,015	4,285,814

Cash at bank and on hand earns interest at floating rates based on daily at call bank deposit and savings rates.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
CURRENT		
Trade receivables (a)	481,463	1,502,175
Allowance for expected credit losses (b)	(106,412)	(152,593)
Net trade receivables	375,051	1,349,582
Income tax refund receivable	2,977	-
Sundry receivables	29,664	39,469
Deposits	41,345	42,230
GST receivables	32,215	24,945
Other receivables	106,201	106,644
	481,252	1,456,226

(a) Trade receivables

Trade receivables are amounts due from customers for the sale of the Group's software as a service. Trade receivables are generally due for settlement within 30-60 days and are therefore classified as current assets. The Group's accounting policies for trade receivables are outlined in Notes 2(l) and 2(q) of the Group's annual financial statements for the year ended 30 June 2024.

(b) Allowance for expected credit losses

The movement in the allowance for expected credit losses is set out below:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Allowance for expected credit losses		
Opening balance	152,593	110,326
Reversal of expected credit losses recognised in prior period	(74,511)	(72,646)
Allowance for expected credit losses recognised in current period	28,330	114,913
Closing balance	106,412	152,593

8. TRADE AND OTHER RECEIVABLES (continued)

(c) Fair values of trade and other receivables

The fair value of trade and other receivables is assumed to approximate their carrying amounts due to their relatively short-term in nature.

(d) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 19 of the Group's annual financial statements for the year ended 30 June 2024.

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group is the lessee in lease contracts for office premises and various items of office equipment. Leases of office premises generally have lease terms of between 1 and 10 years, while office equipment generally has a lease term between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

In the case of leases of office premises and low value office equipment with lease terms of 12 months or less, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions under AASB 16 on leases. In the case of leases of office premises with lease terms over 12 months, the Group has recognised a right-of-use asset and an associated lease liability.

Set out below are the carrying amounts of right-of-use assets and the movements during the period:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Office Premises		
Opening balance	202,107	303,161
Depreciation expense	(50,527)	(101,054)
Closing balance	151,580	202,107

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Lease Liabilities		
Opening balance	282,825	380,279
Interest expense	8,183	25,688
Lease payments	(68,065)	(133,142)
Closing balance	222,943	282,825
 Current lease liabilities	 154,730	 146,398
Non-current lease liabilities	68,213	136,427
	222,943	282,825

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

The following are the amounts recognised in profit or loss in relation to leased assets:

	Consolidated	
	For the six months ended	
	31 December	31 December
	2024	2023
	\$	\$
Right-of-use-assets		
Depreciation of right-of-use-assets	50,527	50,527
Interest expense on lease liabilities associated with right-of-use-assets	8,183	12,844
Short term or low value asset leases		
<i>Included in occupancy costs</i>		
Rent expense - short-term lease	45,353	80,217
<i>Included in administration costs</i>		
Rent expense - low-value assets	-	-
Total amount recognised in profit or loss	104,063	143,588

The Group had total cash outflows for leases of \$113,418 in the current period (2023: \$146,789).

The Group has a lease contract that includes extension and termination options. The extension option was exercised on 1 July 2021. Options of these nature are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercised significant judgement in electing to exercise the extension option and will exercise judgement in considering whether the termination option is likely to be exercised.

10. DEFERRED REVENUE

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Revenue received in advance from customers	2,499,683	2,127,607

Set out below are the movements in deferred revenue recognised during the period:

	Consolidated	
	31 December	30 June
	2024	2024
	\$	\$
Opening balance	2,127,607	65,882
Contract revenue invoiced in advance of the services being performed	2,214,217	3,309,905
Contract revenue recognised in profit or loss on performance of the services	(1,842,141)	(1,248,180)
Closing balance	2,499,683	2,127,607

Deferred revenue balances are usually settled within 12 months of receipt and are recognised as revenue when the Group performs under the contract.

The carrying amount of the deferred revenue is assumed to be the same as the fair value due to the short-term nature.

11. CONVERTIBLE LOAN NOTE

In April 2022, the Group issued 3,000,000 convertible notes each with a face value of \$1 to raise \$3,000,000. The loan notes had an initial maturity date of 12 April 2024 which was subsequently extended to 12 April 2025.

On the revised maturity date of 12 April 2025, the principal and the interest capitalised to the initial maturity date of 12 April 2024 will be automatically converted into fully paid ordinary shares in the Company. The interest capitalised over the period 13 April 2024 to 12 April 2025 will be settled in cash.

The Company may elect to redeem all or some of the convertible notes at any time prior to the maturity date.

The convertible notes are unsecured, carry no right to participate in any offering of securities by the Company or the right to vote any a general meeting of the Company.

The convertible notes are not transferable without prior written consent of the Company.

Interest

Interest accrues on the convertible notes at the rate of 8% per annum from the date of issue of the convertible notes up to (but excluding) the date on which the convertible notes are converted or redeemed. Interest is capitalised at the end of each calendar quarter and is to be satisfied in arrears upon the earlier of the redemption or conversion of the convertible notes.

On maturity, where the convertible notes are converted into ordinary shares, the accrued interest up to 12 April 2024 will be fully satisfied through the issue of conversion shares at the conversion price whilst the interest accrued from 12 April 2024 up to 12 April 2025 will be satisfied by way of a cash payment.

Where the convertible notes are redeemed prior to their maturity date, the Company will pay to the noteholders an additional interest payment so that the total interest received by the noteholders in respect of those convertible notes is equivalent to the amount they would have received had the relevant convertible notes been held till maturity.

Conversion

The convertible notes, together with all accrued unpaid interest, will automatically convert into fully paid ordinary shares in the Company on the maturity date. The conversion shares will be issued at a share price equal to 80% of the 90-day VWAP, unless such amount is:

- greater than \$0.17 in which case the conversion price will be \$0.17; or
- such amount is less than \$0.08 in which case the conversion price will be \$0.08.

Convertible loan note derivative

The fact that there is a maximum conversion price of \$0.17 and a minimum conversion price of \$0.08 creates an embedded derivative feature within the convertible loan notes that is required to be recognised separately. The convertible loan note derivative was initially recognised at fair value and is adjusted to reflect the carrying amount of the convertible debt at each reporting date, with any liability capped at nil. Subsequent changes to the fair value are recognised in the profit and loss.

Set out below is the carrying amount of the convertible loan note derivative asset and the movements during the period:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Carrying amount at beginning of period	879,444	1,299,000
Gain on modification of convertible loan note derivative	-	314,000
Fair value loss recognised in the period	(879,444)	(733,556)
Carrying amount at period end	-	879,444
The balance is split as follows:		
Current asset	-	879,444
Non-current asset	-	-
	-	879,444

11. CONVERTIBLE LOAN NOTE (continued)

Convertible loan note liability and effective interest rate

The convertible loan note liability is carried at amortised cost.

In accordance with AASB 9, the Group is required to determine the effective interest rate applicable to the convertible loan notes and apply that effective interest rate such that the carrying amount of the convertible loan note at maturity is equal to its fair value, being the aggregate of the face value of the loan notes, the interest capitalised thereon and the conversion premium arising from the fact that the conversion price will be 80% of the 90-day VWAP, subject to minimum and maximum conversion prices.

On initial recognition of the convertible loan note liability, the Group determined the effective interest rate to be 21.3%. The difference between the effective interest rate and the interest rate specified in the convertible loan note agreements is recognised at each reporting date as the amortisation of the conversion premium. During the prior year, the Group determined that the convertible loan note had been modified as a result of the extension of the maturity date.

Set out below is the carrying amount of the convertible loan note liability and the movements during the period:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Carrying amount at beginning of year	(4,259,858)	(3,721,108)
Interest capitalised in accordance with the convertible loan note instruments	(145,224)	(272,202)
Amortisation of conversion premium	(114,154)	(487,977)
Gain on modification of convertible loan notes	-	221,429
Carrying amount at period end	<u>(4,519,236)</u>	<u>(4,259,858)</u>
The balance is split as follows:		
Current portion	(4,519,236)	(4,259,858)
Non-current portion	-	-
	<u>(4,519,236)</u>	<u>(4,259,858)</u>

The following are the amounts recognised in profit or loss in relation to the convertible loan notes and the convertible loan note derivative:

	Consolidated	
	For the six months ended	
	31 December 2024	31 December 2023
	\$	\$
Other expenses		
Fair value (loss) / gain on convertible loan note derivative	(879,444)	23,815
Finance costs		
Interest recognised in accordance with the convertible loan note instruments	(145,224)	(134,135)
Amortisation of conversion premium	(114,154)	(276,746)
Total effective interest expense	<u>(259,378)</u>	<u>(410,881)</u>
Total amount recognised in profit or loss	<u>(1,138,822)</u>	<u>(387,066)</u>

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

12. CONTRIBUTED EQUITY

(a) Issued capital

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Ordinary shares, fully paid	72,498,285	72,165,390

(b) Movements in share capital

	31 December 2024		30 June 2024	
	Number	\$	Number	\$
Shares on issue at beginning of period	788,714,118	72,165,390	647,430,784	64,658,338
Shares issued on exercise of performance rights	4,500,000	337,073	1,700,000	127,387
Shares issued pursuant to a placement at the following prices:				
at \$0.048 per share	-	-	14,583,334	700,000
at \$0.05 per share	-	-	50,000,000	2,500,000
at \$0.06 per share	-	-	75,000,000	4,500,000
Share issue costs	-	(4,178)	-	(320,335)
Shares on issue at end of period	793,214,118	72,498,285	788,714,118	72,165,390

(a) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

13. SHARE BASED PAYMENTS

The share-based payments expense recognised during the period is comprised as follows:

	31 December 2024		31 December 2023	
	Number granted	\$	Number granted	\$
Performance rights: class V ¹	-	30,333	-	83,912
Performance rights: class W ¹	-	-	-	25,028
Performance rights: class X ¹	-	-	-	29,261
Performance rights: class Z ¹	-	44,970	-	153,978
Performance rights: FY25/1 ¹	10,000,000	77,605	-	-
		<u>152,908</u>		<u>292,179</u>

Notes:

1. There are vesting conditions attached to these securities. The fair value at grant date is recognised over the vesting period.

Options

During the half-year ended 31 December 2024, no options were granted (2023: nil). As a result, no share-based payments expense was recognised in relation to options (2023: nil).

Performance Rights

During the current period 10,000,000 were granted to key management personnel and employees (2023: nil). Consequently, for the six months ended 31 December 2024, \$77,605 was recognised in relation to performance rights granted during the period (2023: nil).

Employee Incentive Share Plan

Under the Employee Incentive Share Plan, eligible employees may be granted fully paid ordinary shares in the Company up to the value of \$1,000 per annum for no cash consideration. The number of shares issued to participants in the scheme is calculated at \$1,000 divided by the weighted average closing price of the Company's share price which is based on the closing ASX market prices over the five trading days before, but not including, the issue date, rounded down to the nearest whole number.

No shares were issued under this plan during the current half-year (2023: nil). The share-based payment expense is recognised over the period of employment of the eligible employees. No amount was recognised in the current half-year (2023: nil).

ADVERTITAS LIMITED
Notes to the Interim Consolidated Financial Statements
Half-year ended 31 December 2024

14. COMMITMENTS AND CONTINGENCIES

(a) Lease Commitments – Group as lessee

Future minimum rentals payable under short-term and low-value leases are as follows:

	Consolidated	
	31 December 2024	30 June 2024
	\$	\$
Within one year	6,754	6,674
After one year but not more than five years	-	-
More than five years	-	-
	6,754	6,674

(b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (30 June 2024: nil).

(c) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (30 June 2024: nil).

15. RELATED PARTY DISCLOSURE

The interim consolidated financial statements include the financial statements of Adveritas Limited and the entities listed in the following table.

Country of incorporation		% Equity interest	
		31 December 2024	31 December 2023
Livelynk Group Pty Ltd ¹	Australia	100	100
TrafficGuard Pty Ltd ²	Australia	100	100
TrafficGuard APAC Pte Ltd ²	Singapore	100	100
TrafficGuard US Inc ²	United States	100	100
Appenture d.o.o ²	Croatia	100	100
TrafficGuard UK Limited ²	United Kingdom	100	100
TrafficGuard LATAM Ltda ²	Brazil	100	100

Notes:

- equity interest is held directly by Adveritas Limited.
- equity interest is held directly by Livelynk Group Pty Ltd.

16. EVENTS AFTER BALANCE SHEET DATE

No event has arisen since 31 December 2024 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

ADVERTITAS LIMITED
Directors' Declaration

In accordance with a resolution of the directors of Adveritas Limited, I state that:

In the opinion of the directors:

- (a) The consolidated financial statements and notes of Adveritas Limited for the half-year ended 31 December 2024 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) Subject to note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board.



Mathew Ratty
Managing Director

Perth, Western Australia
24 February 2025



**Shape the future
with confidence**

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Independent auditor's review report to the members of Adveritas Limited

Conclusion

We have reviewed the accompanying condensed half-year financial report of Adveritas Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2024, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(c) in the interim consolidated financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

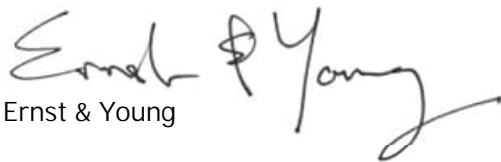
Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Darryn Hall
Partner
24 February 2025