

ASX RELEASE**31 JANUARY 2019****QUARTERLY ACTIVITIES REPORT: PERIOD ENDED DECEMBER 31****Key Highlights**

- Adveritas has made significant progress in the commercialisation of TrafficGuard in the December quarter
- Underlying technology advancements achieved including establishment of API's to facilitate new customers and partner integrations
- First revenues achieved from the Omnicom Media Group licence agreement in the MENA Region which officially commenced in December 2018 and is expected to ramp up materially in the March quarter
- Multiple trials with potential new customers either currently underway or scheduled to commence this quarter. The Company remains confident that a number of these trials will result in conversions into new licencing agreements
- Significant progress made towards strategic partnerships with major campaign management platforms (as foreshadowed in announcement dated 30 November 2018) opening up valuable sales channels direct to their thousands of clients
- The Company is confident that these initiatives will deliver revenue growth in the March quarter
- The Company's evolution marked with its rebranding to Adveritas
- Strategic placement to substantial shareholder, Mark McConnell of The Citadel Group who is now an 8.1% shareholder
- Appointment of Mathew Ratty as permanent CEO
- Entitlements issue successfully completed to raise \$2.4 million
- Cash and receivables at the end of the quarter of \$4.7 million including an R&D refund of \$950k received in the quarter

Adveritas Limited (**Company** or **Adveritas**) (**ASX: AVI**) is pleased to provide its quarterly report for the December quarter.

Sales and marketing update

First revenues for Omnicom Media Group's TrafficGuard license agreement were generated in December 2018. As Omnicom continues to grow their operations in MENA, Adveritas is confident it will see TrafficGuard revenue increase.

As outlined in November's AGM Strategy Update Presentation (see announcement dated 30 November 2018), the Company made significant headway in a number

of potential strategic partnerships. Product developments, such as TrafficGuard's API¹, have made these partnerships technically possible, while the extension of functionality across mobile and desktop made TrafficGuard more attractive to prospective partners and their clients. Partnerships are expected to be a valuable sales channel for engaging new TrafficGuard clients and driving revenue growth.

Following negotiations in December, the first of these engagements was announced on 21 January 2019 with Chinese digital consultancy, SparkX.

A number of TrafficGuard trials are underway or due to commence in the March quarter resulting from December quarter sales efforts. Among these are trials for media agencies, gaming and travel companies. The Company is confident a number of trials will convert to new licensing agreements.

TrafficGuard's preferred partner program, TrafficGuardians, launched in October with strong uptake. In support of TrafficGuard's mission to drive trust and transparency in the digital advertising ecosystem, the program aims to facilitate collaboration to address the growing problem of ad fraud. MobVista, Start App and ad tech unicorn, InMobi, were among the program's early adopters.

Technology update

During the quarter, TrafficGuard's fraud prevention functionality expanded from mobile app, to mobile web and desktop advertising. In addition to click and install level fraud mitigation, TrafficGuard is also detecting fraud at the impression level. These developments have extended TrafficGuard's appeal to performance marketing networks and brand managed advertising and affiliate programs. Increased functionality and integration flexibility has also strengthened TrafficGuard's appeal in partnership discussions.

Through the efforts of TrafficGuard's engineering and data science teams, TrafficGuard's capabilities are constantly evolving and strengthening.

Other business

In October, the Company completed a \$2.4 million rights issue (see announcement dated 23 October 2018) with strong support. With this rights issue, the Company welcomed strategic priority sub-underwriters Mark McConnell and Adam Schwab to the register. The rights issue has put the Company in a strong financial position to accelerate sales and marketing of TrafficGuard, globally.

¹ Application Programming Interface: A means of integrating multiple software platforms for cooperative tasks. TrafficGuard's API was launched in the December quarter.

Following the rights issue, the Company was pleased to make a strategic placement to Mr McConnell, increasing his holding to 8.1% of the Company's issued shares (see announcement dated 8 November 2018).

In acknowledgement of the substantial progress made under the leadership of interim CEO, Mathew Ratty, the board appointed Mr Ratty as the Company's permanent Chief Executive Officer in November (see announcement dated 9 November 2018).

Outlook

The Company is confident it will see revenue growth delivered by new clients, both direct and through strategic partnerships in the March quarter.

TrafficGuard recently entered into a Memorandum of Understanding with Chinese digital marketing consultancy, SparkX (see announcement 21 January 2018). The partnership with SparkX is expected to facilitate TrafficGuard's entry into China, the second largest digital advertising market globally.

In addition to SparkX, there are a number of ongoing discussions with prospective partners. Through strategic partnerships, the Company can benefit from existing relationships of its partners to drive adoption of TrafficGuard within their client bases and grow revenue. The market will be kept updated as deals progress.

As the leader in global digital ad spend, North America is high priority region for the Company. Over 40% of the global ad spend comes from the United States. Recruitment has begun for a TrafficGuard sales operation in North America. The Company expects to have on-boarded key appointments by the end of the March quarter to take advantage of this substantial market.

Adveritas CEO, Mathew Ratty said, "As outlined in our Strategy Update presentation, we are pursuing growth through three strategic priorities: 1) Strategic partnerships as sales channels; 2) Establishment of our North American operations; and, 3) Extending TrafficGuard's coverage towards programmatic advertising. Over the quarter, the team has continued to make very satisfying progress towards each of our 3 strategic growth priorities.

"In particular, entering China through our partnership with SparkX allows us to navigate a notoriously complex, yet large and growing advertising market. The endorsement implied by partnerships such as this will lead to TrafficGuard adoption and fast revenue growth. As this and other partnership discussions progress, I look forward to sharing progress with the market."



Mr Ratty continued, “I am also looking forward to taking the successes from our launch in APAC and applying them in North America when our reach expands there later this quarter”.

- ENDS -

For more information, please contact:

Investor Enquiries

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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

Adveritas Limited (formerly Tech Mpire Limited)

ABN

88 156 377 141

Quarter ended ("current quarter")

December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	153	743
1.2 Payments for:		
(a) research and development (see additional note 1)	(792)	(1,620)
(b) product manufacturing and operating costs including cost of services rendered	(128)	(665)
(c) advertising and marketing	(160)	(277)
(d) leased assets	-	-
(e) staff costs (see additional note 2)	(829)	(1,466)
(f) administration and corporate costs	(279)	(747)
(g) other	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	5
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	(11)	(21)
1.7 Government grants and tax incentives	956	956
1.8 Other: income tax refunds received	20	20
1.9 Net cash from / (used in) operating activities	(1,066)	(3,073)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(12)	(16)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	1	1
(b) businesses (see item 10)	-	500
(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 Other: cash disposed of on sale of controlled entity	-	(348)
2.6 Net cash from / (used in) investing activities	(11)	137

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,648	2,648
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(144)	(144)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material):	-	-
(a) Net short term advances under debtor financing facility	-	61
3.10 Net cash from / (used in) financing activities	2,504	2,565

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,475	4,232
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,066)	(3,073)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	137
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,504	2,565
4.5	Effect of movement in exchange rates on cash held	27	68
4.6	Cash and cash equivalents at end of quarter	3,929	3,929

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	3,929	2,475
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term Deposit)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,929	2,475

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	192
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	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

8. Financing facilities available <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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other: debtor factoring facility	-	-
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.		

On 31 July 2018, the Company disposed of 90% of its interest in Mpire Network Inc. Mpire Network was party to a debtor factoring facility agreement. During the month of July, Mpire Network received net short-term advances of \$61,398 under the facility agreement. This is shown at item 3.9(a) above.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	706
9.2 Product manufacturing and operating costs including cost of services rendered (see additional note 4)	194
9.3 Advertising and marketing	370
9.4 Leased assets	-
9.5 Staff costs	729
9.6 Administration and corporate costs	159
9.7 Other	-
9.8 Total estimated cash outflows	2,158

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	n/a	Mpire Network Inc
10.2 Place of incorporation or registration	n/a	Canada
10.3 Consideration for acquisition or disposal	n/a	\$900,000*
10.4 Total net assets	n/a	\$478,543
10.5 Nature of business	n/a	Performance marketing

*\$500,000 received during the quarter ended 30 September 2018. \$400,000 to be received in future quarters.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: **Mathew Ratty**
(Director / ~~Company secretary~~)

Date: 31 January 2019

Print name: MATHEW RATTY

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Additional Notes

1. Item 1.2(a), payments for research and development, comprises primarily staff costs relating to on-going technology development work.
2. Item 1.2(e), payments for staff costs, excludes those costs relating to on-going technology development work which are included instead at item 1.2(a) – see additional note 1 above.
3. Item 1.2(g), payments for restructuring and expansion costs relate to expenditure incurred as part of the Company's sales and marketing restructure and APAC establishment costs.
4. Item 9.2, estimated cash outflows for next quarter - product manufacturing and operating costs including cost of services rendered, includes payments to supply partners for the cost of services rendered to advertising clients and consequently the estimated cash outflow is dependent primarily on estimated sales for the next quarter.