8 FEBRUARY 2023

COMPREHENSIVE RESEARCH REPORT

ADVERITAS
ASX: AV1

Adveritas

LISTED ASX

EQUITY STORY

RECENT HIGHLIGHTS

- Record Quarterly receipts (Q2/23) of $887k, up 36% and underpinned by strong growth in Google Cloud Marketplace sign-ups.

- Strong outlook with a multichannel approach, with record pipeline and customer demand in FY23.

- January 2023 cross/upsell seeing up to 150% value growth.

- Integration with Impact – a partnership management platform – opening new markets with over 2,500 clients

- Investment into an Integrations Team, which will focus on taking freemium trialists to paid clients.

- Recent capital raisings seeing cash balance of ~$7.1m to enable the company to execute on its FY23 strategy.

- M&A approach demonstrates there is significant interest in this space, as well as TrafficGuard and its offerings.

- Google partnership gathering momentum on the back of marketing and companies coming around to realisation that ad fraud prevention is a need with 55 trials in the integration phase.

Share Information

Price ($)	0.071
Average Volume	279,336
52 Week Range ($)	0.057 - 0.13
Shares on Issue (000's)	517, 285

Fundamentals

Revenues FY22 ($m)	2,032
NPAT FY22 ($m)	(9,094)
EPS FY22 ($)	-0.021
PE Ratio	N/A
Market Cap ($000's)	36,727
Valuation DCF ($)	0.16

Leadership Team

Mr Stephen Frank Belben	Non Executive Chairman
Mr Mathew James Ratty	Chief Executive Officer
Mr Renaud Besnard	Non Executive Director
Mr Mark McConnel	Non Executive Director
Mr Andrew Scott	Non Executive Director
Ms Fiona Muir	Chief Financial Officer

WHAT IS AD FRAUD?

The early signs of ad fraud

Early click fraud indicators

▶ High click volumes coupled with low conversion rates

▶ High bounce rates

▶ A high number of clicks from countries outside your target area

▶ A high number of invalid clicks (on your Google Ads)

▶ An increase in the volume of clicks while maintaining other metrics and campaign parameters (CTR, CPC)

Early lead fraud indicators

▶ Unusually high conversion rates from click to lead

▶ Low conversion rates from lead to sales

▶ Low engagement rates (in Freemium models)

▶ An increase in complaints from sales and product colleagues about lead quality

▶ Out-of-target paid leads (e.g. from countries where you don't have active campaigns running)

Early impression fraud indicators

▶ Sudden spikes in the volume of impressions

▶ Spike in out-of-target impressions

▶ Low clickthrough rates

Early attribution fraud indicators

▶ Sudden spikes in attributed sales from a new partner

▶ Sudden decline in attributions from old partners

▶ Sudden increase in attributed sales (vs non-attributed sales)

Ad fraud refers to any effort to deceive online advertising networks in order to profit financially.

Scammers frequently utilise bots to commit ad fraud, but this is not always the case. There are other ways scammers can get advertisers and ad networks to pay them. Click fraud mainly refers to ad fraud that involves bots.

TRAFFICGUARD CAN TACKLE ANY CHANNEL, ANY BRAND AGENCY, ANY AD NETWORK

TYPES OF AD FRAUD

WHAT IS INVALID TRAFFIC (IVT)?

Ad fraud can be one of the most devastating issues for both advertisers and publishers, as it can lead to inflated costs and earnings. Invalid Traffic (IVT) is any activity that comes from anything other than real internet users, such as bots or other nonhuman sources.

This can lead to ad impressions and clicks on a publisher's website that are not genuine, and can cause huge problems for those involved.

Typically, the following activities are described as invalid traffic:

- Impressions and clicks made by publishers themselves when they click on their own ads.

- Publishers and advertisers encouraging users to click on their ads. For instance, they might use language that encourages visitors to view ads.

- Repeated ad clicks or impressions generated by one or more users.

- Impressions and clicks made by robots, traffic sources, or other deceptive software.

Invalid Traffic accounted for 51% of ad fraud for mobile ads in Europe in

PROPORTIONAL WASTED AD SPEND OWING TO COMMON FRAUD TACTICS IN 2018 (%)

30.33%

42.34%

Wasted Ad Spend by fraud tactic

27.33%
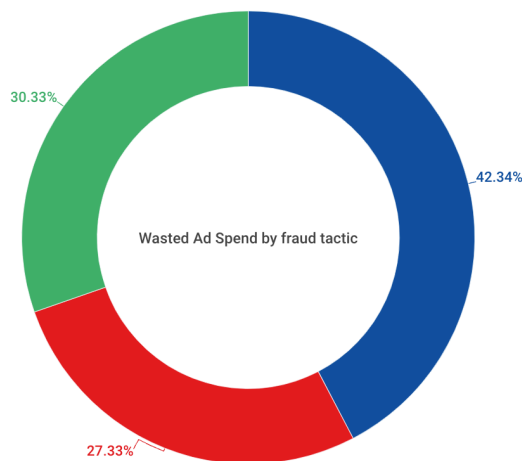
Source: Business of Apps

● App Install Farms of SDK Spoofing ● Click Spam & Ad Stacking ● Click Injection Fraud
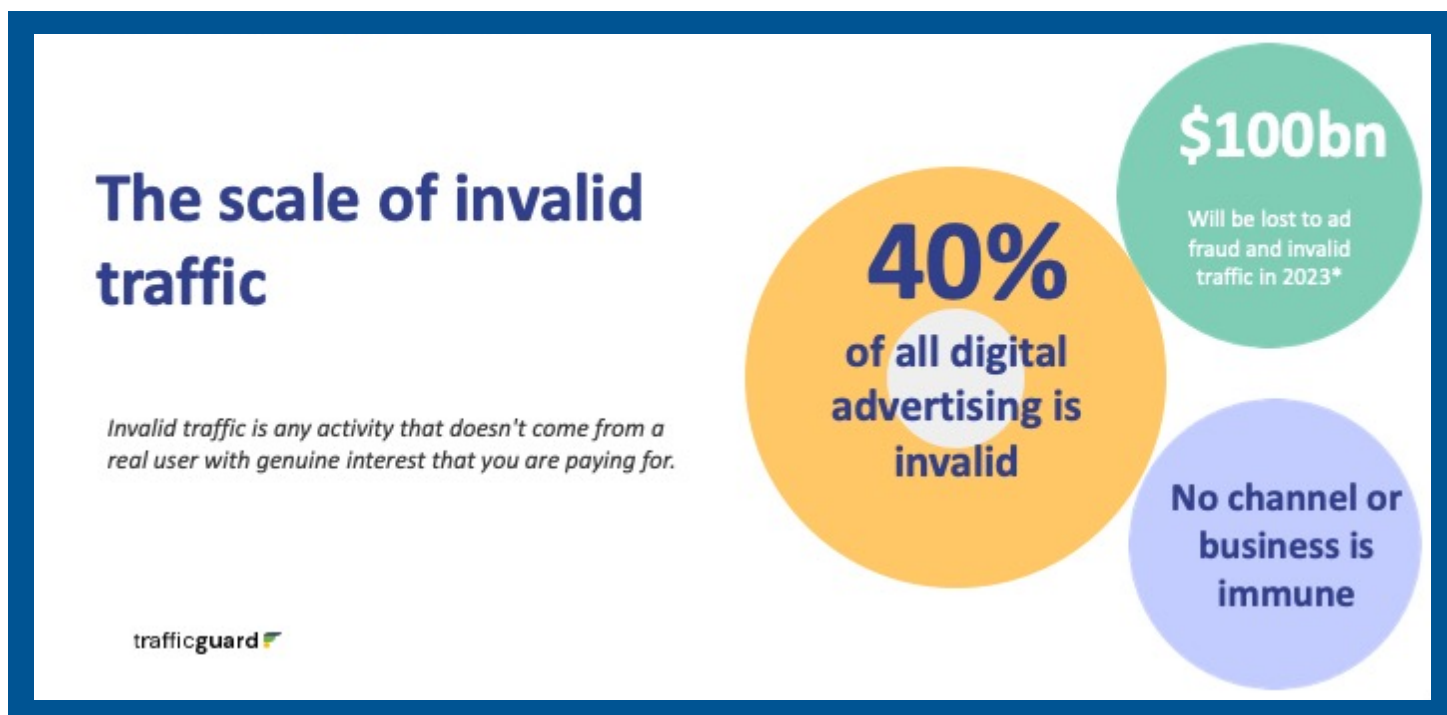
Adveritas

trafficguard

All forms IVT can be segmented into two categories, *general invalid traffic* and *sophisticated invalid traffic*. While some IVT is more benign than others, both types of traffic can have a negative impact on ad spend and wider marketing campaigns.

GENERAL INVALID TRAFFIC (GIVT)

GIVT is the form of invalid traffic most easy to detect. It's usually caused by web crawlers as they index web pages and is not done with malicious intent. GIVT can also come from accidental clicks, and internal traffic.

SOPHISTICATED INVALID TRAFFIC (SIVT)

More difficult to detect than its counterpart, SIVT is actively fraudulent traffic created to drain advertiser's ad spend and create inaccurate data. SIVT can come from hijacked devices, adware, competitor clicks, or advertising botnets.

The scale of invalid traffic

Invalid traffic is any activity that doesn't come from a real user with genuine interest that you are paying for.

40% of all digital advertising is invalid

$100bn Will be lost to ad fraud and invalid traffic in 2023*

No channel or business is immune

trafficguard

Source: TrafficGuard

WHY AD FRAUD PREVENTION?

Advertisers are estimated to have lost a total of $42 billion in ad spend in 2019 – a number that has risen to $81 billion in losses in 2022 and is projected to reach $100 billion by the end of 2023. The continued rise in ad fraud highlights the importance of prevention measures in terms of cost, efficiency, time, and management. Clearly, ad fraud is a massive issue that requires immediate attention.

Research shows that organisations without any fraud prevention systems or processes in place can expect reductions in Return On Ad Spend (ROAS) in the low single digits, while simultaneously experiencing increases in Customer Acquisition Costs (CAC).

A great example of what can go wrong is demonstrated in the Uber v Fetch Media lawsuit (~$40M lawsuit) in which Uber claims the ads were not viewable and were placed on phantom websites.

https://www.cnbc.com/2017/09/19/uber-sues-fetch-for-ad-fraud.html

HOW CAN INVALID TRAFFIC AFFECT YOUR BUSINESS?

Wasted opportunity cost is an obvious consequence of IVT – marketers don't want to spend their precious ad budgets on clicks unlikely to convert. However, IVT can affect more than just the financial side of business, creating impact on marketing strategy and more.

Wasted Media Spend: as mentioned, the cost of large amounts of IVT can be very detrimental to campaign ROI. **A TrafficGuard customer recently found that 28% of their ad spend was going towards invalidated clicks, amounting to a massive $65K wasted budget.**

Compromised Campaign Data: without complete certainty in the validity of traffic, marketers may struggle to make efficient campaign optimisation decisions, and any changes they do make that are influenced by IVT could be detrimental to campaign success. In the world of digital marketing, data is gold – so **the cleaner and more accurate you can make your data, the better your campaigns will be.**

Misplaced Resource Investment: as well as compromising campaign efficacy, large volumes of IVT can cause marketers to direct spend to traffic sources which appear lucrative, but are in fact producing non-opportunities. Precious time, effort, and budget are at risk of being funnelled into sources which do not produce a strong ROI.
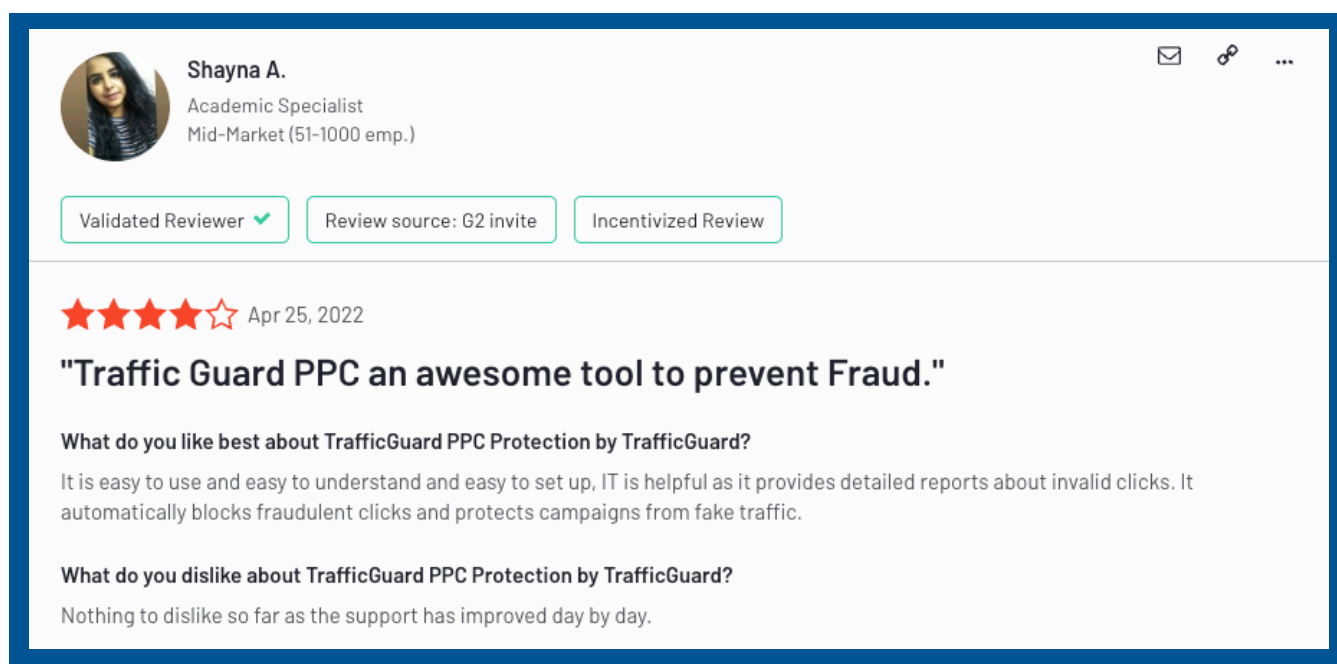
HOW CAN YOU STOP INVALID TRAFFIC?

Use an ad fraud prevention solution: TrafficGuard's PPC Protection solution is both the identification and the mitigation for IVT. The platform proactively stops your ads from showing to sources of IVT, and offers unprecedented levels of visibility across all your traffic, enabling you to get the most from your data. When IVT cannot be stopped without catching genuine traffic in the crossfire, you can even use TrafficGuard reporting to submit a Google Ads refund claim.

Understand your ad traffic: knowledge is power, so having an in-depth understanding of your usual traffic can help you spot any suspicious activity. TrafficGuard allows you to monitor what you consider to be valid traffic, paying close attention to geography and pages visited – insights that can then be used to highlight any anomalous activity.

As well as helping you detect IVT, having a deeper understanding of your ad traffic will also also allow you to create better, more informed marketing campaigns. You can use the quantifiable insights into your visitors' habits and demographics to create more targeted and personalised campaigns.

By verifying every click-through, TrafficGuard helps improve campaign quality **and** ROI by both mitigating IVT and providing better clarity on genuine users – it's a win win situation.

Shayna A.
Academic Specialist
Mid-Market (51-1000 emp.)

Validated Reviewer ✔ | Review source: G2 invite | Incentivized Review

★★★★☆ Apr 25, 2022

"Traffic Guard PPC an awesome tool to prevent Fraud."

What do you like best about TrafficGuard PPC Protection by TrafficGuard?
It is easy to use and easy to understand and easy to set up, IT is helpful as it provides detailed reports about invalid clicks. It automatically blocks fraudulent clicks and protects campaigns from fake traffic.

What do you dislike about TrafficGuard PPC Protection by TrafficGuard?
Nothing to dislike so far as the support has improved day by day.

Source: G²

WHY ADVERITAS' TRAFFIC GUARD?

TrafficGuard is an omni-channel solution which operates across the entire Quadrant: Mobile app spend, Google PPC, Affiliate (think people signing up to Disney through their website but who were led to the signup from a third party) and Social in the pipeline (Facebook, Reddit, TikTok etc). Legacy players who operate in the same space generally only sit in a single channel, which means they can only help with one area.

The key attractiveness of TrafficGuard lies in it being fully automated: it uses real-time analytics on a friendly, easy-to-navigate dashboard and tackles the false positives, allowing its algorithms to distinguish between genuine traffic and false interactions.
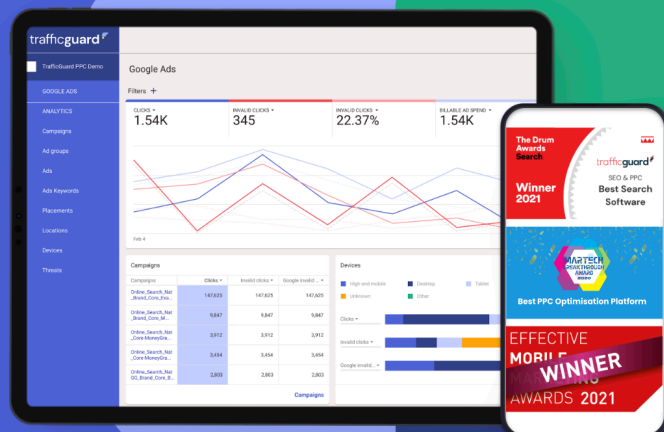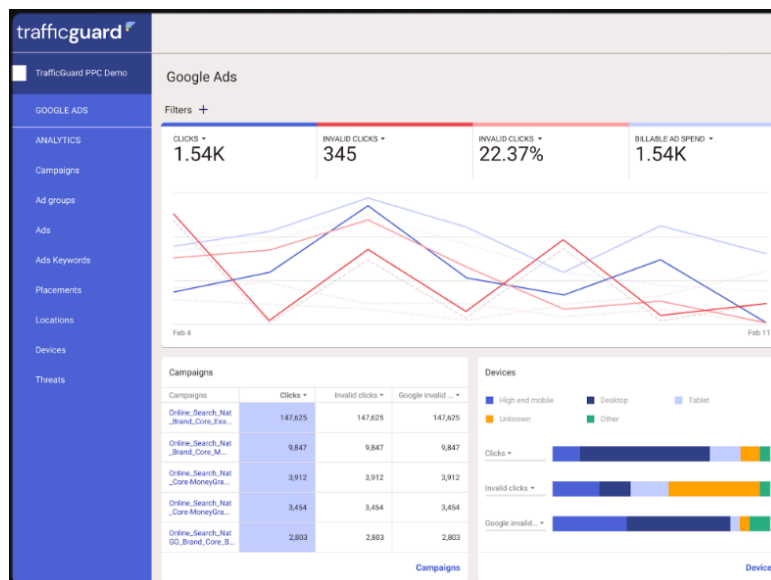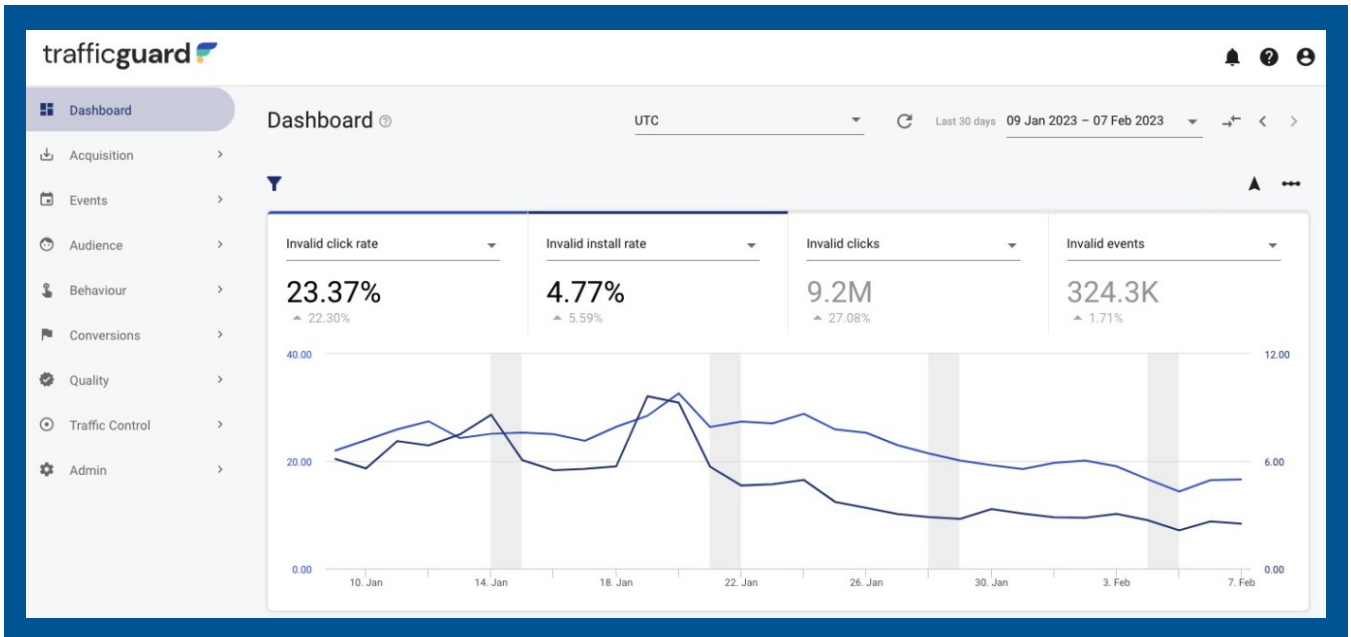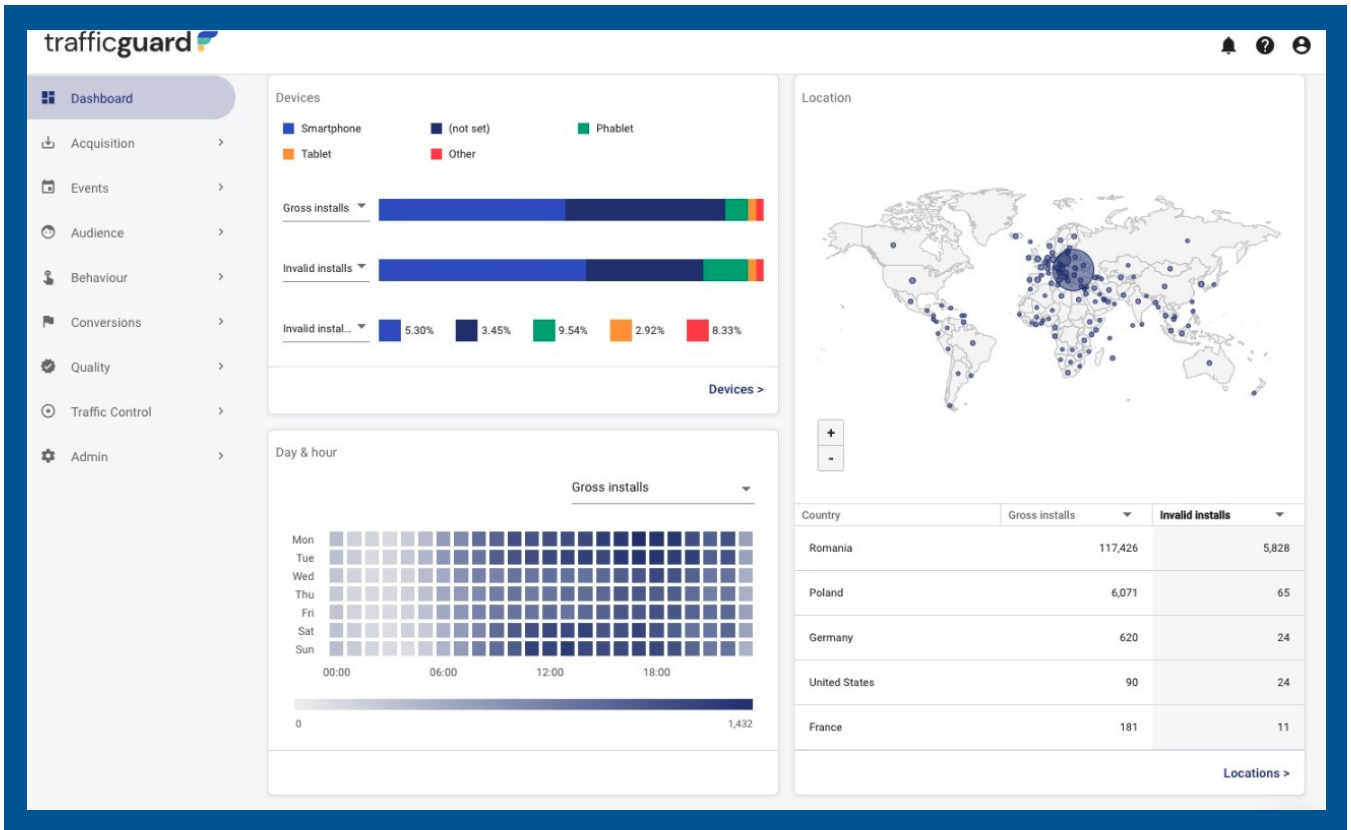
DASHBOARD – PPC

Source: TrafficGuard

DASHBOARD – MOBILE

Source: TrafficGuard

PROBLEM

Ad fraud in marketing and engagement. Companies advertise their brands or products online and want engagement. Engagement creates brand awareness, and awareness drives conversion. Advertisers usually either pay on a Cost Per View (ad is just viewed), Cost Per Click (paid only when clicked on), Cost Per Install (pay on an install) or Cost Per Action (form filled out, a purchase within an app, a purchase on a website, a deposit of funds etc). Fraud occurs when this engagement is either not real (bots, competitors, human click fraud farms) or the engagement is real and misattributed (an example is an organic install which is then made to look like a traffic source delivered it – the company would pay out for an organic install believing it was delivered by a traffic source).

The main issue with Ad fraud is the marketer scales into the fraud and the problem gets worse: it affects your ARPU (Average Revenue Per User), LTV (Lifetime Value), Retention, LTV:CAC (Lifetime Value/Customer Acquisition Costs), and your entire business model. Imagine walking in and finding out that you have 1 million installs of your app and nobody is purchasing anything in it. It messes up all your metrics and forecasts and you would start to question your business model. Ultimately it is the LTV:CAC that is destroyed.

Misattribution also has a snowball effect. If you believe a particular traffic source is delivering you quality installs, you scale up with that source only to realise that in 3 months' time the quality of those installs are terrible. This leads to marketers mismanaging the channels whereby funds allocation can see under-investment or over-investment in particular circumstances.

SOLUTION

TrafficGuard. Sitting across the entire user experience (impression, click, install/conversion and post install) it analyses every stage of the consumer journey, which is their main point of difference. Most Ad Fraud prevention companies do one channel or focus on a specific issue, some might have more than one, but TrafficGuard does it all.

Validation: Paying clients and the type of clients (Disney Streaming Services, William Hill, SOFI, LALAMOVE, GOJEK).

The best way to think about all of this is to think of it in terms of the Quadrant: Mobile, Affiliate, PPC and Social.

Mobile is when clients pay for a download or an event (a purchase for example, as everyone wants to monetise their app) – the types of fraud TrafficGuard are capturing include:

- Install theft: partners stealing installs off of others which causes the advertiser to scale up with the wrong sources.

- Misattribution: where fraudsters make the client believe that an organic install was actually a paid install of which they should be paid for

TrafficGuard's Affiliate product is protecting traffic and leads being driven to a sign up on the company's website for them to convert (think signing up to Disney+ Streaming services on the web after seeing an ad online). PPC, another product offered by TrafficGuard, is to safeguard clients Google Ad spend which is based on cost per click (in the works: Apple Ads, Amazon Ads and Bing). The Mobile app product protects any customer paying for mobile app downloads. The TrafficGuards fourth product is Social which is in beta but will focus on Facebook, LinkedIn, Reddit etc.

The reality is that clients spend across a lot of different channels, not just one – For example, if you take entertainment companies, they spend across Google, Mobile, Affiliate and Social to drive user acquisition. One can imagine one of these entertainment companies becoming an ideal client using all four services.

TrafficGuard will shortly be cross selling: such as with William Hill. Starting off with company's PPC product for $7k a month, now they are trialling the Mobile and Affiliate product and if successful could see it generate substantially larger revenues. So what started off as a $7k a month contract will soon potentially triple as evidenced by recent contract updates by the company which saw a 150% rise on some contracts due to cross and upsell opportunities.

The goal is to generate this kind of agreement with TrafficGuard's top 50 global clients by the end of 2024.

THE BENEFITS OF THE OMNI CHANNEL SOLUTION ARE:

- Increased ARPU (Average Revenue Per User)

- Increased LTV (Life Time Value)

- Increased LTV:CAC (Lifetime Value: Customer Acquisition Cost) as it's easier to cross sell and upsell

- Major barrier to entry as we are increasingly integrated across the tech stack of these Companies which makes it hard to drop or get beaten by a competition

WORLD'S FIRST FULL FUNNEL AND OMNI CHANNEL PLATFORM

Programmatic	Desktop	Mobile Ad Fraud	PPC Fraud	Bot Management
CHEQ	forensiq by Impact	MACHINE	CHEQ ClickCease	NETACEA
IAS Integral Ad Science	fraudlogix	SCALARR	ClickGUARD	distil networks
DV DoubleVerify	pixalate	PROTECT360	Clixtell	DATAVISOR
MOAT	c2metrics	adjust	LUNIO	zVelo We categorize the Web
PROTECTED MEDIA		KOCHAVA★		DATADOME
		singular		

trafficguard

Source: TrafficGuard

👤 Audience

TrafficGuard is for any business advertising on Google Ads to ensure their ad spend delivers genuine advertising engagement, delivering to their bottom line. Say goodbye to bots, fraud & bad clicks.

☁ About TrafficGuard

TrafficGuard's PPC protection makes it easy for businesses of all sizes to protect their Google Ads campaigns from click fraud.

Getting set up is simple and takes just minutes. TrafficGuard actively monitors your Google Ads traffic and automatically blacklists sources of invalid traffic, 24/7.

Processing 3+ trillion data points per month, TrafficGuard delivers unprecedented level of protection to your campaigns. Get full visibility of quality with real-time reporting and expert support.

💲 Pricing

Starting Price:	Free for up to $2.5k ad spend
Pricing Details:	Free plan for protection of up to $2.5k of ad spend Prevention available on Pay as you go plan
Free Version:	Free Version available.
Free Trial:	Free Trial available.

⚙ Integrations

See Integrations

★ Ratings/Reviews - 37 User Reviews

Overall	★★★★★	4.9 / 5
Ease	★★★★★	4.6 / 5
Features	★★★★★	4.6 / 5
Design	★★★★★	4.7 / 5
Support	★★★★★	4.5 / 5

More Reviews Write a Review

🏢 Company Information

TrafficGuard

Founded: 2015

www.trafficguard.ai

🖼 Videos and Screen Captures

Rappi's mission to fight ad fraud with TrafficGuard

Gabriel Sampaio

GROWTH LEAD – DIGITAL CHANNELS

Watch on YouTube
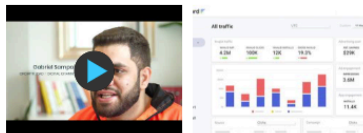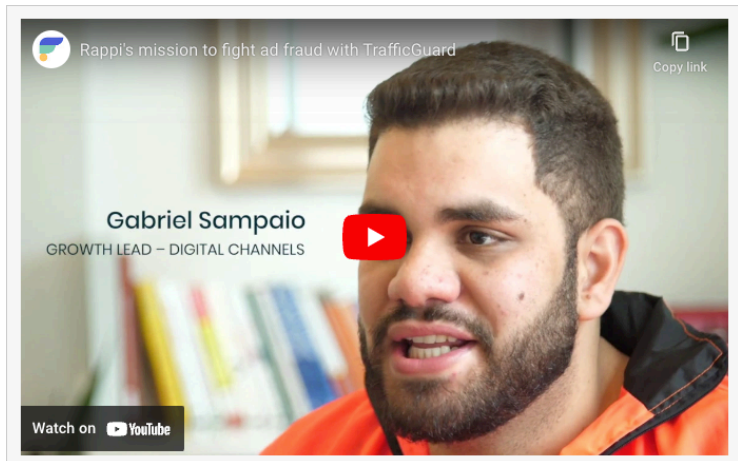
ℹ Product Details

Platforms Supported	**Training**	**Support**
✔ SaaS	✔ Documentation	✔ 24/7 Live Support
	✔ Live Online	✔ Online

Source: SourceForge

PPC

TrafficGuard provides real-time protection against invalid ad interactions through a unified, user-friendly dashboard. Its primary focus is on optimising Google Ads campaigns and it boasts a robust partnership with Google Cloud Marketplace.

MOBILE AP UA

Mobile app ad fraud is a significant threat to successful user acquisition campaigns. With large budgets and a vast market, the app industry is a prime target for bots and bad guys. This can result in hindered user acquisition due to ineffective fraudulent clicks, decreased ad budgets due to invalid traffic (IVT), and misattribution of clicks and conversions to the incorrect source.

AFFILIATE

TrafficGuard is an affiliate ad fraud prevention platform that ensures the authenticity of affiliate activities to reduce misattribution and mitigate the impact of invalid traffic. It provides a comprehensive, multi-stage solution that evaluates user engagement, intention, and conversion potential. This leads to a clear understanding of advertising activities, empowering marketing teams to make confident optimisations based on precise data.

SOCIAL

Ad fraud is prevalent on social media platforms, as evidenced by Facebook's removal of over 1.5 billion fake accounts every quarter. TrafficGuard offers a smart and user-friendly solution to prevent ad fraud, maximising the efficiency of your marketing investments. This solution eliminates the problem of misleading metrics and ensures that a company's social ad budget is not wasted on non-converting clicks. Social product is still in beta.

CUSTOMER SPREAD

Source: TrafficGuard

Revenues (ARR $'m)

● Mobile   ● Affiliate   ● PPC

Mobile
$1.0

Affiliate
$0.12

PPC
$1.8
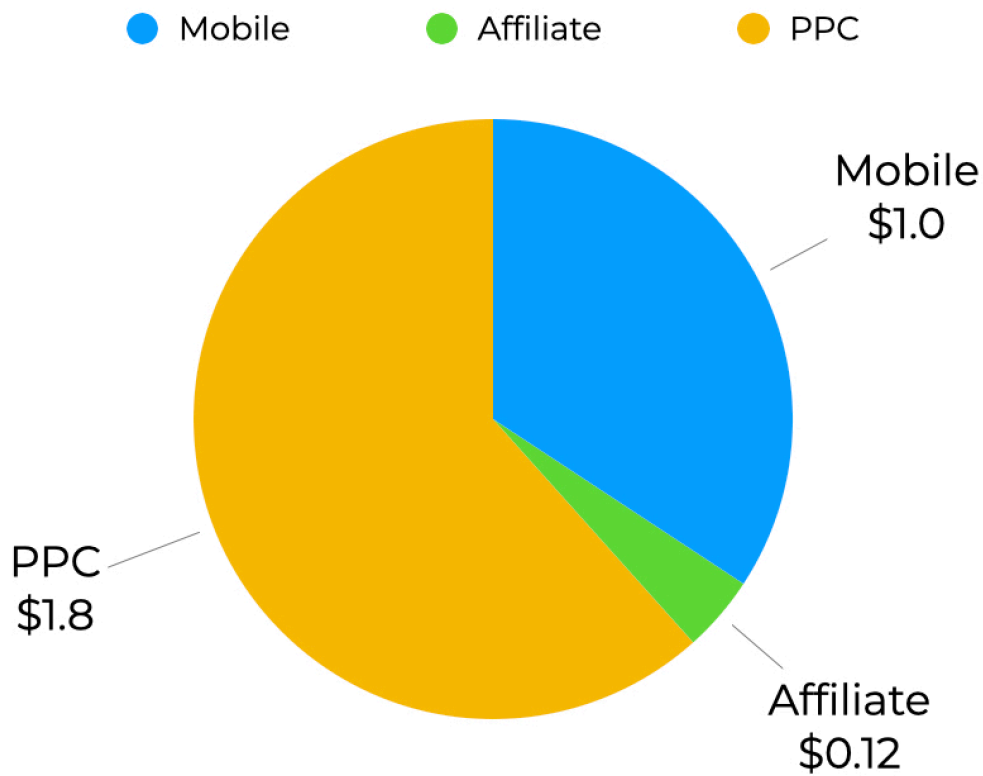
Source: Equity Story

ADDRESSABLE MARKET

The numbers below are mind boggling however a fraction of those is still a large amount for a company such as AV1. While competition might be high, AV1 has a unique omni-channel solution that could grab a marketshare that has the potential for revenues in the 100's of millions. Take Disney Streaming Service as an example and their use of Impact. TrafficGuards integration with Impact means access to over 2500 potential clients. There are around 500 affiliate platforms so multiple that by a big client base on each affiliate and the TAM looks enormous. The key to this in integration, affiliate platforms don't just integrate with anyone, they are looking for customers in which there is strong demand.

TrafficGuard addressable markets

Affiliate	impact.com	TUNE	Partnerize	RAVENTRACK	INCOME access (A Paysafe Company)	+500 affiliate platforms
Number of Customers	2,500	200	1,750	100	300	
Revenue Potential	$150m	$12m	$105m	$6m	$18m	

Mobile App	AppsFlyer	adjust	branch	KOCHAVA★
Number of Customers	80,000	50,000	100,000	300
Revenue Potential	$2.4b	$1.2b	$3b	$9m

trafficguard

PPC Addressable Market

Google		yahoo!
Customers	65	+ bing
In Trial	50	Meta
Number of customers	Circa 10m	
Revenue Potential	$1.47b	

Revenue Potential Calculated Using Customers X $50k (p/a)

BUSINESS MODEL

Adveritas TrafficGuard is a Software as a Service with a mix of subscription and freemium models. The PPC Detect offering is available on a freemium basis, while most plans are subscription-based and tailored to meet the needs of businesses of different sizes.

PPC

Enterprise PPC Pricing Plans *All amounts in USD*	PPC 50 $500/mo (1% of ad spend) Annual contract	PPC 100 $900/mo (0.9% of ad spend) Annual contract	PPC 250 $2K/mo (0.8% of ad spend) Annual contract	PPC 500 $3K/mo (0.6% of ad spend) Annual contract	PPC 1M $5K/mo (0.5% of ad spend) Annual contract
Ad spend protected	$50k	$100k	$250k	$500k	$1m
Overage (% of Google ad spend)	2%	2%	2%	2%	2%
Service level plan	Blue	Gold	Gold	Platinum	Platinum
Unlimited clicks	✓	✓	✓	✓	✓
Unlimited properties	✓	✓	✓	✓	✓
12 months data retention	✓	✓	✓	✓	✓
50+ ad accounts	✓	✓	✓	✓	✓
Dedicated account manager	–	–	–	✓	✓

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Source: TrafficGuard

MOBILE APPS

Depending the size of a business, there is a level of subscription for all, hence the market size in Mobile Apps channel is very large.

Enterprise
Mobile App
Pricing Plans

All amounts in USD

	Mobile App 50	Mobile App 250	Mobile App 500	Mobile App 1b	Mobile App 1b
	$2.5K/mo Annual contract	**$7.5K**/mo Annual contract	**$10K**/mo Annual contract	**$15K**/mo Annual contract	**$20K**/mo Annual contract
Impressions, clicks, installs, events included	50m	250m	500m	1b	2b
Overage (fee/volume)	$300/5m	$900/25m	$1.2k/50m	$1.8k/100m	$2.4k/200m
Service level plan	Blue	Gold	Gold	Platinum	Platinum
Support	Email and chat	Priority Support	Priority Support	Dedicated account manager	Dedicated account manager
Impressions	✓	✓	✓	✓	✓
Agency Access	✓	✓	✓	✓	✓
Customised Integrations	–	–	–	✓	✓

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Source: TrafficGuard

AFFILIATE

Enterprise

Affiliate
Pricing Plans

	Affiliate 10	Affiliate 25	Affiliate 50	Affiliate 100
	$1K/mo Annual contract	**$2.5K**/mo Annual contract	**$5K**/mo Annual contract	**$10K**/mo Annual contract
Conversions	10,000	25,000	50,000	100,000
Service level plan	Blue	Gold	Platinum	Platinum
Support	Email and chat	Priority email and chat	Dedicated account manager	Dedicated account manager
Onboarding plan	Comprehensive	Comprehensive	Comprehensive	Comprehensive
Check-in frequency	Quarterly	Quarterly	Monthly	Monthly
Live dashboard sessions	1 per quarter	2 per quarter	2 per quarter	3 per quarter

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GROWING PARTNER & CLIENT LIST

Recent partnerships and client wins include Google which could prove to be the jewel in the crown considering the ad spend on Google alone is ~$147B.

The new channel offering is targeting the big social media companies and large enterprise like TikTok, Reddit, LinkedIn.

50+ enterprise advertisers

Disney+, Singtel, gojek, LALAMOVE, Ladbrokes, deezer, Kredivo, LUXURY ESCAPES, BETFRED, BETTER COLLECTIVE, bukalapak, William HILL, ADCB بنك أبوظبي التجاري, Smarkets, FRONTIER DIGITAL VENTURES, MyRepublic, Santander, Midnite

Technology and agency partners

impact.com, TUNE, RAVEN, Partnerize, INCOME access A Paysafe Company, Google Cloud Partner, KOCHAVA, branch, Jampp an affle company, adjust, AppsFlyer, OMD, INMOBI, liftoff, M&C SAATCHI PERFORMANCE

Source: Adveritas

INDUSTRY OUTLOOK

DIGITAL ADVERTISING EXPENDITURE UP 22% YEAR ON YEAR IN AUSTRALIA

For the financial year ending June 30th, 2022, digital advertising expenditures in Australia reached A$13.9 billion, marking a 22% increase from 2021. Recruitment ads comprised a significant portion of this figure, valued at approximately A$6.06 billion by PWC Australia. With increased mobility post-pandemic, retailers reduced their digital ad spend while more money was invested in general display advertisements, fuelling a growing demand for digital ad fraud mitigation software such as TrafficGuard.

Adveritas' anti-fraud solution, TrafficGuard, was recognised as the most effective anti-fraud solution in 2021 at the 2022 Global Digital Excellence Awards, winning the coveted Mobile Marketing award.

TrafficGuard is the exclusive digital anti-fraud solution on the Google Cloud Marketplace, one of the largest cloud marketplaces in the world. As the only anti-fraud solution available on the platform, TrafficGuard is the go-to choice for digital advertisement fraud mitigation for Google Cloud Marketplace users, granting the company access to a vast customer base across multiple countries and regions.

DIGITAL AD MARKET POISED TO GROW, SOFT GROWTH BUT GROWTH

The global digital advertising market is projected to reach $602.25 billion in 2022, accounting for 66.4% of total media ad expenditure. As the number of internet users continues to increase, traditional media outlets are transitioning to digital channels. With a forecasted average 10.34% CAGR over the next decade, the digital advertising market is poised to reach $1 trillion by 2031.

Global scale and impact of invalid traffic and ad fraud

$455b
Size of digital advertising market
eMarketer

28%
of digital traffic is non human
Adobe

$127b
Lost to non-human traffic

2.87x
ROI on advertising
Nielsen

$364b
Lost revenue

$1.8–$3.6t
Capital value erosion

trafficguard

Source: Adveritas

Verified User in Automotive ⓘ
Small-Business (50 or fewer emp.)

[Validated Reviewer ✔] [Verified Current User ✔] [Review source: Organic]

★★★★★ Sep 09, 2022 (Original Sep 07, 2022) ❓

"Intelligent Click Fraud Protection"

What do you like best about TrafficGuard PPC Protection by TrafficGuard?

After comparing TrafficGuard to similar services, it was immediately apparent it was an intelligent and professionally created platform. Furthermore, screening every Ad click is sophisticated enough to exclude invalid traffic only after thoroughly examining it. This offers peace of mind that genuine customers are not blocked from seeing your Ads and that unwanted traffic is screened out.

Another standout feature is that it automatically manages your IP exclusion list based on the risk factor. In addition, it decides how long the IP will be excluded, which is visible in the reports section when it is added or deleted from the list. Finally, although some manual validation rules are available as a secondary barrier, they are limited as TrafficGuard is designed to pinpoint the journey of each click on whether it is a high-risk factor or not.

The layout of the navigation panel has been well thought out to access any information required when setting up your account and connecting with your Ads account.

What do you dislike about TrafficGuard PPC Protection by TrafficGuard?

The positive dislike is that you must learn the ropes to understand the intelligent reporting offered. However, once you have mastered it, you will have all the necessary information data at a glance on how your Ad traffic is being protected to benefit your business.

Source: G²

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COMPANY OUTLOOK

GROWING ANNUAL RECURRING REVENUE FUELLED BY MAJOR CLIENT ACQUISITION, PRODUCT UPSELLING, AND CHANNEL DIVERSIFICATION

Adveritas has acquired several blue-chip customers across various regions over the past year. These new customers include major UK bookmakers such as Betfred, the largest private retail bookmaker in the UK, William Hill, a leading global online bookmaker based in the UK, Boylesports, an Ireland-based bookmaker with over 320 retail branches in the UK and Ireland, and Smarkets, a low-commission UK betting company. Adveritas also counts Singtel, Asia's leading communication group, and Banco Santander, one of Spain's major banking and financial institutions, as long-term major clients. This significant customer acquisition has boosted the company's annual recurring revenue by 145% from the previous year.

Along with securing new long-term clients and adding more to its portfolio and pipeline, Adveritas Ltd is maximising product upsell opportunities to drive revenue. The company has adopted a "land and expand" strategy to expand its product offerings and sell additional products and services to existing customers. This "land and expand" strategy is enabled by the company's omni-channel solution, which allows Adveritas to secure new customers by leveraging existing and well-known platforms, such as the Google Cloud Marketplace and Facebook.

INCREASINGLY STRONG FOOTPRINTS IN EUROPE, ASIA PACIFIC, AND NORTH AMERICA

Year-over-year, sales in Europe saw a surge of over 940% due to the signing of additional long-term clients in the UK and Europe. The company's sales in the Asia Pacific region also demonstrated robust growth.

In the Asia Pacific region, Adveritas has seen a revenue increase of over 180% from customer contracts, indicating that the "land and expand" strategy is performing well in this area.

Although the revenue increase is moderate in North America and Australia, the growth still recorded a two-digit increase of 32% and 60% respectively. In these two markets, Adveritas is implementing the upsell strategy, focusing on selling additional services to existing customers, leading to the observed moderated growth.

ANNUALISED REVENUE

A KEY LEADING INDICATOR OF FUTURE REVENUE

The annualised revenues have seen significant growth over the last few periods and we expect that to accelerate as the product gets wider acceptance, new channels are targeted and trialists are converted to paying subscribers. In fact we are banking on explosive growth (50% per annum should be achievable) over the coming years.

Growth in ARR from FY21

Source: Adveritas
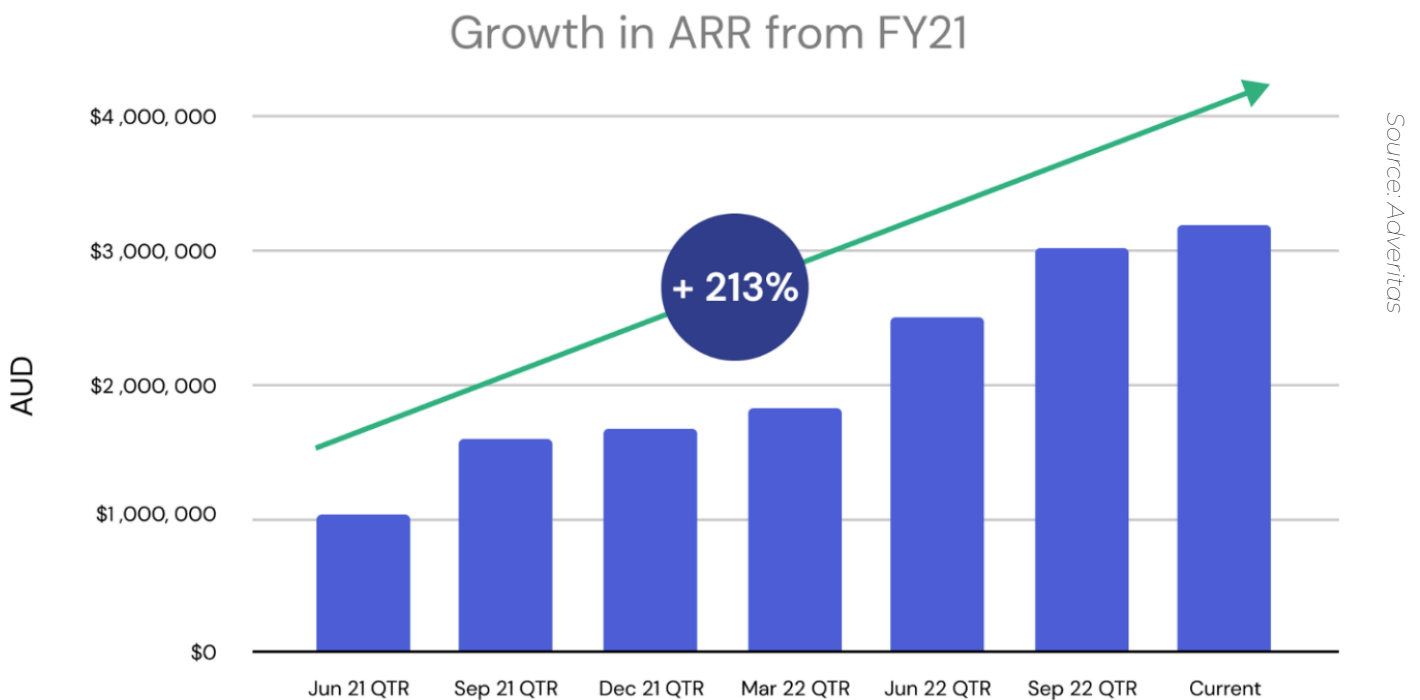
The ARR (Annualised Recurring Revenues) are up ~27% to $3.2M and growing with new enterprise clients such Better Collective, Lux Escapes & Disney Streaming Services all contributing to the largest pipeline of potential new clients. We expect the ARR to keep heading north and pace of growth strengthening as new clients are onboarded following successful trials.

FROM THE CEO MAT RATTY

WE CAN'T ARTICULATE THIS ANY BETTER ...

"What you have seen to date is our enterprise strategy. The real key to success is our self serve platform which is designed for companies spending anywhere from $100-$20,000 per month on Google Ads. It is literally a self serve platform which will be marketing driven (videos, white papers, short form content).

We have a freemium model whereby you get fraud DETECTION up to $2,500 of Google Ad spend but not prevention. Once you pass the $2,500 of ad spend, you then have to wait to the next month for the platform to report on fraud detection. The goal of course is to move these clients to prevention and charge them.

The bottom price is $20 and the top price is $199.95 and it depends on the level of Google Ad spend but it typically backs out to be around 2% of Google Ad spend.

I'm excited for the self serve because there are millions of businesses out there spending a couple of grand a month on Google Ads and obviously worried about competitors clicking on their ads, fake engagement, non incremental users visiting the website via Google and just clicking on the ads – basically using Google as a front door to the website and clicking on your ads. This platform operates at a 94% gross margin as of 1Q23.

The fact we have 4,500 sign ups to our detection only without even marketing it yet is encouraging. We are tweaking a few things in the UI at the moment for the self serve product and we will unleash it in Q1 Cal 23. We should operate on a 10% conversion rate from Freemium sign up to paid prevention with an ARPU of around $50 a month. Noting there are millions of businesses we can go after."

We are as excited as Mat and note that on a conversion rate of 10%, acknowledging a massive total addressable market and predicting strong growth, the forward looking revenue numbers are eye popping to say the least. Besides, Ad Fraud is a black eye for the digital advertising industry – so for any self respecting company it's a need, not a want, as part of its digital advertising spend.

Adveritas   trafficguard

FINANCIALS

ADVERITAS MARKET DATA

Price	$0.075
Market Cap	$38,796,373
Enterprise Value (EV)	$33,745,857
Shares on Issue (000's)	517,285

FINANCIALS

	FY21A	FY22A	FY23E	FY24E	FY25E	FY26E
Op Revenues (000's)	$964	$2,032	$3,251	$8,647	$14,095	$21,706
Total Revenues	$2,732	$3,858	$5,168	$10,660	$16,209	$23,926
Gross Profit	($3,298)	($3,767)	($3,219)	$1,435	$6,061	$12,763
EBITDA	($8,844)	($8,946)	($8,829)	($4,313)	$75	$6,528
EBIT	($8,981)	($9,088)	($8,946)	($4,421)	($23)	$6,438
NPAT	($8,999)	($9,094)	($8,956)	($4,431)	($33)	$6,428
Free Cash Flows	($3,197)	($10,974)	($12,657)	($2,229)	($1,270)	$4,258

VALUATION

DCF	$0.16

We forecast revenues running at >50% growth over the coming years and we expect significant focus on costs which we expect to keep dropping as percentage of revenues FY24 onwards as we expect the company to continue ramping up investment in the business and reap the rewards in subsequent years. Patience is required as it's still very early days and the company won't become profitable until FY26 the earliest, however with climbing revenues and lots of time in between things could change significantly.

Looking towards FY23, sales should pass the $3M mark up from $2M with NPAT loss peaking at ~$9M which means we do expect further capital raisings along the road to profitability. Overall we like the business a lot and see a bright future as long as the company can execute on its strategy and most importantly work towards positive cash flows as soon as possible, especially since the current market conditions demand listed companies to focus on profitability.

VALUATION

It's a fairly simple equation for AV1: it needs to continue to grow based on strong growth assumptions, however recent multiple major client wins, which include Betfred, William Hill, Signtel and Banco Santander, give us confidence to justify its valuation. The large addressable market, the fast growing market and its excellent suite of products is very doable by our reckoning, and we believe that the major risks lie in execution only whereby converting trialists to sales will be the biggest issue.

We have used a DCF model to derive the valuation of 16c per share and see this achievable in the short to medium term if the company can demonstrate they are on the path to our assumed revenue growth with a strong focus on costs. We don't expect short term miracles on cash flows however 25/26 is going to be a pivotal year if the current trajectory is maintained.

UNLEVERED FREE CASH FLOW (MM)

Fiscal Year	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Unlevered Cash Flow	-15,861,532	-3,196,643	-10,973,598	-12,656,923	-2,229,028	-1,269,790	4,257,639	12,988,431
Projection Year				1	2	3	4	5
Present Value of Free Cash Flow				-11,234,720	-1,978,562	-1,127,109	3,779,227	11,528,978

IMPLIED SHARE PRICE CALCULATION

Sum of PV of FCF	967,814
Growth Rate	3%
WACC	12.7%
Terminal Value	138,503,823
PV of Terminal Value	76,318,935
Enterprise Value	77,286,749
(+) Cash	5,050,516
(-) Debt	0
(-) Minority Interest	0
Equity Value	82,337,265
Diluted Shares Outstanding (mm)	517,284,971
Implied Share Price	0.16

KEY RISKS

- Access to capital has a top billing as loss making companies need regular injection of cash to keep the operations running until profitability and that is some time away

- Personnel, losing key people running the company could see negative reaction by markets and uncertain future. Mat has been at the helm for some time and is tasked with steering this story through a very important phase of the company's life.

- Failure to execute on growth strategy and business model would detrimentally affect the company's valuation as well as risk the company's future.

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