



31 January 2019

ASX Announcement

September 2018 Quarterly Activities Report

Veriluma Limited (ASX: VRI, Veriluma or Company) one of Australia's leading Artificial Intelligence companies providing prescriptive software solutions is pleased to provide an update on its activities for the quarter ended 30 September 2018.

Operational Update

During the quarter, Veriluma entered discussions with various parties to trial our software and with partner organisations to include our software in their solutions to market. Management remains focused on delivering positive trial outcomes and converting these to commercial contracts upon successful completion.

Of note, during the quarter, Veriluma submitted a response to a Commonwealth Government tender and consulted to a Defence Contractor.

The company continues to review its resources and opportunities in line with its strategic direction. Our primary focus remains defence, intelligence and national security.

Corporate Update

Veriluma Limited welcomed Mr Steve Formica to the board as a Non-Executive Director. Mr Formica's experience in practical company management and business development will be an asset to Veriluma. Mr Formica is currently a Non-Executive director of ASX listed companies High Grade Metals Ltd (ASX: HGM), Bowen Coking Coal Ltd (ASX: BCB) and Lindian Resources Ltd (ASX: LIN)

Financial Overview

For the quarter, the Company's net operating cashflow was \$291,000. Estimated cash outflow for the next quarter is \$277,000. The Company's cash position at 30 September 2018 (unaudited) was \$164,000. Cash inflows totaling \$240,000 are expected in the next quarter from the Research and Development tax incentive.

For more information, please contact:

investor@veriluma.com

www.veriluma.com

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About Veriluma and Prescriptive Analytics:

Veriluma has developed and patented an advanced algorithm dealing in Prescriptive Analytics. Prescriptive Analytics is a form of advanced, forward-looking analytics, which provides assessments about future outcomes. Although most types of analytics aim to assist and improve in the decision-making process, only Prescriptive Analytics delivers a preferred course of action.



Developed by a Commonwealth Research Centre for the Australian Defence Intelligence Organisation, which has been utilising Veriluma's technology since 2013, Veriluma's software assists decision makers with rapid and accurate assessments of terrorism and national security threats using its proprietary technology based on Prescriptive Analytics.

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

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

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Veriluma Limited

ABN

48 142 901 353

Quarter ended ("current quarter")

30 September 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 13 | 13 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing | - | - |
| (c) advertising and marketing | - | - |
| (d) leased assets | - | - |
| (e) staff costs | (136) | (136) |
| (f) administration, corporate costs and operating costs | (168) | (168) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (291) | (291) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) businesses (see item 10) | - | - |
| (c) investments | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) businesses (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) intellectual property | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Exploration assets | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-----------|---|-------------|-------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 51 | 51 |
| 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 | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (70) | (70) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Bank Guarantee | - | - |
| 3.10 | Net cash from / (used in) financing activities | (19) | (19) |

| | | | |
|-----------|--|-------|-------|
| 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 | 474 | 474 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (291) | (291) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | (19) | (19) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.5 | Cash and cash equivalents through acquisition | - | - |
| 4.6 | Cash and cash equivalents at end of quarter | 164 | 164 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 164 | 474 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 164 | 474 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

55

-

Payment to directors for salary, wages and director's fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

| 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 | (40) | (0) |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| Veriluma Software Pty Ltd ANZ Overdraft | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|---|------------|
| 9.1 Research and development | - |
| 9.2 Product manufacturing | - |
| 9.3 Advertising and marketing | - |
| 9.4 Leased assets | - |
| 9.5 Staff costs | 157 |
| 9.6 Administration, corporate costs and operating costs | 120 |
| 9.7 Other (provide details if material) | - |
| 9.8 Total estimated cash outflows | 277 |

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

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: E.A. Whitelock
(Director/Company secretary)

Date: 24th January 2019

Print name: Elizabeth A Whitelock

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.