



advertly®

## Interim Report

First quarter 2023 (January - March)  
Advertly AB (publ)

# ADVERTY DELIVERS ACCORDING TO PLAN TO REACH 50 MILLION IN 2023

Summary	First quarter		Full-year
	2023-01-01	2022-01-01	2022-01-01
	2023-03-31	2022-03-31	2022-12-31
(SEK thousands, unless otherwise stated)			
Total income	4 491	2 040	17 273
Gross profit	1 526	-55	5 322
<i>Gross profit - margin</i>	34%	-3%	31%
Operating profit before depreciation/amortisation (EBITDA)	-4 243	-4 940	-19 390
Operating profit after depreciation/amortisation (EBIT)	-5 701	-6 036	-24 263
Profit before tax	-5 862	-6 083	-24 310
Profit for the period	-5 862	-6 083	-24 310
Cash flow for the period	4 847	20 895	-3 272
Earnings per share, SEK *	-0,18	-0,19	-0,76
Earnings per share, SEK **	-0,18	-0,19	-0,76
Equity per share, SEK *	0,64	1,40	0,83
Equity per share, SEK **	0,64	1,40	0,83
Number of shares	31 811 688	31 811 688	31 811 688

\* Calculated on the actual number of shares outstanding at the end of each period.

\*\* Calculated on the number of shares outstanding at close of latest period.

## Significant events during the period

- The Company reports strong growth of Publicists
- The Company arrange for a bank loan of 8 MSEK
- The Company and LoopMe announce their partnership
- The Company and Scuti announce their partnership
- Sulake drives incremental revenues with Advertys s In-Play™ SDK
- The Company and Fingersoft announce their partnership

## Significant events after the end of the period

- The Company appoints Co-Founder Pontus Dahlström as CFO
- The Company and Turborilla announce their partnership
- The Company arrange for a credit facility of up to 8 MSEK
- The Company and League-M announce their partnership
- The Company and The Bond Digital announce their partnership
- The Company and ConnectAd announce their partnership
- The Company and MediaFarm announce their partnership

## CEO's message Q1 2023

“Adverty tops competitors as the largest network for In-Play advertising according to Apptopia.”

It has been a year since I took on the role of CEO. What a year and what a journey we have made together. I am incredibly proud of everything we have achieved so far. Starting a new year after a fantastic fourth quarter is always challenging. I know what expectations there are for Adverty, and we are working hard to meet them. This year, it's all about continuing what we started in 2022, focusing on partnerships that generate incremental revenue and new publishers that give us a larger unique global reach.

The first quarter was the second-best in our history. With a turnover of SEK 4.5 million and an increase of 137% YoY, we are completely in line with the plan to reach SEK 50 million in total revenue for 2023, with seasonal index in mind.

Gross profit also increased significantly amounting to SEK 1.526 million compared to SEK -0.055 million the same period last year, which gives a gross margin of 34% for the first quarter 2023. It is once again clear that we have significant scalability in our revenue model, demonstrating significant successes in everything, quarter after quarter.

That we continue to increase so significantly year after year is proof that we work systematically and purposefully with all relationships, new and old, and that we leave no stone unturned.

Speaking of new relationships, we have strengthened the sales side with new partnerships during and after the end of the first quarter: League-M in the DACH region, Bond Digital in Turkey, MediaFarm in Poland, and an expanded Azerion partnership in the USA. We also have new integrations with Loopme, ConnectAd, and Eskimi (our first directly integrated DSP). This allows us to work more actively with our game portfolio and create higher fill rates and higher prices when we can package all media more efficiently.

On a campaign level, we activated nearly 40 campaigns during the period, compared to seven campaigns during the same period last year, which testifies to the fact that the partnerships we have created are generating a lot of traction in the regions where they operate.

The second half of 2022 was an extreme period in terms of signing new game publishers, and 2023 has started in the same spirit. A total of 50 new games went live - 30 of these from existing and 20 from new publishers. Nine completely new publishers with a really good mix of different genres like sports, racing, and hyper-casual. Five of these nine publishers simultaneously activated more than one game at launch. Again, a strong message from our very competent supply team.

We have also presented the company at various events during the quarter. Mobidictum in Turkey, Pocket Gamer Connects in London, Gamesforum in Barcelona, and GDC in San Francisco. When we attend this type of event, it always opens up a lot of interesting opportunities, and in subsequent follow-ups, it very often becomes a deal.

Furthermore, we have had three roadshows where we have met buyers to educate and talk about concrete business opportunities. New York with IAB PlayFronts and 11 strategic meetings, Copenhagen where we met all media holding companies as well as several major direct customers, and Dubai where we helped our partner Yazle educate media buyers to better understand the product and service so that they can launch more In-Play campaigns at a faster pace in the future.

We continuously work on reviewing the performance of the platform, and the first quarter of this year has been no exception. We have looked at how data management can be further optimized and made a lot of adjustments resulting in lower costs for the operation of the entire platform. This will also enable us to accelerate the monitoring of an increased game portfolio.

Our collaboration with Scuti is progressing well, and together we have secured a number of publishers who want to proceed and conduct concrete tests. We will conduct tests during the second quarter to document how effective a combination of In-Play advertising and an integrated g-commerce product really is.

During the quarter, the company has secured a financing solution that I am very pleased with. This financing form gives the company access to long-term and stable financing, which is crucial for our future growth and development. By securing a stable and long-term financing form, we can also minimize the risks and uncertainties associated with short-term financing. This provides us with a strong foundation to build our business on and creates opportunities to take initiatives that will lead to further development and growth.

With what we have delivered so far this year, there is only one way forward, and that is upwards.

My final words will be: "Do More - Make It Count."

Jonas Söderqvist  
CEO  
Adverty AB (Publ)

**Adverty in brief**

Swedish advertising technology company Adverty has launched the world's first programmatic platform for automated, seamless advertising in mobile games.

The platform is based on patented technology which, among other things, is based on studies of the eye, its field of vision and perceptual capacity. The advertising platform is available on some of the world's largest trading venues for automated trading of digital ads.

The operations are conducted from the Company's own offices in Stockholm, with technological development also being performed in Ukraine. Sales and business development also take place in countries including the US, UK and Turkey. We also have reseller partners in Asia and Latin America.

This report pertains to the Company's operations during the period 1 January to 31 March 2023.

**Sales and earnings**

Net sales amounted to SEK 4 409 thousand (1 854) for the first quarter. The reported loss for the first quarter amounted to SEK -5 862 thousand (-6 083), which was essentially in line with the budget and plan.

Earnings per share for the first quarter amounted to a loss of SEK -0,18 (-0,19) with a comparable number of shares.

**Investments**

Adverty's investments in the first quarter amounted to SEK 1 728 thousand (1 922). The investments pertain mostly to intangible assets in the form of capitalised development expenses.

**Depreciation/amortisation**

First quarter earnings were burdened by SEK 1 459 thousand (1 095) in depreciation/amortisation. These items pertain primarily to the amortisation of intangible assets.

**Liquidity and financing**

At the end of the period, the Company held SEK 6 754 thousand (26 075) in cash and cash equivalents. As of the reporting date, the Company held interest-bearing liabilities of SEK 8 577 thousand (457).

**Equity, share capital and number of shares**

As of 31 March 2023, Adverty's equity amounted to SEK 20 487 thousand (44 576). The share capital is divided between 31 811 688 shares with a quotient value of SEK 0,047 per share. All shares are of a single series, conveying equal entitlement to vote and participate in the Company's earnings.

**The share**

Adverty's shares are traded on NGM Nordic SME under the symbol ADVT and bear the ISIN code SE0011724889.

**Employees**

As of 31 March 2023, Adverty had a total of 23 employees, of whom 10 were directly employed by the Company and 13 of whom were full-time consultants based in Sweden, England, USA, Germany, Ukraine and Turkey. Of the 23 employees, 7 are women and 16 are men. Adverty's objective is to increase the number of women.

**Transactions with related parties**

No transactions with related parties occurred during the reporting period.



**Accounting policies**

This interim report has been prepared in accordance with the Swedish Accounting Standards Board's guideline BFNR 2012:1 Annual and Consolidated Financial Statements, K3. The Company's assets and liabilities are stated at cost and nominal value, respectively, unless otherwise stated.

**Review**

This report has been reviewed by the Company's auditors.

**Future report dates**

Adverty will publish recurring financial information in accordance with the following schedule:

7 June 2023	Annual General Meeting
16 August 2023	Interim report, January – June 2023
15 November 2023	Interim report, January – September 2023
14 February 2024	Year-end report, January – December 2023

**Adverty AB (publ), 16 May 2023**  
*Board of Directors*

**For further information, please contact:**

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**Publication**

This is information such that Adverty AB (publ) is required to publish under the EU Market Abuse Regulation. The information was submitted for publication under the auspices of the aforementioned contact, for publication on 17 May 2023.

Income statement (SEK thousands)	First quarter		Full-year
	2023-01-01	2022-01-01	2022-01-01
	2023-03-31	2022-03-31	2022-12-31
<b>Operating income</b>			
Net sales	4 409	1 854	16 685
Capitalised work for own account	0	0	0
Other operating income	83	186	588
<b>Total operating income</b>	<b>4 491</b>	<b>2 040</b>	<b>17 273</b>
<b>Operating expenses</b>			
Raw materials and consumables	-2 965	-2 096	-11 951
Other external expenses	-2 266	-2 244	-11 013
Personnel costs	-3 245	-2 495	-13 138
Depreciation/amortisation	-1 459	-1 095	-4 873
Other operating expenses	-257	-145	-561
<b>Total operating expenses</b>	<b>-10 193</b>	<b>-8 076</b>	<b>-41 536</b>
<b>Operating profit</b>	<b>-5 701</b>	<b>-6 036</b>	<b>-24 263</b>
<b>Profit from financial items</b>			
Interest income and similar income items	0	0	0
Interest expenses and similar income items	-161	-47	-47
Exchange rate gains/losses	0	0	0
<b>Total profit from financial items</b>	<b>-161</b>	<b>-47</b>	<b>-47</b>
<b>Profit before tax</b>	<b>-5 862</b>	<b>-6 083</b>	<b>-24 310</b>
Tax	0	0	0
<b>Profit for the period after tax</b>	<b>-5 862</b>	<b>-6 083</b>	<b>-24 310</b>



## Balance sheet

(SEK thousands)

### ASSETS

#### Fixed assets

Intangible assets	22 775	20 161	22 512
Tangible assets	33	35	26
Financial assets	45	0	45
<b>Total fixed assets</b>	<b>22 853</b>	<b>20 196</b>	<b>22 583</b>

#### Current assets

Inventory	0	0	0
Other current assets	4 701	2 826	9 450
Cash and cash equivalents	6 754	26 075	1 908
<b>Total current assets</b>	<b>11 456</b>	<b>28 902</b>	<b>11 358</b>

### TOTAL ASSETS

	<b>34 308</b>	<b>49 098</b>	<b>33 941</b>
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### EQUITY AND LIABILITIES

<b>Equity</b>	<b>20 487</b>	<b>44 576</b>	<b>26 349</b>
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#### Non-current liabilities

Non-current liabilities to credit institutions	8 577	457	577
<b>Total non-current liabilities</b>	<b>8 577</b>	<b>457</b>	<b>577</b>

#### Current liabilities

Accounts payable	2 013	1 008	3 343
Other current liabilities	655	431	680
Accrued expenses and prepaid income	2 576	2 626	2 992
<b>Total current liabilities</b>	<b>5 244</b>	<b>4 064</b>	<b>7 015</b>

### TOTAL EQUITY AND LIABILITIES

	<b>34 308</b>	<b>49 098</b>	<b>33 941</b>
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## Cash flow statement

(SEK thousands)

	First quarter		Full-year
	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
<b>OPERATING ACTIVITIES</b>			
Operating profit	-5 701	-6 036	-24 263
Depreciation/amortisation	1 459	1 095	4 873
Interest received	0	0	0
Interest paid	-161	-47	-47
Exchange rate fluctuations	0	0	0
Tax expense paid	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-4 403</b>	<b>-4 987</b>	<b>-19 437</b>
<b>Cash flow from changes in working capital</b>			
Increase (-) / decrease (+) in operating receivables	4 749	1 080	-5 544
Increase (+) / decrease (-) in operating liabilities	-1 771	-5 900	-2 949
<b>Cash flow from operating activities</b>	<b>-1 426</b>	<b>-9 807</b>	<b>-27 930</b>
<b>INVESTING ACTIVITIES</b>			
Acquisitions of intangible assets	-1 718	-1 922	-8 042
Acquisitions of tangible assets	-10	0	0
Acquisitions of financial assets	0	0	-45
<b>Cash flow from investing activities</b>	<b>-1 728</b>	<b>-1 922</b>	<b>-8 087</b>
<b>FINANCING ACTIVITIES</b>			
Change in non-current loans	8 000	0	120
New share issues	0	32 624	32 624
<b>Cash flow from financing activities</b>	<b>8 000</b>	<b>32 624</b>	<b>32 744</b>
<b>Cash flow for the period</b>	<b>4 847</b>	<b>20 895</b>	<b>-3 272</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1 908</b>	<b>5 180</b>	<b>5 180</b>
<b>Cash and cash equivalents at end of period</b>	<b>6 754</b>	<b>26 075</b>	<b>1 908</b>

## Change in equity

<b>First quarter 2023 (SEK thousands)</b> <b>2023-01-01 - 2023-03-31</b>	<b>Share capital</b>	<b>Development expenditure fund</b>	<b>Other capital contributions</b>	<b>Accum. profit and profit for the year</b>	<b>Total equity</b>
Amount at beginning of period	1 495	22 248	110 773	-108 167	26 349
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	313	0	-313	0
Profit for the period	0	0	0	-5 862	-5 862
<b>Amount at end of period</b>	<b>1 495</b>	<b>22 561</b>	<b>110 773</b>	<b>-114 342</b>	<b>20 487</b>

<b>First quarter 2022 (SEK thousands)</b> <b>2022-01-01 - 2022-03-31</b>	<b>Share capital</b>	<b>Development expenditure fund</b>	<b>Other capital contributions</b>	<b>Accum. profit and profit for the year</b>	<b>Total equity</b>
Amount at beginning of period	1 064	18 900	78 580	-80 509	18 035
Bonus/new share issue	537	0	32 087	0	32 624
Provision, development expenditure fund	0	859	0	-859	0
Profit for the period	0	0	0	-6 083	-6 083
<b>Amount at end of period</b>	<b>1 602</b>	<b>19 759</b>	<b>110 666</b>	<b>-87 450</b>	<b>44 577</b>

<b>Full-year 2022 (SEK thousands)</b> <b>2022-01-01 - 2022-12-31</b>	<b>Share capital</b>	<b>Development expenditure fund</b>	<b>Other capital contributions</b>	<b>Accum. profit and profit for the year</b>	<b>Total equity</b>
Amount at beginning of period	1 064	18 900	78 580	-80 509	18 035
Bonus/new share issue	431	0	32 193	0	32 624
Provision, development expenditure fund	0	3 348	0	-3 348	0
Profit for the period	0	0	0	-24 310	-24 310
<b>Amount at end of period</b>	<b>1 495</b>	<b>22 248</b>	<b>110 773</b>	<b>-108 167</b>	<b>26 349</b>