



# Interim Report

Third quarter 2023 (July-September)  
Advertly AB (publ)

# The best quarter in Advertys' history

Summary	Third quarter		First nine months		Full-year
	2023-07-01	2022-07-01	2023-01-01	2022-01-01	2022-01-01
	2023-09-30	2022-09-30	2023-09-30	2022-09-30	2022-12-31
(SEK thousands, unless otherwise stated)					
Total income	13 981	3 669	26 827	8 468	17 273
Gross profit	5 560	843	10 018	1 354	5 322
<i>Gross profit - margin</i>	40%	23%	37%	16%	31%
Operating profit before depreciation/amortisation (EBITDA)	647	-5 668	-5 973	-16 461	-19 390
Operating profit after depreciation/amortisation (EBIT)	-986	-6 924	-10 608	-19 969	-24 263
Profit before tax	-1 534	-6 924	-11 676	-20 016	-24 310
Profit for the period	-1 534	-6 924	-11 676	-20 016	-24 310
Cash flow for the period	-890	-7 965	1 288	4 090	-3 272
Earnings per share, SEK *	-0,05	-0,22	-0,37	-0,63	-0,76
Earnings per share, SEK **	-0,05	-0,22	-0,37	-0,63	-0,76
Equity per share, SEK *	0,46	0,96	0,46	0,96	0,83
Equity per share, SEK **	0,46	0,96	0,46	0,96	0,83
Number of shares	31 811 688	31 811 688	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 reaches an important milestone with over 400 games in its inventory.
- An extraordinary general meeting was held where decisions were made regarding a bonus program for key personnel in the company.
- Adverty develops and launches the industry's first programmatic VAST video solution for In-Play advertising.

## Significant events after the end of the period

- The company and NumberEight's partnership sees explosive growth in ad revenue with a 153% increase across multiple European markets.

## CEO's message:

We are delivering the best quarter in the company's history with revenue of 13.98 million SEK and a growth of 281% compared to the same period last year. With a similar growth trajectory, we are on track to reach a total revenue of 50 million SEK by the end of 2023.

The increase from the second to the third quarter of 2023 was 67%, compared to a 33% increase during the same period last year.

During this period, the company showed a positive EBITDA, which is one quarter ahead of the forecast we announced at the beginning of the year.

Furthermore, the gross profit increased significantly, reaching 5.560 million SEK compared to 843 thousand SEK for the same period the previous year, resulting in a gross margin of 40% for the third quarter of 2023.

Regarding expenses, we can see that all cost-saving measures have now fully taken effect, aligning with our streamlined organization.

To provide an overview of our global development, Europe and the USA are the two regions delivering the most. In the third quarter, all our efforts in the USA have started to yield results, with a 61% increase compared to the forecast for the period. This is a strong testament to our future plans for activities in that region.

To succeed in these endeavors, we must actively manage our game portfolio and its advertising spaces. During the period, we managed to activate 78 games, which is 6 more than the previous record of 66 games in the second quarter. Out of these 78 games, 58 came from new publishers, and 20 from existing ones.

This resulted in a 25% QoQ (Quarter-over-Quarter) and 75% YoY (Year-over-Year) increase in our reach. Even more interestingly, we increased our MAU (Monthly Active Unique Players) by 18% QoQ and 93% YoY.

With a larger game portfolio, we need to ensure that we have matching products for the market to use. Therefore, during the quarter, we launched both a programmatic video format (VAST), which enables media buyers to easily expand their reach when purchasing TV and video, and the ability for media buyers to package specific target groups based on gender and age.

With a growth curve like this in the third quarter, there is every reason to stand tall and applaud the entire team, saying: "Well done!"

Finally, I want to thank all of you, the shareholders, for your support.

"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 UK, Turkiye and the US. We also have reseller partners in several countries around the world.

This report pertains to the Company's operations during the period 1 January to 30 September 2023.

**Sales and earnings**

Net sales amounted to SEK 26,320 thousand (8,055) for the first nine months of the year, and to SEK 13,698 thousand (3,528) for the third quarter. The reported loss for the first nine months of the year amounted to SEK 11,676 thousand (20,016), and to SEK 1,534 thousand (6,924) for the third quarter, essentially in line with budget and plan.

Earnings per share for the first nine months of the year amounted to a loss of SEK 0.37 (0.63), and to SEK 0.05 (0.22) for the third quarter, calculated on the number of shares outstanding at the close of the period reported here.

**Investments**

Adverty's investments in the first nine months of the year amounted to SEK 5,229 thousand (5,812), and to SEK 1,791 thousand (2,007) in the third quarter. The investments pertain mostly to intangible assets in the form of capitalised development expenses.

**Depreciation/amortisation**

Earnings for the first nine months of the year were burdened by SEK 4,636 thousand (3,508) in depreciation/amortisation, and SEK 1,633 thousand (1,256) for the third quarter. These items pertain primarily to the amortisation of intangible assets.

**Liquidity and financing**

At the end of the period, the Company held SEK 3,194 thousand (9,271) in cash and cash equivalents. As of the reporting date, the Company held interest-bearing liabilities of SEK 16,319 thousand (577).

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

As of 30 September 2023, Adverty's equity amounted to SEK 14,673 thousand (30,643). 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 30 September 2023, Adverty had a total of 21 employees, of whom 8 were directly employed by the Company and 13 of whom were full-time consultants based in Sweden, England, US, Germany, Ukraine and Turkiye. Of the 21 employees, 6 are women and 15 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 BFNAR 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:

14 February 2024                      Year-end report, January – December 2023

**Adverty AB (publ), 23 October 2023**

Board of Directors

**For further information, please contact:**

Pontus Dahlström, CFO  
Telephone: +46 (0)70-9 13 60 03  
e-mail: [pd@adverty.com](mailto:pd@adverty.com)

**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 23 October 2023.

## Income statement

(SEK thousands)

	Third quarter		First nine months		Full-year
	2023-07-01	2022-07-01	2023-01-01	2022-01-01	2022-01-01
	2023-09-30	2022-09-30	2023-09-30	2022-09-30	2022-12-31
<b>Operating income</b>					
Net sales	13 698	3 528	26 320	8 055	16 685
Other operating income	283	141	507	414	588
<b>Total operating income</b>	<b>13 981</b>	<b>3 669</b>	<b>26 827</b>	<b>8 468</b>	<b>17 273</b>
<b>Operating expenses</b>					
Raw materials and consumables	-8 420	-2 826	-16 808	-7 114	-11 951
Other external expenses	-1 855	-2 701	-5 884	-8 081	-11 013
Personnel costs	-2 799	-3 661	-9 433	-9 311	-13 138
Depreciation/amortisation	-1 633	-1 256	-4 636	-3 508	-4 873
Other operating expenses	-259	-148	-674	-423	-561
<b>Total operating expenses</b>	<b>-14 967</b>	<b>-10 592</b>	<b>-37 435</b>	<b>-28 438</b>	<b>-41 536</b>
<b>Operating profit</b>	<b>-986</b>	<b>-6 924</b>	<b>-10 608</b>	<b>-19 969</b>	<b>-24 263</b>
<b>Profit from financial items</b>					
Interest income and similar income items	0	0	0	0	0
Interest expenses and similar income items	-548	0	-1 068	-47	-47
Exchange rate gains/losses	0	0	0	0	0
<b>Total profit from financial items</b>	<b>-548</b>	<b>0</b>	<b>-1 068</b>	<b>-47</b>	<b>-47</b>
<b>Profit before tax</b>	<b>-1 534</b>	<b>-6 924</b>	<b>-11 676</b>	<b>-20 016</b>	<b>-24 310</b>
Tax	0	0	0	0	0
<b>Profit for the period after tax</b>	<b>-1 534</b>	<b>-6 924</b>	<b>-11 676</b>	<b>-20 016</b>	<b>-24 310</b>

## Balance sheet

(SEK thousands)

### ASSETS

#### Fixed assets

Intangible assets	23 106	21 599	22 512
Tangible assets	26	29	26
Financial assets	45	45	45
<b>Total fixed assets</b>	<b>23 177</b>	<b>21 673</b>	<b>22 583</b>

#### Current assets

Inventory	0	0	0
Other current assets	16 737	4 990	9 450
Cash and cash equivalents	3 194	9 271	1 908
<b>Total current assets</b>	<b>19 931</b>	<b>14 260</b>	<b>11 358</b>

### TOTAL ASSETS

<b>43 108</b>	<b>35 933</b>	<b>33 941</b>
---------------	---------------	---------------

### EQUITY AND LIABILITIES

<b>Equity</b>	<b>14 673</b>	<b>30 643</b>	<b>26 349</b>
---------------	---------------	---------------	---------------

#### Non-current liabilities

Non-current liabilities to credit institutions	16 319	577	577
<b>Total non-current liabilities</b>	<b>16 319</b>	<b>577</b>	<b>577</b>

#### Current liabilities

Accounts payable	3 039	808	3 343
Other current liabilities	674	845	680
Accrued expenses and prepaid income	8 404	3 060	2 992
<b>Total current liabilities</b>	<b>12 117</b>	<b>4 713</b>	<b>7 015</b>

### TOTAL EQUITY AND LIABILITIES

<b>43 108</b>	<b>35 934</b>	<b>33 941</b>
---------------	---------------	---------------

**Cash flow statement**

	<b>Third quarter</b>		<b>First nine months</b>		<b>Full-year</b>
	<b>2023-07-01</b>	<b>2022-07-01</b>	<b>2023-01-01</b>	<b>2022-01-01</b>	<b>2022-01-01</b>
	<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2023-09-30</b>	<b>2022-09-30</b>	<b>2022-12-31</b>
(SEK thousands)					
<b>OPERATING ACTIVITIES</b>					
Operating profit	-986	-6 924	-10 608	-19 969	-24 263
Depreciation/amortisation	1 633	1 256	4 636	3 508	4 873
Interest received	0	0	0	0	0
Interest paid	-548	0	-1 068	-47	-47
Exchange rate fluctuations	0	0	0	0	0
Tax expense paid	0	0	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>99</b>	<b>-5 668</b>	<b>-7 040</b>	<b>-16 508</b>	<b>-19 437</b>
<b>Cash flow from changes in working capital</b>					
Increase (-) / decrease (+) in operating receivables	-8 347	-1 066	-7 287	-1 083	-5 544
Increase (+) / decrease (-) in operating liabilities	5 407	727	5 102	-5 251	-2 949
<b>Cash flow from operating activities</b>	<b>-2 841</b>	<b>-6 007</b>	<b>-9 225</b>	<b>-22 842</b>	<b>-27 930</b>
<b>INVESTING ACTIVITIES</b>					
Acquisitions of intangible assets	-1 791	-1 962	-5 220	-5 766	-8 042
Acquisitions of tangible assets	0	0	-9	0	0
Acquisitions of financial assets	0	-45	0	-45	-45
<b>Cash flow from investing activities</b>	<b>-1 791</b>	<b>-2 007</b>	<b>-5 229</b>	<b>-5 812</b>	<b>-8 087</b>
<b>FINANCING ACTIVITIES</b>					
Change in non-current loans	3 742	50	15 742	120	120
New share issues	0	0	0	32 624	32 624
<b>Cash flow from financing activities</b>	<b>3 742</b>	<b>50</b>	<b>15 742</b>	<b>32 744</b>	<b>32 744</b>
<b>Cash flow for the period</b>	<b>-890</b>	<b>-7 965</b>	<b>1 288</b>	<b>4 090</b>	<b>-3 272</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4 084</b>	<b>17 236</b>	<b>1 908</b>	<b>5 180</b>	<b>5 180</b>
<b>Cash and cash equivalents at end of period</b>	<b>3 194</b>	<b>9 271</b>	<b>3 194</b>	<b>9 271</b>	<b>1 908</b>



## Change in equity

<b>Third quarter 2023 (SEK thousands)</b> <b>2023-07-01 - 2023-09-30</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	22 786	110 773	-118 847	16 207
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	212	0	-212	0
Profit for the period	0	0	0	-1 534	-1 534
Amount at end of period	1 495	22 998	110 773	-120 593	14 673

<b>Third quarter 2022 (SEK thousands)</b> <b>2022-07-01 - 2022-09-30</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	1 601	20 540	110 666	-95 241	37 566
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	744	0	-744	0
Profit for the period	0	0	0	-6 924	-6 924
Amount at end of period	1 601	21 284	110 666	-102 908	30 643

<b>First nine months 2023 (SEK thousands)</b> <b>2023-01-01 - 2023-09-30</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	750	0	-750	0
Profit for the period	0	0	0	-11 676	-11 676
Amount at end of period	1 495	22 998	110 773	-120 593	14 673

<b>First nine months 2022 (SEK thousands)</b> <b>2022-01-01 - 2022-09-30</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	2 384	0	-2 384	0
Profit for the period	0	0	0	-20 016	-20 016
Amount at end of period	1 601	21 284	110 666	-102 909	30 643

<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
Amount at end of period	1 495	22 248	110 773	-108 167	26 349