



advertly®

Interim Report

Second quarter 2022 (April-June)
Advertly AB (publ)

ADVERTY ACHIEVING CONSIDERABLE PROGRESS AND DRIVING THE MARKET FORWARD

Summary	Second quarter		First six months		Full-year
	2022-04-01	2021-04-01	2022-01-01	2021-01-01	2021-01-01
	2022-06-30	2021-06-30	2022-06-30	2021-06-30	2021-12-31
(SEK thousands, unless otherwise stated)					
Total income	2 760	1 053	4 800	1 231	5 313
Operating profit before depreciation/amortisation (EBITDA)	-5 853	-5 408	-10 793	-10 750	-21 818
Operating profit after depreciation/amortisation (EBIT)	-7 010	-5 462	-13 046	-10 856	-22 030
Profit before tax	-7 010	-5 462	-13 093	-10 857	-22 040
Profit for the period	-7 010	-5 462	-13 093	-10 857	-22 040
Cash flow for the period	-8 840	3 107	12 055	-2 823	-12 278
Earnings per share, SEK *	-0,22	-0,24	-0,41	-0,48	-0,97
Earnings per share, SEK **	-0,22	-0,17	-0,41	-0,34	-0,69
Equity per share, SEK *	1,18	1,29	1,18	1,29	0,80
Equity per share, SEK **	1,18	0,92	1,18	0,92	0,57
Number of shares	31 811 688	22 641 771	31 811 688	22 641 771	22 641 771

* 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

- Jonas Söderqvist steps in as new CEO

Significant events after the end of the period

- The Company is launching the industry's first technology for streaming In-Play™ video ads in partnership with SeenThis
- The Company's patented and industry-leading BrainImpression™ viewability technology for in-game ads has been made available in Oracle Moat
- The Company has announced an exclusive partnership with Drive Ahead! developer Dodreams for in-game advertising.

A word from the CEO

Coming aboard as the new CEO and leaving a full quarter behind, entering my second, I can honestly say that we have done everything we can to move the company and the market forward and I am very proud of what we have achieved during the period. Often you see companies focus on only one or two things; we have changed something in every aspect of Adverty to create the most effective organisation to fast forward us into the future.

Looking back on the second quarter I see growth, reached expectations, more constructive meetings, several new partnerships, product development and increased supply of games. We have restructured the sales department, created more room for development in supply, optimised our management processes, developed improved CRM project management tools in our platform, establishing smoother work flows within finance to have a more effective view of each and every transaction – and launched an industry-first streaming video solution for In-Play, plus getting our patented viewability measurement technology BrainImpression in the hands of third party verification through a collaboration with Oracle Moat.

The changes we made to the sales organisation have paid off – we see a more structured sales development than ever before and we managed to increase sales with 232% compared to the same quarter last year. Separately, each department has grown significantly compared to earlier years – closed more direct campaigns (+62%), increased global partnerships (+3 new) and partnered with more programmatic platforms (+1 new). All that work creates a massive opportunity for near-time growth.

To keep up the momentum in sales we have taken steps towards growing our supply even further by hiring more strategic individuals to strengthen the team, ready to take on new publishers. During the quarter we secured several key publishers and new games (Dodreams, Sir studios, Cerebellium Apps, Wolves Interactive) to grow our global reach for In-Play.

In the second quarter, not only did we take a huge step forward in enabling industry-first measurement capabilities within in-game viewability together with Oracle Moat, but we also created and launched a game-changing third party measurement tool for the entire industry, to help advertisers on-board our format as frictionlessly as possible.

We know that one of the most important issues at hand is to secure continued, increased demand-side investments. In addition to the milestone above, we also established a new way of utilising the strength of in-game inventory for video advertising. Using SeenThis streaming video technology together with our ad platform and our expertise within In-Play packaging, we now offer advertisers a completely unique, industry-first product for streaming video ads within in-game display advertising. That itself creates a huge opportunity for future development and revenue growth.

Looking forward I can only see success. Adding all the things we have done so far and what our focus is moving forward, I have only one more thing to say:

“If we do more – and make everything count – we will stand on the podium in the end.”

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, Germany, Spain, Turkey and the US. We also have reseller partners in Asia and Latin America.

This report pertains to the Company's operations during the period 1 January to 30 June 2022.

Sales and earnings

Net sales amounted to SEK 4,527 thousand (906) for the first six months of the year, and to SEK 2,672 thousand (804) for the second quarter. The reported loss for the first six months of the year amounted to SEK 13,093 thousand (10,857), and to SEK 7,010 thousand (5,462) for the second quarter, essentially as budgeted and planned.

Earnings per share for the first six months of the year amounted to a loss of SEK 0.41 (0.48), and to SEK 0.22 (0.24) for the second quarter, calculated on the number of shares outstanding at the close of the period reported here.

Investments

Adverty's investments in the first six months of the year amounted to SEK 3,804 thousand (2,407), and to SEK 1,882 thousand (1,200) in the second quarter. The investments pertain mostly to intangible assets in the form of capitalised development expenses.

Depreciation/amortisation

Earnings for the first six months of the year were burdened by SEK 2,253 thousand (106) in depreciation/amortisation, and to SEK 1,157 thousand (53) for the second quarter. These items pertain primarily to the amortisation of intangible assets.

Liquidity and financing

At the end of the period, the Company held SEK 17,236 thousand (14,635) in cash and cash equivalents. As of the reporting date, the Company held interest-bearing liabilities of SEK 528 thousand (350).

Equity, share capital and number of shares

As of 30 June 2022, Adverty's equity amounted to SEK 37,566 thousand (29,218). 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 June 2022, Adverty had a total of 25 employees, of whom 7 were directly employed by the Company and 18 of whom were full-time consultants based in Stockholm, London, Lviv, Madrid, Munich, Istanbul and Helsinki. Of the 25 employees, 6 are women and 19 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:

15 November 2022	Interim report, January – September 2022
16 February 2023	Year-end report, January – December 2022

Adverty AB (publ), 17 August 2022
Board of Directors

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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 August 2022.

Income statement

	Second quarter		First six months		Full-year
	2022-04-01	2021-04-01	2022-01-01	2021-01-01	2021-01-01
	2022-06-30	2021-06-30	2022-06-30	2021-06-30	2021-12-31
(SEK thousands)					
Operating income					
Net sales	2 672	804	4 527	906	4 769
Capitalised work for own account	0	0	0	0	0
Other operating income	87	249	273	326	544
Total operating income	2 760	1 053	4 800	1 231	5 313
Operating expenses					
Raw materials and consumables	-2 193	-1 271	-4 288	-2 398	-8 187
Other external expenses	-3 135	-1 988	-5 380	-3 776	-8 118
Personnel costs	-3 155	-3 168	-5 650	-5 732	-10 565
Depreciation/amortisation	-1 157	-53	-2 253	-106	-212
Other operating expenses	-129	-34	-275	-76	-261
Total operating expenses	-9 769	-6 515	-17 845	-12 087	-27 344
Operating profit	-7 010	-5 462	-13 046	-10 856	-22 030
Profit from financial items					
Interest income and similar income items	0	0	0	0	0
Interest expenses and similar income items	0	0	-47	-1	-10
Exchange rate gains/losses	0	0	0	0	0
Total profit from financial items	0	0	-47	-1	-10
Profit before tax	-7 010	-5 462	-13 093	-10 857	-22 040
Tax	0	0	0	0	0
Profit for the period after tax	-7 010	-5 462	-13 093	-10 857	-22 040

Balance sheet

(SEK thousands)	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Fixed assets			
Intangible assets	20 889	15 992	19 332
Tangible assets	32	44	38
Financial assets	0	75	0
Total fixed assets	20 922	16 110	19 370
Current assets			
Inventory	0	0	0
Other current assets	3 923	1 296	3 906
Cash and cash equivalents	17 236	14 635	5 181
Total current assets	21 159	15 930	9 087
TOTAL ASSETS	42 081	32 041	28 456
EQUITY AND LIABILITIES			
Equity	37 566	29 218	18 035
Non-current liabilities			
Non-current liabilities to credit institutions	528	350	457
Total non-current liabilities	528	350	457
Current liabilities			
Accounts payable	813	397	1 832
Other current liabilities	717	636	5 398
Accrued expenses and prepaid income	2 456	1 440	2 735
Total current liabilities	3 986	2 473	9 964
TOTAL EQUITY AND LIABILITIES	42 081	32 041	28 456

Cash flow statement

	Second quarter		First six months		Full-year
	2022-04-01	2021-04-01	2022-01-01	2021-01-01	2021-01-01
	2022-06-30	2021-06-30	2022-06-30	2021-06-30	2021-12-31
(SEK thousands)					
OPERATING ACTIVITIES					
Operating profit	-7 010	-5 462	-13 046	-10 856	-22 030
Depreciation/amortisation	1 157	53	2 253	106	212
Interest received	0	0	0	0	0
Interest paid	0	0	-47	-1	-10
Exchange rate fluctuations	0	0	0	0	0
Tax expense paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-5 853	-5 409	-10 840	-10 752	-21 828
Cash flow from changes in working capital					
Increase (-) / decrease (+) in operating receivables	-1 097	383	-17	-418	-3 029
Increase (+) / decrease (-) in operating liabilities	-78	-340	-5 978	751	8 242
Cash flow from operating activities	-7 028	-5 366	-16 835	-10 419	-16 614
INVESTING ACTIVITIES					
Acquisitions of intangible assets	-1 882	-1 200	-3 804	-2 377	-5 818
Acquisitions of tangible assets	0	0	0	-30	-30
Acquisitions of financial assets	0	0	0	0	75
Cash flow from investing activities	-1 882	-1 200	-3 804	-2 407	-5 774
FINANCING ACTIVITIES					
Change in non-current loans	70	350	70	187	294
New share issues	0	9 323	32 624	9 816	9 816
Cash flow from financing activities	70	9 673	32 695	10 003	10 110
Cash flow for the period	-8 840	3 107	12 055	-2 823	-12 278
Cash and cash equivalents at beginning of period	26 075	11 528	5 180	17 458	17 458
Cash and cash equivalents at end of period	17 236	14 635	17 236	14 635	5 180

Change in equity

Second quarter 2022 (SEK thousands) 1 Apr 2022 – 30 Jun 2022	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	1 602	19 759	110 666	-87 450	44 577
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	780	0	-780	0
Profit for the period	0	0	0	-7 010	-7 010
Amount at end of period	1 602	20 540	110 666	-95 241	37 566

Second quarter 2021 (SEK thousands) 1 Apr 2021 – 30 Jun 2021	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	970	14 274	69 352	-59 237	25 358
Bonus/new share issue	94	0	9 229	0	9 323
Provision, development expenditure fund	0	1 200	0	-1 200	0
Profit for the period	0	0	0	-5 462	-5 462
Amount at end of period	1 064	15 474	78 580	-65 900	29 219

First six months 2022 (SEK thousands) 1 Jan 2022 – 30 Jun 2022	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	1 064	18 900	78 580	-80 509	18 035
Bonus/new share issue	538	0	32 087	0	32 624
Provision, development expenditure fund	0	1 640	0	-1 640	0
Profit for the period	0	0	0	-13 093	-13 093
Amount at end of period	1 602	20 540	110 666	-95 241	37 566

First six months 2021 (SEK thousands) 1 Jan 2021 – 30 Jun 2021	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	958	13 116	68 871	-52 684	30 260
Bonus/new share issue	106	0	9 709	0	9 816
Provision, development expenditure fund	0	2 359	0	-2 359	0
Profit for the period	0	0	0	-10 857	-10 857
Amount at end of period	1 064	15 474	78 580	-65 900	29 219

Full-year 2021 (SEK thousands) 1 Jan 2021 – 31 Dec 2021	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	958	13 116	68 871	-52 684	30 260
Bonus/new share issue	106	0	9 709	0	9 816
Provision, development expenditure fund	0	5 784	0	-5 784	0
Profit for the period	0	0	0	-22 040	-22 040
Amount at end of period	1 064	18 900	78 580	-80 509	18 035