



# Interim Report

First nine months of 2022 (January-September)  
Advertity AB (publ)

# ADVERTY DELIVERS STRONG GROWTH AND ACCELERATES FURTHER

Summary	Third quarter		First nine months		Full-year
	2022-07-01	2021-07-01	2022-01-01	2021-01-01	2021-01-01
	2022-09-30	2021-09-30	2022-09-30	2021-09-30	2021-12-31
(SEK thousands, unless otherwise stated)					
Total income	3 669	1 078	8 468	2 309	5 313
Operating profit before depreciation/amortisation (EBITDA)	-5 668	-5 884	-16 461	-16 634	-21 818
Operating profit after depreciation/amortisation (EBIT)	-6 924	-5 937	-19 969	-16 792	-22 030
Profit before tax	-6 924	-5 937	-20 016	-16 793	-22 040
Profit for the period	-6 924	-5 937	-20 016	-16 793	-22 040
Cash flow for the period	-7 965	-7 734	4 090	-10 557	-12 278
Earnings per share, SEK *	-0,22	-0,26	-0,63	-0,74	-0,97
Earnings per share, SEK **	-0,22	-0,19	-0,63	-0,53	-0,69
Equity per share, SEK *	0,96	1,03	0,96	1,03	0,80
Equity per share, SEK **	0,96	0,73	0,96	0,73	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

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

## Significant events after the end of the period

- The Company is conducting a review of the market with the aim of mapping out various corporate strategic alternatives and is engaging Carlsquare as an adviser
- The Company and Apex Mobile Media announce partnership for In-Play advertising in Canada

## A word from the CEO

To quote the concluding words of my comments to the preceding interim report: “If we do more – and make everything count – we will stand on the podium in the end”. Hard work on all fronts during the year is now starting to pay off and we ended the third quarter with record sales of SEK 3.5 million, an increase of 32 percent compared with the previous quarter and 267 percent compared with the corresponding quarter last year, despite a seasonal index in the digital industry of -2 percent (source: IRM). Sales for the first nine months of the year show an increase of 332 percent compared with the corresponding period last year.

We now have two strong quarters behind us as a direct result of streamlining the technology platform, our organisation and our work structures. Our streamlining has accelerated both our business and product development, and both during and after the period we have launched third-party viewability verification of our game traffic, streaming video ads for display advertising, several new games in different genres and sizes, as well as new sales partners in strategically important areas and programmatic integrations with major players.

This positive trend continues at the time of writing and all of the work we put into optimising sales partners and programmatic marketplaces has paid off. Increasingly, brands are finding and buying us programmatically, and that's where we see the greatest return and scalability going forward. Now one month into the final quarter of the year, our assessment is that we will end the year with revenues of about SEK 6 million for the fourth quarter and a total of about SEK 14 million for 2022 as a whole, which, on an annual basis, is almost a threefold increase compared with 2021. With the current strategy and market trend, we see strong sales growth corresponding to a further tripling in 2023, as well as a rapidly growing advertising category in the upcoming years.

So far this year, we have doubled the number of mobile games using our Unity SDK, thanks largely to a market-leading offering to publishers in the form of superb technology, support and smooth onboarding. This also lays the foundation for a commercial up-scaling of the number of games over the upcoming years.

Important in this context is also the level of commercialization of existing traffic, where we have recently succeeded in optimizing the programmatic components of the platform regarding fill rate, price levels, geo-sorting and format management, which has contributed to an efficiency improvement of 300 percent.

Today we have the market's most effective platform for programmatic In-Play advertising and we have made considerable progress since the launch a few years ago. There is still some way to go before the In-Play format is fully compatible with how programmatic ads are bought and measured today. An important milestone and strong component to this finally happening is the market standardizing the formats and measurement technology for in-game advertising. At the end of August, the IAB and the Media Rating Council released the first guidelines for this, which are completely in line with our viewability patents. This creates tremendous value for our IP and can, in the longer term, enable completely new revenue streams.

During the second part of the year, we have actively worked on establishing the US as a market and our plan is to be there with both staff and more customers in early 2023. Since working actively with strong sales partners in Europe, Asia and Latin America those regions are now also growing markets for us.

We will continue to focus heavily on video support with the ambition of delivering programmatic video in In-Play and to CTV, as demand for video is constantly increasing, particularly in the US, and that the format marries well with both game design and target groups within gaming.

Recently, interest in Adverty as a company has increased. This, in combination with a continued high activity in the market for corporate transactions, has resulted in us hiring Carlsquare as a financial

adviser. Carlsquare has extensive experience in M&A with global coverage and, for this purpose, we seek to probe the market and review whether the timing is right, and whether we already have the opportunity to participate in consolidating our vertical on attractive terms for Adverty's shareholders.

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 September 2022.

**Sales and earnings**

Net sales amounted to SEK 8,055 thousand (1,866) for the first nine months of the year, and to SEK 3,528 thousand (960) for the third quarter. The reported loss for the first nine months of the year amounted to SEK 20,016 thousand (16,793), and to SEK 6,924 thousand (5,937) in the third quarter.

Earnings per share for the first nine months of the year amounted to a loss of SEK 0.63 (0.53) and to a loss of SEK 0.22 (0.19) in the third quarter, with a comparable number of shares.

**Investments**

Adverty's investments in the first nine months of the year amounted to SEK 5,812 thousand (4,072), and to SEK 2,007 thousand (1,665) 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 3,508 thousand (158) in depreciation/amortisation, and by SEK 1,256 thousand (53) 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 9,271 thousand (6,901) in cash and cash equivalents. As of the reporting date, the Company held interest-bearing liabilities of SEK 577 thousand (457). The Board of Directors continuously assesses various financing alternatives, primarily bank financing, to ensure the Company's long-term financing and optimal capital structure.

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

As of 30 September 2022, Adverty's equity amounted to SEK 30,643 thousand (23,282). 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 SME under the symbol ADVT and bear the ISIN code SE0011724889.

**Employees**

As of 30 September 2022, Adverty had a total of 29 employees, of whom 11 were directly employed by the Company and 18 of whom were full-time consultants based in Stockholm, London, Lviv, Madrid, Istanbul, Madrid and Munich. Of the 29 employees, 9 are women and 20 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:

16 February 2023	Year-end report, January – December 2022
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**Adverty AB (publ), 1 November 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 1 November 2022.

**Income statement**

(SEK thousands)

	<b>Third quarter</b>		<b>First nine months</b>		<b>Full-year</b>
	<b>2022-07-01</b>	<b>2021-07-01</b>	<b>2022-01-01</b>	<b>2021-01-01</b>	<b>2021-01-01</b>
	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2021-12-31</b>
<b>Operating income</b>					
Net sales	3 528	960	8 055	1 866	4 769
Capitalised work for own account	0	0	0	0	0
Other operating income	141	118	414	444	544
<b>Total operating income</b>	<b>3 669</b>	<b>1 078</b>	<b>8 468</b>	<b>2 309</b>	<b>5 313</b>
<b>Operating expenses</b>					
Raw materials and consumables	-2 826	-2 685	-7 114	-5 082	-8 187
Other external expenses	-2 701	-1 959	-8 081	-5 735	-8 118
Personnel costs	-3 661	-2 242	-9 311	-7 974	-10 565
Depreciation/amortisation	-1 256	-53	-3 508	-158	-212
Other operating expenses	-148	-75	-423	-152	-261
<b>Total operating expenses</b>	<b>-10 592</b>	<b>-7 015</b>	<b>-28 438</b>	<b>-19 101</b>	<b>-27 344</b>
<b>Operating profit</b>	<b>-6 924</b>	<b>-5 937</b>	<b>-19 969</b>	<b>-16 792</b>	<b>-22 030</b>
<b>Profit from financial items</b>					
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
<b>Total profit from financial items</b>	<b>0</b>	<b>0</b>	<b>-47</b>	<b>-1</b>	<b>-10</b>
<b>Profit before tax</b>	<b>-6 924</b>	<b>-5 937</b>	<b>-20 016</b>	<b>-16 793</b>	<b>-22 040</b>
Tax	0	0	0	0	0
<b>Profit for the period after tax</b>	<b>-6 924</b>	<b>-5 937</b>	<b>-20 016</b>	<b>-16 793</b>	<b>-22 040</b>

## Balance sheet

(SEK thousands)

### ASSETS

#### Fixed assets

Intangible assets	21 599	17 606	19 332
Tangible assets	29	41	38
Financial assets	45	75	0
<b>Total fixed assets</b>	<b>21 673</b>	<b>17 722</b>	<b>19 370</b>

#### Current assets

Inventory	0	0	0
Other current assets	4 990	1 764	3 906
Cash and cash equivalents	9 271	6 901	5 181
<b>Total current assets</b>	<b>14 260</b>	<b>8 665</b>	<b>9 087</b>

### TOTAL ASSETS

<b>35 933</b>	<b>26 387</b>	<b>28 456</b>
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### EQUITY AND LIABILITIES

<b>Equity</b>	<b>30 643</b>	<b>23 282</b>	<b>18 035</b>
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#### Non-current liabilities

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

#### Current liabilities

Accounts payable	808	694	1 832
Other current liabilities	845	368	5 398
Accrued expenses and prepaid income	3 060	1 586	2 735
<b>Total current liabilities</b>	<b>4 713</b>	<b>2 649</b>	<b>9 964</b>

### TOTAL EQUITY AND LIABILITIES

<b>35 933</b>	<b>26 387</b>	<b>28 456</b>
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**Cash flow statement**

(SEK thousands)

	<b>Third quarter</b>		<b>First nine months</b>		<b>Full-year</b>
	<b>2022-07-01</b>	<b>2021-07-01</b>	<b>2022-01-01</b>	<b>2021-01-01</b>	<b>2021-01-01</b>
	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2022-09-30</b>	<b>2021-09-30</b>	<b>2021-12-31</b>
<b>OPERATING ACTIVITIES</b>					
Operating profit	-6 924	-5 937	-19 969	-16 792	-22 030
Depreciation/amortisation	1 256	53	3 508	158	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
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5 668</b>	<b>-5 884</b>	<b>-16 508</b>	<b>-16 635</b>	<b>-21 828</b>
<b>Cash flow from changes in working capital</b>					
Increase (-) / decrease (+) in operating receivables	-1 066	-468	-1 083	-886	-3 029
Increase (+) / decrease (-) in operating liabilities	727	176	-5 251	927	8 242
<b>Cash flow from operating activities</b>	<b>-6 007</b>	<b>-6 176</b>	<b>-22 842</b>	<b>-16 595</b>	<b>-16 614</b>
<b>INVESTING ACTIVITIES</b>					
Acquisitions of intangible assets	-1 962	-1 665	-5 766	-4 042	-5 818
Acquisitions of tangible assets	0	0	0	-30	-30
Acquisitions of financial assets	-45	0	-45	0	75
<b>Cash flow from investing activities</b>	<b>-2 007</b>	<b>-1 665</b>	<b>-5 812</b>	<b>-4 072</b>	<b>-5 774</b>
<b>FINANCING ACTIVITIES</b>					
Change in non-current loans	50	107	120	294	294
New share issues	0	0	32 624	9 816	9 816
<b>Cash flow from financing activities</b>	<b>50</b>	<b>107</b>	<b>32 744</b>	<b>10 110</b>	<b>10 110</b>
<b>Cash flow for the period</b>	<b>-7 965</b>	<b>-7 734</b>	<b>4 090</b>	<b>-10 557</b>	<b>-12 278</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17 236</b>	<b>14 635</b>	<b>5 180</b>	<b>17 458</b>	<b>17 458</b>
<b>Cash and cash equivalents at end of period</b>	<b>9 271</b>	<b>6 901</b>	<b>9 271</b>	<b>6 901</b>	<b>5 180</b>

## Change in equity

<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>Third quarter 2021 (SEK thousands)</b> <b>2021-07-01 - 2021-09-30</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	15 474	78 580	-65 900	29 219
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	1 665	0	-1 665	0
Profit for the period	0	0	0	-5 937	-5 937
Amount at end of period	1 064	17 140	78 580	-73 502	23 282

<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>First nine months 2021 (SEK thousands)</b> <b>2021-01-01 - 2021-09-30</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	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	4 024	0	-4 024	0
Profit for the period	0	0	0	-16 793	-16 793
Amount at end of period	1 064	17 140	78 580	-73 501	23 282

<b>Full-year 2021 (SEK thousands)</b> <b>2021-01-01-2021-12-31</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	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