



Year-end report

January-December 2023
Advertity AB (publ)

ADVERTY'S REVENUE TRIPLES 2023

Summary	Fourth quarter		Full-year	
	2023-10-01	2022-10-01	2023-01-01	2022-01-01
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
(SEK thousands, unless otherwise stated)				
Total income	24 728	8 804	51 554	17 273
Gross profit	9 910	3 968	19 929	5 322
<i>Gross profit - margin</i>	40%	45%	39%	31%
Operating profit before depreciation/amortisation (EBITDA)	4 614	-2 929	-1 359	-19 390
Operating profit after depreciation/amortisation (EBIT)	2 892	-4 294	-7 717	-24 263
Profit before tax	2 337	-4 294	-9 340	-24 310
Profit for the period	2 337	-4 294	-9 340	-24 310
Cash flow for the period	-562	-7 361	724	-3 272
Earnings per share, SEK *	0,07	-0,13	-0,29	-0,76
Earnings per share, SEK **	0,07	-0,13	-0,29	-0,76
Equity per share, SEK *	0,53	0,83	0,53	0,83
Equity per share, SEK **	0,53	0,83	0,53	0,83
Number of shares	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 quarter

- The Company starts cooperation with Magnite, the world's largest independent SSP
- The Company selects PubMatic as global preferred PMP

Significant events after the end of the period

- Adverty repurchases 420,000 Warrants of series 2
- Adverty and NumberEight: McDonald's Achieves a 58% uplift in brand preferences through the fusion of gaming and ID-less Demographic targeting.

A word from the CEO

For the seventh quarter and second year in a row, we deliver a substantial market growth, tripling the revenues for 2023 compared to the previous year, with a turnover of 24.728 million SEK in the fourth quarter and 51.554 million SEK for the full year 2023. Not only have we shown profit at the EBITDA level since the third quarter, but also profit at the EBT level for the last quarter of the year.

This is something to be proud of - what a teamwork we have demonstrated throughout the year, especially during the fourth quarter of 2023!

We have never experienced such an aggressive growth on the supply side as we did in 2023. The fourth quarter was no exception, we are currently slightly under a total of 500 activated games. Many of the publishers we signed agreements with during this period are strategically important and contribute a significant reach in the regions where we see the highest growth on the buy side. We will continue to create opportunities for all publishers we currently do not work with, but it is equally important to show our existing publishers how they can continue to grow with us and create new opportunities for the market to build tomorrow's campaigns together with us.

We have also made significant progress on the demand side during the period and for the full year 2023. The platform is now fully optimized from a cost perspective for infinite growth of publishers and integrations of programmatic buying and selling platforms (DSP and SSP) can now technically happen instantaneously. We have added a number of new integrations during the fourth quarter - Magnite, Taipei, Playdigo, GreedyGame, Danoler and Bidscube to name a few. During the period, we have also strengthened the cooperation with some of our best sales partners in our key regions, and with that, reviewed our own sales organization to optimize the sales process.

To all this, it should be added that we are still the only In-Play provider able to package digital views with specific targeting based on age and gender - two of the most requested targeting options in the market.

The focus for 2024 is continued aggressive growth, maximize the performance of the existing game portfolio while it naturally expands in reach with new publishers and games, and meet the market's demands for new tools and products that generate incremental revenue.

With our existing products in the market, we already see significant growth in 2024. Our launched video product is still in its infancy, but is already the product we talk about the most with our buyers. During the year, we also plan to launch another new product, which we believe with great confidence will be a true game-changer for the In-Play format. That being said, we currently do not provide a public forecast for 2024, but with 7 growing quarters behind us, we clearly show where we are heading.

When you have the most functional, smart, flexible, secure, global, and user-friendly platform for In-Play, I can only conclude by saying; welcome future, tomorrow is here, let's go!

Jonas Söderqvist
CEO

Adverty in brief

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

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 headquartered in Stockholm, Sweden with technological development being performed in Ukraine. Sales and business development are also conducted in countries including US, UK, and Turkey. We also have reseller partners in various countries across the world.

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

Sales and earnings

Net sales amounted to SEK 50,693 thousand (16,685) for the full year, and to SEK 24,374 thousand (8,630) for the fourth quarter. The reported loss for the full year amounted to SEK 9,340 thousand (24,310), and the gain to SEK 2,337 thousand (- 4,294) for the fourth quarter, essentially as budgeted and planned.

Earnings per share for the full year amounted to a loss of SEK 0.29 (0.76) and to a gain of SEK 0.07 (- 0.13) in the fourth quarter, with a comparable number of shares.

Investments

Adverty's investments over the full year amounted to SEK 6,948 thousand (8,087), and to SEK 1,718 thousand (2,275) in the fourth quarter. The investments pertain mostly to intangible assets in the form of capitalized development expenses.

Depreciation/amortisation

Earnings for the full year were burdened by SEK 6,358 thousand (4,873) in depreciation/amortisation, and to SEK 1,722 thousand (1,365) for the fourth quarter. These items pertain primarily to the amortization of intangible assets.

Liquidity and financing

At the end of the period, the Company held SEK 2,632 thousand (1,908) in cash and cash equivalents. As of the reporting date, the Company held other non-current liabilities of SEK 14,278 thousand (577).

Equity, share capital and number of shares

As of 31 December 2023, Adverty's equity amounted to SEK 17,009 thousand (26,349). 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 31 December 2023, Adverty had a total of 21 employees, of whom 9 were directly employed by the Company and 12 of whom were full-time consultants based in Sweden, Germany, UK, Ukraine, Turkey, and the US. Of the 21 employees, 5 are women and 16 are men. Adverty's objective is to increase the number of women employees.

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 not been reviewed by the Company's auditors.

Future report dates

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

3 April 2024	Publication of Annual Report on Company website
15 May 2024	Interim report, January – March 2024
12 June 2024	Annual General Meeting
14 August 2024	Interim report, January – June 2024
13 November 2024	Interim report, January – September 2024
12 February 2025	Year-end report, January – December 2024

Adverty AB (publ), 14 February 2024
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 14 February 2024.

Income statement

(SEK thousands)	Fourth quarter		Full-year	
	2023-10-01	2022-10-01	2023-01-01	2022-01-01
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Operating income				
Net sales	24 374	8 630	50 693	16 685
Other operating income	354	174	861	588
Total operating income	24 728	8 804	51 554	17 273
Operating expenses				
Raw materials and consumables	-14 817	-4 836	-31 626	-11 951
Other external expenses	-1 654	-2 932	-7 538	-11 013
Personnel costs	-3 387	-3 827	-12 820	-13 138
Depreciation/amortisation	-1 722	-1 365	-6 358	-4 873
Other operating expenses	-255	-138	-930	-561
Total operating expenses	-21 835	-13 098	-59 271	-41 536
Operating profit	2 892	-4 294	-7 717	-24 263
Profit from financial items				
Interest income and similar income items	0	0	1	0
Interest expenses and similar income items	-556	0	-1 624	-47
Exchange rate gains/losses	0	0	0	0
Total profit from financial items	-556	0	-1 624	-47
Profit before tax	2 337	-4 294	-9 340	-24 310
Tax	0	0	0	0
Profit for the period after tax	2 337	-4 294	-9 340	-24 310

Balance sheet

(SEK thousands)

ASSETS

Fixed assets

Intangible assets	23 151	22 512
Tangible assets	23	26
Financial assets	0	45
Total fixed assets	23 174	22 583

Current assets

Inventory	0	0
Other current assets	31 757	9 450
Cash and cash equivalents	2 632	1 908
Total current assets	34 389	11 358

TOTAL ASSETS

57 563	33 941
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EQUITY AND LIABILITIES

Equity	17 009	26 349
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Non-current liabilities

Non-current liabilities to credit institutions	10 278	577
Checking account	4 000	0
Total non-current liabilities	14 278	577

Current liabilities

Accounts payable	5 847	3 343
Other current liabilities	6 792	680
Accrued expenses and prepaid income	13 637	2 992
Total current liabilities	26 276	7 015

TOTAL EQUITY AND LIABILITIES

57 563	33 941
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Cash flow statement

(SEK thousands)	Fourth quarter		Full-year	
	2023-10-01	2022-10-01	2023-01-01	2022-01-01
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
OPERATING ACTIVITIES				
Operating profit	2 892	-4 294	-7 717	-24 263
Depreciation/amortisation	1 722	1 365	6 358	4 873
Interest received	0	0	1	0
Interest paid	-556	0	-1 624	-47
Exchange rate fluctuations	0	0	0	0
Tax expense paid	0	0	0	0
Cash flow from operating activities before changes in working capital	4 059	-2 929	-2 982	-19 437
Cash flow from changes in working capital				
Increase (-) / decrease (+) in operating receivables	-17 252	-4 460	-22 307	-5 544
Increase (+) / decrease (-) in operating liabilities	16 391	2 302	19 261	-2 949
Cash flow from operating activities	3 198	-5 086	-6 028	-27 930
INVESTING ACTIVITIES				
Acquisitions of intangible assets	-1 764	-2 275	-6 983	-8 042
Acquisitions of tangible assets	0	0	-10	0
Acquisitions of financial assets	45	0	45	-45
Cash flow from investing activities	-1 718	-2 275	-6 948	-8 087
FINANCING ACTIVITIES				
Change in non-current loans	-6 041	0	9 700	120
Checking account	4 000	0	4 000	0
New share issues	0	0	0	32 624
Cash flow from financing activities	-2 041	0	13 700	32 744
Cash flow for the period	-562	-7 361	724	-3 272
Cash and cash equivalents at beginning of period	3 194	9 271	1 908	5 180
Cash and cash equivalents at end of period	2 632	1 908	2 632	1 908

Change in equity

Fourth quarter 2023 (SEK thousands) 1 Oct 2023 – 31 Dec 2023	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	1 495	22 998	110 773	-120 593	14 673
Bonus/new share issue	0	0	0	0	0
Provision, development expenditure fund	0	96	0	-96	0
Profit for the period	0	0	0	2 337	2 337
Amount at end of period	1 495	23 094	110 773	-118 352	17 009

Fourth quarter 2022 (SEK thousands) 1 Oct 2022 – 31 Dec 2022	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
Amount at beginning of period	1 601	21 284	110 666	-102 908	30 643
Bonus/new share issue	-106	0	106	0	0
Provision, development expenditure fund	0	964	0	-964	0
Profit for the period	0	0	0	-4 294	-4 294
Amount at end of period	1 495	22 248	110 773	-108 167	26 349

Full-year 2023 (SEK thousands) 1 Jan 2023 – 31 Dec 2023	Share capital	Development expenditure fund	Other capital contributions	Accum. profit and profit for the year	Total equity
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	-846	0	846	0
Profit for the period	0	0	0	-9 340	-9 340
Amount at end of period	1 495	21 402	110 773	-116 661	17 009

Full-year 2022 (SEK thousands) 1 Jan 2022 – 31 Dec 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	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