

November 14, 2023



AiAdvertising Reports Third Quarter 2023 Financial Results

Nine Month 2023 Revenue up 26% to \$5.9 Million Driven by Platform Licensing and Digital Marketing

SAN ANTONIO--(BUSINESS WIRE)-- [AiAdvertising, Inc.](#) (OTC: AIAD), an industry leader in AI-powered advertising solutions, has reported its financial and operational results for the third quarter ended September 30, 2023.

Key Third Quarter and Subsequent 2023 Highlights and Business Update

- Revenue for Q3 2023 was \$2.1 million, up 13% from \$1.9 million in Q3 2022
- Revenue for the nine months ended September 30, 2023, and 2022 was \$5.9 million and \$4.7, respectively, an increase of 26%.
- Platform License revenues for the quarter ended September 30, 2023, decreased by 39% to \$0.1 million.
- Digital Marketing revenues for the quarter ended September 30, 2023, increased by 16% to \$1.5 million.
- Net Loss for the quarter ended September 30, 2023, improved by 24% to (\$1.5) million.
- Net Loss for the nine months ended September 30, 2023, improved by 35% to (\$4.3) million.
- Net Cash used in the nine months ended September 30, 2023, was \$4.9 million, compared to cash used of \$4.2 million a year ago.
- Published a new white paper, "AI for Advertising Blueprint," created in partnership with the Marketing Artificial Intelligence Institute.

Management Commentary

"The nine months of 2023 delivered ongoing revenue growth and bottom line improvement, highlighted by a 26% increase in revenue from 2022 and 35% decrease in net loss," said Jerry Hug, Chairman and CEO of AiAdvertising. "The third quarter also saw a 13% growth in revenue, driven by strong client activity in Digital Marketing.

"During the quarter we continued to focus on further development of our Campaign Performance Platform, applying AI and ML technologies to marketing and advertising solutions. Our AI-powered AdTech software and optimization services allow advertisers to eliminate guesswork, predict creative, and prove performance. A recent white paper we published in partnership with the Marketing Artificial Intelligence Institute outlined how brands and advertisers can leverage artificial intelligence (AI) to optimize ad campaigns, save budget, and boost results. We continue to see interest from direct-to-consumer brands that are looking to deploy large budgets at scale without having to add headcount. We are also

evaluating feedback from prospective customers on how to better serve them with customized solutions at a budget that best suits their needs with the most advanced targeting solution in the market using AI, data science, and behavioral science.

“Looking ahead, we believe AiAdvertising can continue to scale our platform as the industry shifts toward solutions leveraging AI. AI-driven advertising eliminates guesswork, enables hyper-personalization at scale, and equips teams to maximize return on ad spend. We are highly focused on delivering superior results to our clients and executing on our revenue backlog. We expect to provide updates on new business initiatives and new business traction in the near future as we continue to build shareholder value,” concluded Hug.

Third Quarter 2023 Financial Results

Revenue for the quarter ended September 30, 2023, and 2022 was \$2.1 million and \$1.9 million, respectively, an increase of 13%. The increase was primarily due to strong client activity in Digital Marketing. The Platform License segment revenues for the quarter ended September 30, 2023, decreased by 39% to \$0.1 million from the prior year. Digital Marketing revenues for the quarter ended September 30, 2023, increased 16% to \$1.5 million.

Revenue for the nine months ended September 30, 2023, and 2022 was \$5.9 million and \$4.7 million, respectively, an increase of 26%. The increase was primarily due to strong client activity in Digital Marketing. The Platform License segment revenues for the nine months ended September 30, 2023, decreased by 17% to \$0.4 million from the prior year. Digital Marketing revenues for the nine months ended September 30, 2023, increased 43% to \$4.4 million.

Total operating expenses for the quarter ended September 30, 2023, were \$1.6 million, compared to \$2.1 million in the prior year. Total operating expenses for the nine months ended September 30, 2023, were \$5.0 million, compared to \$6.4 million in the prior year.

Operating activities for continuing operations used \$4.9 million in net cash for the nine months ended September 30, 2023, compared to \$4.2 million for the nine months ended September 30, 2022. Our increased revenue has caused an increased accounts receivables balance. Simultaneously, our stronger cash position has allowed us to continue to pay down the accounts payables balance faster. Net of working capital efficiency improvements, cash used by operating activities was \$3.1 million in for the nine months ended September 30, 2023, compared to \$4.2 million for the nine months ended September 30, 2022.

Net loss for the quarter ended September 30, 2023, was (\$1.5) million, as compared to a net loss of (\$2.0) million in 2022. Net loss for the nine months ended September 30, 2023, was (\$4.3) million, as compared to a net loss of (\$6.6) million in 2022.

Cash and cash equivalents totaled \$0.7 million at September 30, 2023, as compared to \$0.1 million at December 31, 2022.

John C. Small, Chief Financial Officer of AiAdvertising, added, “As of today, we believe that our existing cash, together with the strategic investment of \$5.0 million from Hexagon Partners and \$0.9 million in account receivables, will be sufficient to meet our anticipated capital requirements to fund planned operations.”

About AiAdvertising

AiAdvertising is an AI-powered solutions provider employing the industry's most scientifically advanced, patent-pending AI targeting process. Transforming marketing and customer experiences, allowing marketers to personify client data and scientifically target their ideal customers with hyper-personalized campaigns. By harnessing artificial intelligence (AI) and machine learning (ML), we empower brands to easily target, predict, create, scale, measure campaign performance and reduce waste. Our clients gain the intelligence they need to prove advertising's impact on the bottom line. This means more engaging, higher-impact campaigns that drive conversions and results.

For more information about the Company, please visit www.AiAdvertising.com or our [LinkedIn](#) or [Twitter](#) pages.

Forward-Looking Statements

This press release may contain "forward-looking statements." Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements are included in our filings with the Securities and Exchange Commission, including the "Risk Factors" section of our annual report on Form 10-K for the year ended December 31, 2022. Any forward-looking statement made by us in this release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments, or otherwise, except as may be required under applicable law.

AIADVERTISING, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 711,804	\$ 55,831
Accounts receivable, net	943,504	95,300
Prepaid and other current Assets	194,096	105,076

Total current assets	1,849,404	256,207
Property and equipment, net	78,511	102,659
Right-of-Use assets	155,165	175,974
Other assets:		
Lease deposit	8,939	8,939
Goodwill and other intangible assets, net	20,202	20,202
Total other assets	29,141	29,141
Total assets	2,112,221	563,981

LIABILITIES AND SHAREHOLDERS' DEFICIT

Current liabilities:		
Accounts payable	1,392,753	2,071,122
Accounts payable, related party	-	10,817
Accrued expenses	93,851	39,233
Operating lease liability	32,255	28,494
Deferred revenue and customer deposit	449,336	791,133
Total current liabilities	1,968,195	2,940,799
Operating lease obligation, net of current portion	122,910	147,480
Total liabilities	2,091,105	3,088,279

Shareholders' deficit:

Preferred stock, \$0.001 par value; 5,000,000 Authorized shares:

Series A Preferred stock; 10,000 authorized, zero and 10,000 shares issued and outstanding;	-	-
Series B Preferred stock; 25,000 authorized, 18,025 shares issued and outstanding;	18	18
Series C Preferred stock; 25,000 authorized, 14,425 shares issued and outstanding;	14	14
Series D Preferred stock; 90,000 authorized, 86,021 and 90,000 shares issued and outstanding;	86	86
Series E Preferred stock; 10,000 authorized, 10,000 shares issued and outstanding;	10	10
Series F Preferred stock; 800,000 authorized, zero and zero shares issued and outstanding;	-	-
Series G Preferred stock; 2,600 authorized, 2,597 shares issued and outstanding;	3	3

Series H Preferred stock; 1,000 authorized, zero and zero shares issued and outstanding;	-	-
Series I Preferred stock; 3,000,000 authorized, 2,272,727 and zero shares issued and outstanding;	2,273	-
Series J Preferred stock; 700 authorized, zero and zero shares issued and outstanding;	-	-
Common stock, \$0.001 par value; 10,000,000,000 and 2,000,000,000 authorized shares; 1,334,408,773 and 1,175,324,203 shares issued and outstanding, respectively	1,334,414	1,175,330
Additional paid in capital	56,287,627	49,595,914
Common stock payable, consisting of 5,000,000 shares valued at \$0.1128	564,000	564,000
Accumulated deficit	(58,167,329)	(53,859,673)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	21,116	(2,524,298)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 2,112,221	\$ 563,981

AIADVERTISING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Revenue	\$ 2,089,536	\$ 1,850,456	\$ 5,858,329	\$ 4,668,744
Cost of Revenue	1,999,019	1,788,484	5,608,404	4,952,104
Gross Profit	90,517	61,972	249,925	(283,360)
Operating expenses:				
Salaries and outside services	602,968	1,125,497	2,426,032	3,249,006
Selling, general and administrative expenses	1,013,644	950,096	2,542,428	3,104,153
Depreciation and amortization	8,050	9,413	24,147	27,847
Total operating expenses	1,624,662	2,085,006	4,992,607	6,381,006
Loss from operations	(1,534,145)	(2,023,034)	(4,742,682)	(6,664,366)

Other income (expense)				
Other expense	-	-	435,026	-
Gain (loss) on Sales of Discontinued Operations	-	-	-	25,197
Total other income (expense)	-	-	435,026	25,197
Loss from operations before income taxes	(1,534,145)	(2,023,034)	(4,307,656)	(6,639,169)
Provision for income taxes	-	-	-	-
Net Loss	(1,534,145)	(2,023,034)	(4,307,656)	(6,639,169)
Dividends on preferred stock	-	-	-	-
Net loss attributable to common shareholders	<u>\$ (1,534,145)</u>	<u>\$ (2,023,034)</u>	<u>\$ (4,307,656)</u>	<u>\$ (6,639,169)</u>
Net loss per share:				
Basic	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted-average common shares outstanding:				
Basic	<u>1,334,408,773</u>	<u>1,134,900,469</u>	<u>1,299,140,585</u>	<u>1,108,436,079</u>
Diluted	<u>1,334,408,773</u>	<u>1,134,900,469</u>	<u>1,299,140,585</u>	<u>1,108,436,079</u>

AIADVERTISING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
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CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ (4,307,656)	\$ (6,639,169)
Adjustment to reconcile net (loss) income to net cash used in operating activities:		
Bad debt expense	-	(1,150)
Depreciation and amortization	24,148	27,847
Gain on sale of discontinued operations	-	(25,197)
Stock based compensation	1,253,643	1,392,744
Non-cash service expense	-	123,374
Amortization of ROU asset	20,809	-
Changes in assets and liabilities:		
Accounts receivable	(848,204)	(153,746)
Prepaid expenses and other assets	(89,020)	50,129
Costs in excess of billings	-	4,839
Lease deposit	-	861
Accounts payable	(689,186)	759,479
Accrued expenses	54,618	(15,466)
Operating lease liability	(20,809)	-
Deferred revenue	(341,797)	296,429
Net cash (used in) provided by operating activities	<u>(4,943,454)</u>	<u>(4,179,026)</u>

INVESTING ACTIVITIES

Cash paid for fixed assets	-	(23,209)
Proceeds from sale of discontinued operations	-	25,197
Net cash provided by (used in) investing activities	<u>-</u>	<u>1,988</u>

FINANCING ACTIVITIES

Proceeds from sale of common stock	599,427	940,159
Proceeds from sale of preferred stock	5,000,000	-
Net cash provided by (used in) financing activities	<u>5,599,427</u>	<u>940,159</u>
Net increase in cash and cash equivalents	655,973	(3,236,879)
Cash and cash equivalents at beginning of period	55,831	3,431,455
Cash and cash equivalents at end of period	<u>\$ 711,804</u>	<u>\$ 194,576</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Right of use assets exchange for lease liability	\$	-	\$	186,706
Change in right of use asset	\$	-	\$	(70,608)
Retired Stock Issuance	\$	-	\$	2,940
Exercise of stock options	\$	3,931	\$	3,190

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