

October 20, 2023



AiAdvertising Reports Second Quarter 2023 Financial Results

1H 2023 Revenue up 34% to \$3.8 Million Driven by Platform Licensing and Digital Marketing

SAN ANTONIO, Texas--(BUSINESS WIRE)-- [AiAdvertising, Inc.](#) (OTC: AIAD), a next-generation AdTech company focused on harnessing the power of artificial intelligence (AI) and machine learning (ML) for today's marketing leaders, has reported its financial and operational results for the second quarter ended June 30, 2023.

Key Second Quarter and Subsequent 2023 Highlights and Business Update

- Revenue for Q2 2023 was \$1.6 million, down slightly from \$1.6 million in Q2 2022
- Revenue for the six months ended June 30, 2023, and 2022 was \$3.8 million and \$2.8, respectively, an increase of 34%.
- Platform License revenues for the quarter ended June 30, 2023, decreased by 31% to \$0.2 million.
- Digital Marketing revenues for the quarter ended June 30, 2023, increased by 22% to \$1.2 million.
- Net Loss for the quarter ended June 30, 2023 decreased by 8% to (\$1.8) million.
- Net Loss for the six months ended June 30 2023 decreased by 41% to (\$2.7) million.
- Net Cash used in the six months ended June 30, 2023 was \$3.3 million, compared to cash used of \$2.9 million a year ago.
- Received a \$5.0 million equity investment to fuel the next phase of growth, including further development of AiAdvertising's Campaign Performance Platform and to create a new focus area serving customers valuing founding American principles.

Management Commentary

"The first half of 2023 was marked by continued improvement for our top and bottom lines, highlighted by a 34% increase in revenue from 2022," said Jerry Hug, Chairman and CEO of AiAdvertising. "While our second quarter revenue remained essentially flat, strong client activity in Digital Marketing again pulled revenue forward into Q3. This variable revenue recognition has driven a record revenue backlog that now stands at nearly \$2.0 million.

"During the quarter we received a strategic investment of \$5.0 million from Hexagon Partners to enable us 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. We continue to see interest from direct-to-consumer brands that are looking to deploy large budgets at scale without having to add headcount.

“In conjunction with today’s filing of our 10-Q for the period ended June 30, 2023, we have regained compliance with our filing requirements and our team is working with counsel, regulators and the exchange to regain our listing and resume trading as soon as possible.

“Looking to the second half of 2023, we are focused on delivering superior results to our clients with our revolutionary Campaign Performance Platform 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.

Second Quarter 2023 Financial Results

Revenue for the quarter ended June 30, 2023, and 2022 was \$1.6 million and \$1.6 million, respectively, a decrease of 2%. The decrease was primarily due to strong client activity in Digital Marketing for the first fiscal quarter, pulling revenue forward. The Platform License segment revenues for the quarter ended June 30, 2023, decreased by 31% to \$0.2 million from the prior year. Digital Marketing revenues for the quarter ended June 30, 2023, increased 22% to \$1.2 million.

Revenue for the six months ended June 30, 2023, and 2022 was \$3.8 million and \$2.8 million, respectively, an increase of 34%. The increase was primarily due to strong client activity in Digital Marketing and Platform license revenue. The Platform License segment revenues for the six months ended June 30, 2023, decreased by 0% to \$0.3 million from the prior year. Digital Marketing revenues for the six months ended June 30, 2023, increased 62% to \$2.9 million.

Total operating expenses for the quarter ended June 30, 2023, were \$2.0 million, compared to \$2.0 million in the prior year. Total operating expenses for the six months ended June 30, 2023, were \$3.4 million, compared to \$4.3 million in the prior year.

Operating activities for continuing operations used \$3.4 million in net cash for the six months ended June 30, 2023, compared to \$2.9 million for the quarter ended June 30, 2022.

Net loss for the quarter ended June 30, 2023, was (\$1.8) million, as compared to a net loss of (\$2.0) million in 2022. The decrease in net loss for the period was primarily due to recognition of ERC tax credits and reduced employee and SG&A expenses. Net loss for the six months ended June 30, 2023, was (\$2.7) million, as compared to a net loss of (\$4.6) million in 2022.

Cash and cash equivalents totaled \$2.1 million at June 30, 2023, as compared to \$0.1 million at December 31, 2022. In April 2023, the Company received a \$5.0 million equity investment from Hexagon Partners.

John C. Small, Chief Financial Officer of AiAdvertising, added, “As of today, we believe that our existing cash, together with the recent strategic investment of \$5.0 million from Hexagon Partners, the \$0.7 million in short term receivables, and \$9.2 million that currently remains available under our \$10.0 million Equity Line of Credit with GHS Investments LLC (“GHS”), will be sufficient to meet our anticipated capital requirements to fund planned operations.”

About AiAdvertising

AiAdvertising, Inc. (OTC: AIAD) is a next-generation AdTech company that is harnessing the

power of artificial intelligence (AI) and machine learning (ML) to build software for today’s marketing leaders. We are focused on eliminating waste and maximizing the return on digital ad spend.

Our flagship product, the Campaign Performance Platform, is a subscription-based, end-to-end Ad Management solution. The platform empowers brands and agencies to easily target, predict, create, scale, and measure hyper-personalized campaigns.

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 (UNAUDITED)

	June 30, 2023 (unaudited)	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,409,646	\$ 55,831
Accounts receivable, net	727,932	95,300
Prepaid and other current Assets	202,859	105,076
TOTAL CURRENT ASSETS	3,340,437	256,207
PROPERTY & EQUIPMENT, net	86,560	102,659
RIGHT-OF-USE ASSETS	169,319	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	\$ 3,625,457	\$ 563,981
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 1,457,419	\$ 2,071,122
Accounts payable, related party	-	10,817
Accrued expenses	23,545	39,233
Operating lease liability	29,717	28,494
Deferred revenue and customer deposit	837,295	791,133
TOTAL CURRENT LIABILITIES	2,347,976	2,940,799
LONG TERM LIABILITIES		
Operating lease obligation, long term	139,602	147,480
TOTAL LONG TERM LIABILITIES	139,602	147,480
TOTAL LIABILITIES	2,487,578	3,088,279
SHAREHOLDERS' EQUITY (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 2,413 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	55,870,245	49,595,914
Common stock payable, consisting of 5,000,000 shares valued at \$0.1128	564,000	564,000
Accumulated deficit	(56,633,184)	(53,859,673)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	1,137,879	(2,524,298)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 3,625,457	\$ 563,981

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

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
REVENUE	\$ 1,594,041	1,618,626	\$ 3,768,793	2,818,288
COST OF REVENUE	1,953,936	1,627,788	3,609,385	3,163,620
Gross Profit	(359,895)	(9,162)	159,408	(345,332)
OPERATING EXPENSES				
Salaries and outside services	1,151,803	858,804	1,823,064	2,123,509
Selling, general and administrative expenses	805,499	1,139,493	1,528,784	2,154,057
Depreciation and amortization	8,047	9,321	16,097	18,434
TOTAL OPERATING (INCOME) EXPENSES	1,965,349	2,007,618	3,367,945	4,296,000

INCOME (LOSS) FROM OPERATIONS BEFORE OTHER INCOME AND TAXES	\$	(2,325,244)	(2,016,780)	\$	(3,208,537)	(4,641,332)
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OTHER INCOME
(EXPENSE)

Other expense		435,021	-		435,026	-
Gain (loss) on Sales of Discontinued Operations		-	-		-	25,197
TOTAL OTHER INCOME (EXPENSE)	\$	435,021	-	\$	435,026	25,197

INCOME/(LOSS)
FROM OPERATIONS
BEFORE
PROVISION FOR
TAXES

	\$	(1,890,223)	(2,016,780)	\$	(2,773,511)	(4,616,135)
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INCOME (LOSS)
FROM
DISCONTINUED
OPERATIONS
BEFORE
PROVISION FOR
TAXES

	\$	-	-	\$	-	-
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PROVISION
(BENEFIT) FOR
INCOME TAXES

		-	-		-	-
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NET INCOME/(LOSS)	\$	(1,890,223)	(2,016,780)	\$	(2,773,511)	(4,616,135)
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PREFERRED
DIVIDENDS

		-	-		-	-
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NET
INCOME/(LOSS)
ATTRIBUTABLE TO
COMMON
SHAREHOLDERS

	\$	(1,890,223)	(2,016,780)	\$	(2,773,511)	(4,616,135)
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NET LOSS PER
SHARE

BASIC	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)
DILUTED	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)

WEIGHTED-
AVERAGE COMMON
SHARES
OUTSTANDING

BASIC	1,329,921,400	1,131,934,620	1,281,214,213	1,094,989,076
DILUTED	1,329,921,400	1,131,934,620	1,281,214,213	1,094,989,076

AIADVERTISING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from continued operations	\$ (2,773,511)	\$ (4,616,135)
Adjustment to reconcile net loss to net cash (used in) operating activities		
Bad debt expense	-	(1,150)
Depreciation and amortization	16,099	18,434
Gain on Sale of Discontinued Operations	-	(25,197)
Non-cash compensation expense	836,261	894,117
Non-cash service expense	-	3,374
Change in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(632,632)	(12,428)
Prepaid expenses and other assets	(97,783)	1,063
Costs in excess of billings	-	3,942
Lease deposit	-	4,361
Accounts payable	(624,520)	593,589
Accrued expenses	(15,688)	(6,680)
Customer Deposits	46,162	218,756
NET CASH (USED IN) OPERATING ACTIVITIES	(3,245,612)	(2,923,954)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of fixed assets	-	(23,209)
Proceeds from the sale of discontinued operations	-	25,197
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	-	1,988
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds of issuance of common stock, net	599,427	940,159
Proceeds (payments) of preferred stock	5,000,000	-
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	5,599,427	940,159
NET INCREASE / (DECREASE) IN CASH	2,353,815	(1,981,807)
CASH, BEGINNING OF PERIOD	55,831	3,431,455
CASH, END OF PERIOD	\$ 2,409,646	\$ 1,449,648
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -
Right of Use Assets	\$ 6,655	56,650
Cashless Exercise of stock options	\$ 3,931	\$ 912

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