

May 17, 2023



AiAdvertising Reports Fiscal Year 2022 Financial Results

2022 Revenue of \$6.7 Million driven by New Customer Agreements and SaaS Platform Solution

Platform License Revenues Increased 598% from 2021 to 2022

SAN ANTONIO--(BUSINESS WIRE)-- [AiAdvertising, Inc.](#) (OTC: AIAD), a next-generation AdTech company focused on harnessing the power of artificial intelligence (AI) and machine learning (ML) to eliminate waste and maximize the return on digital ad spend, has reported its financial and operational results for the year ended December 31, 2022.

Key Fourth Quarter and Subsequent 2023 Highlights and Business Update

- Revenue for FY 2022 was \$6.7 million, a decrease of 2% from \$6.9 million in FY 2021.
- Platform License (SaaS) revenues for the year ended December 31, 2022, increased by 598% to \$0.6 million.
- 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.
- John Small joined the Company as Chief Financial Officer, bringing over 30 years of financial experience with a focus on strategy & operations, mergers & acquisitions, business development, and raising capital.
- Became the first to uncover ChatGPT's commercial applications in AdTech, leveraging its PersonaAI signals and insights to power automated ChatGPT, enabling the PersonaAI to become more informative and more targeted.

Management Commentary

"2022 was a transitional year as we continued to make significant progress from operating as an agency with inconsistent and unpredictable revenue to a SaaS platform solution with scalable and predictable, monthly recurring revenue," said Jerry Hug, Chairman and CEO of AiAdvertising. "Revenue for the year underscored this transition with several platform license agreements that increased platform license revenues by 598% to \$0.6 million.

"We believe AiAdvertising can continue to scale our platform with direct-to-consumer brands that are looking to deploy large budgets at scale without having to add headcount. We are seeing growing demand for our Campaign Performance Platform (CPP) as the industry is beginning to shift toward solutions leveraging AI. In fact, we were the first to recently begin leveraging PersonaAI and ChatGPT to allow our clients to remove unconscious bias in marketing and messaging, creating a more accurate and efficient customer-based solution.

“Operationally, we were privileged to recently welcome John Small as our Chief Financial Officer, a C-Suite executive and capital markets industry veteran who will oversee our finances as we enter the next phase of growth. John brings over 30 years of financial experience with a focus on strategy & operations, mergers & acquisitions, business development, and raising capital. John has quickly come up to speed and been immediately impactful with our interim CFO leaving the Company during the year-end audit. While we regret the delayed filing of our year-end 10-K report and the delay in filing our first-quarter 10-Q report, we have completed our audit and will work diligently to get back into compliance. We expect a normal cadence of financial reporting commencing in the second quarter with John’s leadership.

“Looking ahead, with our recent strategic investment of \$5.0 million from Hexagon Partners, we are well positioned for further development of our CPP and to leverage artificial intelligence and machine learning to develop a comprehensive solution that marketers can come to rely on. We are also planning to deliver additional technology services and strategic relationships to a growing trend of businesses nationwide that embrace foundational American values and self-governance principles such as freedom, faith, and equality. We look forward to additional updates in the months to come as we build on our position as a leader in applying AI and ML technologies to marketing and advertising solutions to deliver superior results to our clients, and long-term value for our shareholders,” concluded Hug.

FY 2022 Financial Results

Revenue for the year ended December 31, 2022, and 2021 was \$6.7 million and \$6.8, respectively, a decrease of 2%. The decrease was primarily due to the sale of the Company’s non-core web hosting business and a pivot of focus from professional services to SaaS revenue generated by the Campaign Performance Platform. The Platform License segment revenues for the year ended December 31, 2022, increased by 598% to \$0.6 million from the prior year.

Total operating expenses for the year ended December 31, 2022, were \$8.0 million, compared to \$8.9 million in the prior year.

Operating activities for continuing operations used \$4.9 million in net cash for the year ended December 31, 2022, compared to \$5.0 million for the year ended December 31, 2021.

Net loss for the year ended December 31, 2022 was \$8.5 million, as compared to a net loss of \$8.5 million in 2021. Net loss decreased slightly in 2022 as compared to 2021 primarily due to an employee retention credit received during the year ended December 31, 2022, and an increase in SaaS revenue partially offset by SG&A and stock option expenses.

Cash and cash equivalents totaled \$0.1 million at December 31, 2022, as compared to \$3.4 million at December 31, 2021.

John Small, Chief Financial Officer of AiAdvertising, added, “As of May 16, 2023, we believe that our existing cash, together with the recent strategic investment of \$5.0 million from Hexagon Partners, the \$0.4 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 focused on harnessing the power of artificial intelligence (AI) and machine learning (ML) to eliminate waste and maximize 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, 2020. 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

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 55,831	\$ 3,431,455
Accounts receivable, net	95,300	497,422
Costs in excess of billings	-	27,779

Prepaid and other current Assets	105,076	182,427
TOTAL CURRENT ASSETS	256,207	4,139,083
PROPERTY & EQUIPMENT, net	102,659	114,249
RIGHT-OF-USE ASSETS	175,974	66,369
OTHER ASSETS		
Lease deposit	8,939	9,800
Goodwill and other intangible assets, net	20,202	20,202
TOTAL OTHER ASSETS	29,141	30,002
TOTAL ASSETS	\$ 563,981	\$ 4,349,703

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$ 2,071,122	\$ 791,727
Accounts payable, related party	10,817	10,817
Accrued expenses	39,233	72,158
Operating lease liability	28,494	66,369
Deferred revenue and customer deposit	791,133	491,635
TOTAL CURRENT LIABILITIES	2,940,799	1,432,706

LONG TERM LIABILITIES

Capital lease obligation, long term	147,480	-
TOTAL LONG TERM LIABILITIES	147,480	-

TOTAL LIABILITIES	3,088,279	1,432,706
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COMMITMENTS AND CONTINGENCIES (see Note 14)

SHAREHOLDERS' EQUITY (DEFICIT)

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

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
Common stock, \$0.001 par value; 10,000,000,000 and 2,000,000,000 authorized shares; 1,175,324,666 and 1,055,566 shares issued and outstanding, respectively	1,175,330	1,055,566
Additional paid in capital	49,595,914	46,667,049
Common stock payable, consisting of 5,000,000 shares valued at \$0.1128	564,000	564,000
Accumulated deficit	(53,859,673)	(45,369,749)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(2,524,298)	2,916,997
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 563,981	\$ 4,349,703

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

	Year Ended December 31, 2022	Year Ended December 31, 2021
REVENUE	\$ 6,744,297	\$ 6,868,261
COST OF REVENUE	7,312,215	4,696,317
Gross Profit	(567,918)	2,171,944
OPERATING EXPENSES		
Salaries and outside services	3,912,770	4,048,508
Selling, general and administrative expenses	4,001,870	4,767,334
Depreciation and amortization	37,553	46,535
TOTAL OPERATING (INCOME) EXPENSES	7,952,193	8,862,377
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER INCOME AND TAXES	\$ (8,520,111)	\$ (6,690,433)
OTHER INCOME (EXPENSE)		
Gain (loss) on extinguishment of debt	4,990	282,418
Gain (loss) forgiveness of PPP Loan	-	780,680
Gain (loss) on Sales of Discontinued Operations	25,197	226,769
Interest expense	-	(3,155,819)
TOTAL OTHER INCOME (EXPENSE)	\$ 30,187	\$ (1,865,952)

INCOME/(LOSS) FROM OPERATIONS BEFORE PROVISION FOR TAXES	\$ (8,489,924)	\$ (8,556,385)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS BEFORE PROVISION FOR TAXES	\$ -	\$ 73,614
PROVISION (BENEFIT) FOR INCOME TAXES	-	-
NET INCOME/(LOSS)	\$ (8,489,924)	\$ (8,482,771)
PREFERRED DIVIDENDS	-	12,525
NET INCOME/(LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (8,489,924)	\$ (8,495,296)
NET LOSS PER SHARE		
BASIC	\$ (0.01)	\$ (0.01)
DILUTED	\$ (0.01)	\$ (0.01)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
BASIC	1,123,312,864	956,912,269
DILUTED	1,123,312,864	956,912,269

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

	Year Ended December 31, 2022	Year Ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from continued operations	\$(8,489,924)	\$(8,556,385)
Adjustment to reconcile net loss to net cash (used in) operating activities		
Bad debt expense	(1,180)	(2,274)
Depreciation and amortization	37,553	46,535
Finance charge, related party	-	2,820,000
Amortization of Debt Discount	-	274,992
Gain on extinguishment of debt	(4,990)	(282,418)
Gain on forgiveness of PPP loan	-	(780,680)
Gain on Sale of Discontinued Operations	(25,197)	(226,769)
Non-cash compensation expense	1,891,371	1,247,048
Non-cash service expense	123,374	564,000

Fair valuation of warrants as compensation	-	983,571
Issuance of Series H Pref to employee	-	511,363
Change in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	(218,934)	(151,789)
Prepaid expenses and other assets	77,351	(151,997)
Costs in excess of billings	27,779	(27,779)
Lease deposit	861	-
Accounts payable	1,279,395	(693,347)
Accrued expenses	(32,925)	(256,852)
Customer Deposits	459,927	(349,655)
NET CASH (USED IN) OPERATING ACTIVITIES - continued operations	<u>(4,875,539)</u>	<u>(5,032,436)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES - discontinued operations	-	73,614
NET CASH (USED IN) OPERATING ACTIVITIES	<u>(4,875,539)</u>	<u>(4,958,822)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for purchase of fixed assets	(20,973)	(98,723)
Proceeds from the sale of discontinued operations	25,197	226,769
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	<u>4,224</u>	<u>128,046</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividend	-	(408,805)
Proceeds of issuance of common stock, net	1,033,884	9,485,807
Proceeds (payments) on line of credit, net	-	(366,012)
Proceeds from issuance of notes, related party, net	-	(428,652)
Proceeds (payments) of preferred stock	-	(61,325)
Principal payments on debt, third party	-	(750,000)
Proceeds from PPP loan	-	780,680
NET CASH (USED IN)/PROVIDED BY FINANCING ACTIVITIES	<u>1,033,884</u>	<u>8,251,693</u>
NET INCREASE / (DECREASE) IN CASH	(3,837,431)	3,420,917
CASH, BEGINNING OF PERIOD	<u>3,431,455</u>	<u>10,538</u>
CASH, END OF PERIOD	<u>\$ (405,976)</u>	<u>\$ 3,431,455</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ -	\$ 60,038
Taxes paid	\$ -	\$ -

Non-cash financing activities:		
Conversion of notes payable to common stock, related party	\$ -	\$ 577,874
Right of use asset exchanged for lease liability	\$ 186,706	\$ 105,180
Change in right of use asset	\$ (70,608)	
Retired Stock Issuance	\$ 2,940	-
Conversion of preferred to common stock	\$ -	\$ 109,948
Exercise of stock options	\$ 3,190	\$ 11,108
Exercise of warrants	\$ -	\$ 17,314

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