

Year-end report 2023: 62% annual growth and profit-focused recalibration



Speqta AB (publ) Year-end report for the period January 1–December 31, 2023 is published and available on:

<http://speqta.com/en/investors/financial-reports>

Fourth quarter results in brief

- ARR grew by 62%, compared to the previous year, to KSEK 61,670 (38,177). At the end of January 2024, the company had an ARR of KSEK 62,620 (38,548).
- Net sales in the fourth quarter amounted to KSEK 14,481 (10,322), an increase of 40%, mainly consisting of organic growth in BrightBid. Sales for the fourth quarter were, compared to the third quarter, negatively effected by approximately KSEK 2,400 by the divestment of Shopello, which had a lower gross margin and was not part of the company's stated SaaS strategy.
- Recurring revenue amounted to KSEK 13,437 (6,971) during the quarter, an increase of 93%.
- The EBITDA result amounted to KSEK -14,929 (-7,984). Adjusted EBITDA amounted to KSEK -14,929 (-7,984). Already executed cost synergies from the merger have only had half the effect, lowering operating costs by MSEK 1.3/month. Over the next two quarters, monthly operating costs are expected to be reduced by a further MSEK 1.3.
- Earnings per share amounted to SEK -0.84 (-0.60).
- Cash flow from operating activities amounted to KSEK -17,809 (-9,221). The effect of the cost synergies described above in 2024, combined with continued growth, means that Speqta is positive about the development of cash flow going forward.
- Cash and cash equivalents at the end of the period amounted to KSEK 22,321 (8,537).
- Number of customers grew to 490 (385), an increase of 27%.

Events during the quarter

- Speqta has launched a new service that enables advertising on Google Shopping for Amazon sellers.

- The Board of Directors has invited for an extra general meeting on November 24, 2023. Larger shareholders have suggested Johan Rutgersson as the new Chairman of the Board.
- BrightBid released a study among marketers in the UK, where 84% responded that they use AI tools of some kind.
- Speqta and the main BrightBid service have participated in five different podcasts in recent months on how to work with AI in advertising.
- The Shopello business, which was not part of the stated company's SaaS strategy, was divested which led to a negative impact on the sales development during the quarter.

Events after the quarter

- The Board appointed BrightBid's CEO Gustav Westman as Group CEO of Speqta and he took up the position on January 3, 2024. Speqta's former CEO Fredrik Lindros, has been elected as an ordinary member of the Board, at the Extraordinary General Meeting ("EGM") on February 2, 2024.
- The Extraordinary General Meeting on February 2, decided to amend the Articles of Association and adjust the share capital to a minimum of MSEK 120 and a maximum of MSEK 480, and the number of shares shall be a minimum of 24 million and a maximum of 96 million. The EGM also decided to authorise the Board of Directors to decide on the issue of shares, warrants and/or convertibles with a maximum dilution of 30 %.
- The Board of Directors will not propose a dividend to the Annual General Meeting. Previous years' dividends were due to the divestment of previous operations, which took place during the transformation to the fast-growing SaaS company Speqta is today.
- In February a loan facility agreement of 5 million SEK has been signed by five of the company's largest shareholders. The terms for the loan facility agreement are according to market conditions.

CEO Comment

Speqta has during the quarter recalibrated towards profitability but kept a solid year-on-year ARR growth of 62%. Despite a more modest quarter's growth that aligns with our historical patterns, it has paved the way for a strong start of 2024 reaching SEK 62,6 million in ARR by the end of January. With the merger into one organization and product now complete, it has led to a substantial reduction in costs and will significantly improve the cash flow.

ARR-growth. In the closing quarter of 2023, I am proud to address you for the first time as Speqta's Group CEO. This has been a quarter characterized by consolidation to continue our growth to profitability. Our main service BrightBid (incl Bidbrain) has seen a steadfast year-on-year increase of 62% of our Annual Recurring Revenue (ARR), while the quarter-on-quarter growth was more modest. The fourth quarter has historically had slower growth and last year 2022's growth in November to January, was mirrored in this year's fourth quarter. Nevertheless, the start of 2024 and January has been invigorating, with our ARR already climbing to MSEK 62.6, signalling that our merge and strategies are indeed paying off and we are on the right track.

Significant synergies and cost optimizations, like removing duplicate systems, roles and suppliers, have been the cornerstones of this quarter. We've merged the two products and centralised key functions, which will financially have full impact in the first half of 2024, but the effects are already tangible. In Q4 our operating running costs per month were MSEK -1.3 lower than it was in Q3, and we're planning a further decrease of another MSEK 1.3 in monthly costs during the first half of 2024. This creates possibility for further investments in growth and Sales & Marketing. These financial enhancements together with the mentioned growth in revenues, are a testament to the strategic choices we've made, and they underscore our commitment to financial stability and building shareholder value in the long run.

My predecessor Fredrik Lindros and I have set a formidable stage for Speqta's future. I am, as CEO and the largest shareholder, deeply invested in our collective success and am excited to lead Speqta going forward on our journey. The journey ahead is promising since we are really solving a market problem for our customers. With the product- and organisational merger between BrightBid and Bidbrain, now complete, we are ready to leverage our combined strengths, including an enhanced capacity for innovation and performance. My focus will be on nurturing the entrepreneurial spirit that has been the lifeblood of our growth journey so far. I am confident in our ability to navigate the challenges and seize the opportunities that 2024 will bring.

Gustav Westman, CEO Speqta AB (publ)

Financial calendar

Annual Report 2023: 18 April 2024

Interim report January – March: 14 May 2024

Interim report January – June: 19 July 2024

Interim report January – September: 13 November 2024

Year-end report 2024: 19 February 2025

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About Speqta

Speqta is an Adtech company that enables online advertisers to optimise their marketing through data and AI. The company's SaaS service BrightBid (including Bidbrain) is a tool to give customers the best possible results and bridge different ad platforms. Speqta is listed on Nasdaq First North Premier Growth Market in Stockholm under the ticker "SPEQT". Redeye AB serves as the company's Certified Adviser.