

TSX:ADCO | OTCQX:ADCOF

Adcore's Q3 2024 Earning call



November,
2024

Hosts



Nick Campbell

Investor Relations



Omri Brill

CEO



Amit Konforty

CFO

Agenda

- Forward Looking Statements
- CEO Opening Remarks
- CFO Financial Highlights
- Q&A

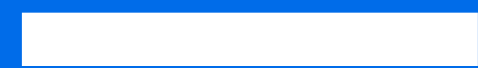
Forward Looking Statements and Information

This conference call contains certain forward-looking information and forward-looking statements (collectively “forward-looking information”), including statements about the Company. Forward-looking information may relate to the Company’s financial outlook and guidance (including revenue, gross profit, gross margin and Adjusted EBITDA), and anticipated events or results and may include information regarding the Company’s financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding the Company’s expectations of future results, performance, achievements, prospects or opportunities or the markets in which the Company operates, the achievement of advances in and expansion of the Company’s technologies and platforms, expectations regarding the Company’s revenue, gross margins and future profitability, the future impact of the COVID-19 pandemic and the Russian invasion of Ukraine and reactions thereto, is forward-looking information. Wherever possible, words such as “may”, “will”, “should”, “could”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict” or “potential” or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements and forward-looking information. These statements reflect management’s current beliefs and are based on information currently available to management as at the date hereof. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. Such risks include the factors discussed under the “Risk and Uncertainties” section in the Company’s quarterly and annual MD&A’s. Other factors that could cause actual results or events to differ materially include, but are not limited to, loss of major clients, inability to acquire new clients, significant changes to policies and guidelines of media partners and any significant change to the global business environment and/or in specific territories in which the Company operates. These factors should be considered carefully and listeners and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this call and financial results press release are based upon what management believes to be reasonable assumptions, the Company cannot assure listeners and readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this conference call, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

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CEO Opening Remarks



Q3 2024 Report Highlights

Operational Efficiency Boosts
Gross Margins

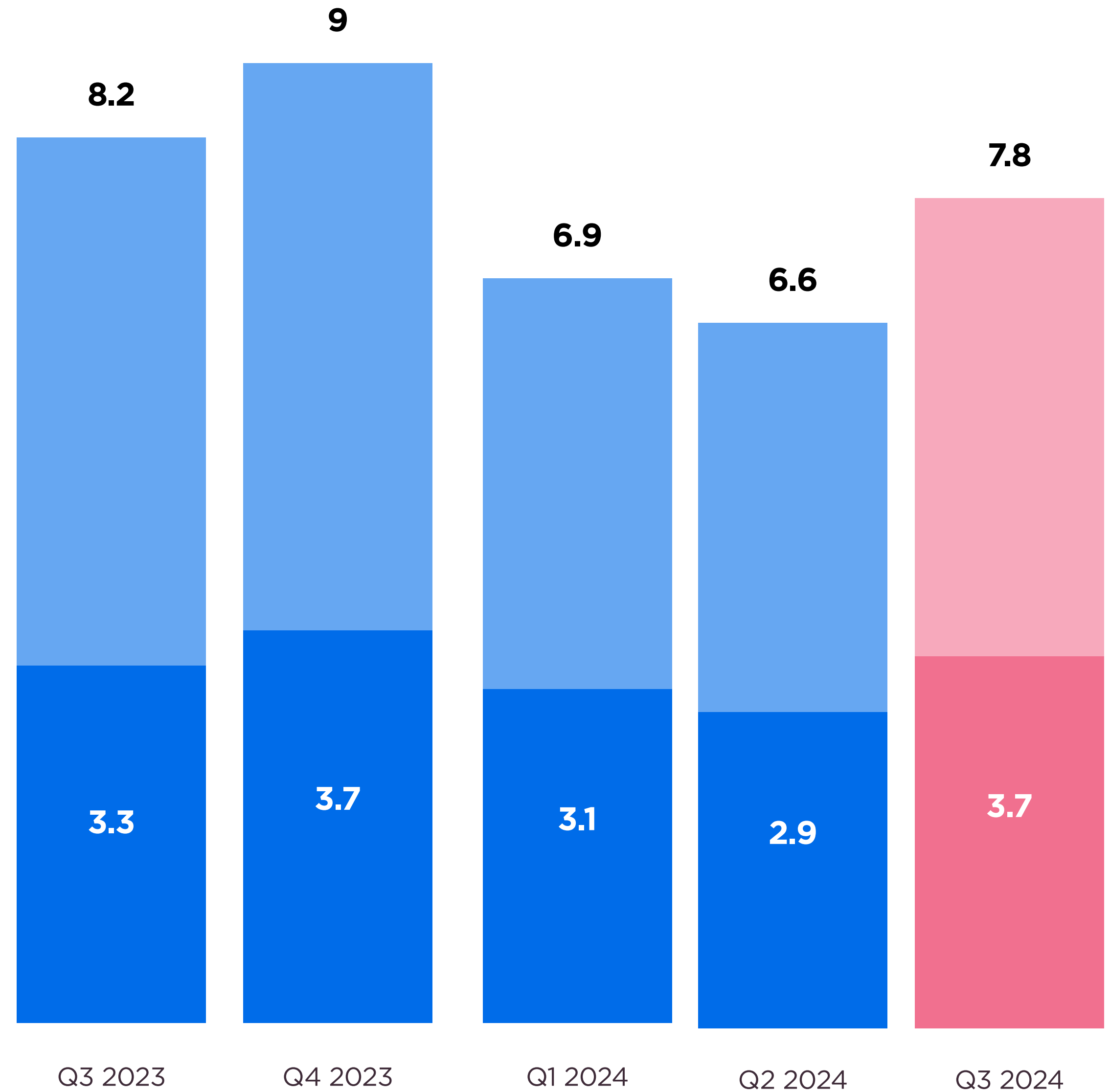


Quarterly Revenue



CAD in million

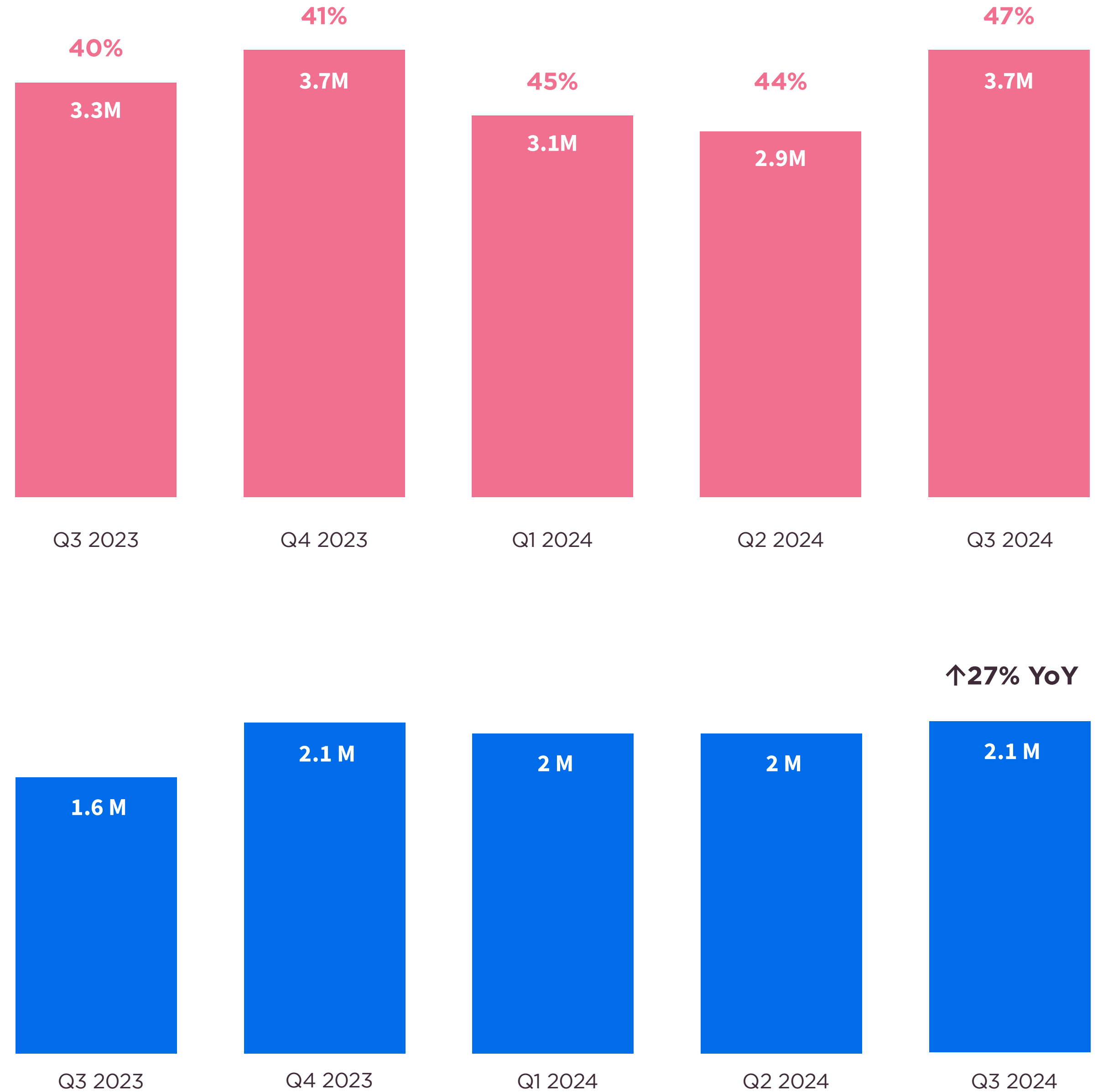
- Quarterly Revenue (↓5% YoY)
- Gross Profit (↑12% YoY)



Quality Growth KPIs

CAD in millions

- Gross margin
- North America revenue



Earnings Report Highlights Q3 2024

Q3 2024 Highlights

- **North America revenue growth:** Achieved a 27% year-over-year (YoY) increase.
- **APAC revenue growth:** Achieved a 26% year-over-year (YoY) increase.
- **Gross margins:** Increased to 47% compared to 40% in Q3 2023.
- **Gross profit:** Rose to CAD\$3,655 thousand, an increase of CAD\$397 thousands or 12% from the 3 months ended September 30, 2023.
- **Client Diversification:** Client concentration dropped from 54% to 49%.
- **Adjusted EBITDA:** for Q3, 2024, was CAD\$282 thousand compared to CAD\$240 thousand, for the Q3, 2023.

Earnings Report Highlights 1-9/2024

1-9/2024 Highlights

- **Gross Profit:** Rose to CAD\$9,675 thousand, an increase of CAD \$598 thousand or 7% from the 9 months ended September 30, 2023.
- **Gross Margins:** Improved to 45%, compared to 41% in the same period last year.
- **North America Revenue Growth:** Recorded a 24% YoY increase.
- **APAC Revenue:** Increased by 11% YoY.
- **Client Diversification:** Client concentration dropped significantly from 51% to 31%.

Adcore 2024 Four Strategic Pillars

1 Technology & AI

2 Enterprise & Aggregators

3 Low Touch - DIY

4 Synergy



Comparable Companies

Significant share price upside opportunity as Adcore rises to peers:

\$0.19

Current share price
November 12th, 2024

COMPANY NAME	TICKER	MARK CAP	ENTERPRISE VALUE (EV)	EV / GROSS PROFIT	EV / EBITDA
Fluent Inc	FLNT US	71	115	1.2	-2.0
Criteo SA	CRTO US	2,669	2,502	1.9	7.8
Evertz Technologies Ltd	ET CN	622	577	1.9	5.4
Inuvo Inc	INUV US	47	46	0.5	-7.1
Kinaxis Inc	KXS TO	4,810	4,470	15.5	97.3
Marin Software Inc	MRIN US	9	3	0.2	-0.2
Magnite Inc	MGNI US	2,585	3,002	5.9	20.2
PubMatic Inc	PUBM US	1,092	893	3.5	11.6
Integral Ad Science Holding Corp	IAS US	2,836	2,905	5.3	20.9
Illumin Holdings Inc	ILLM US	63	30	0.5	-33.6
DoubleVerify Holdings Inc	DV US	4,549	4,267	6.1	23.9
Average				3.9	13.1
ADCORE	ADCO CA	11	5	0.3	8.7
			Upside	1,036%	51%

As of November 7, 2024. Currency in CAD. All numbers in millions

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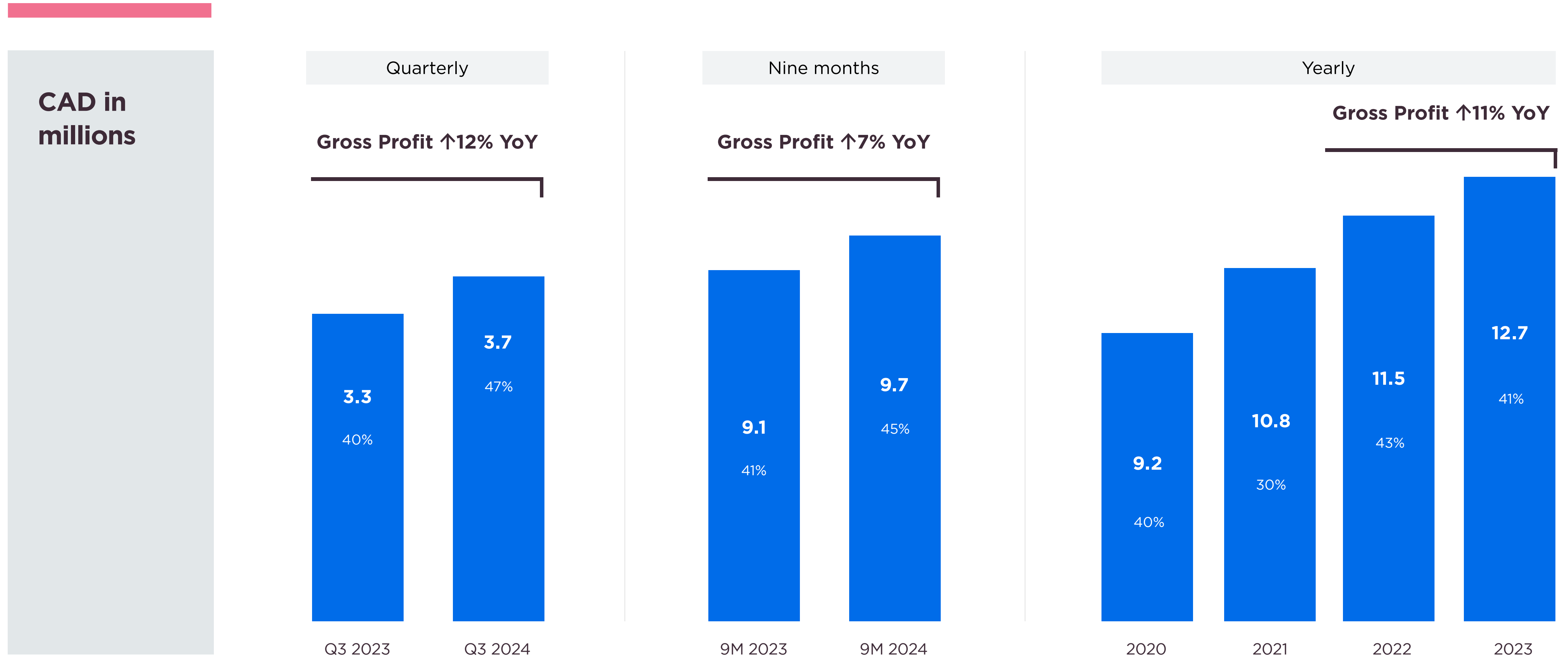
CFO Financial Highlights



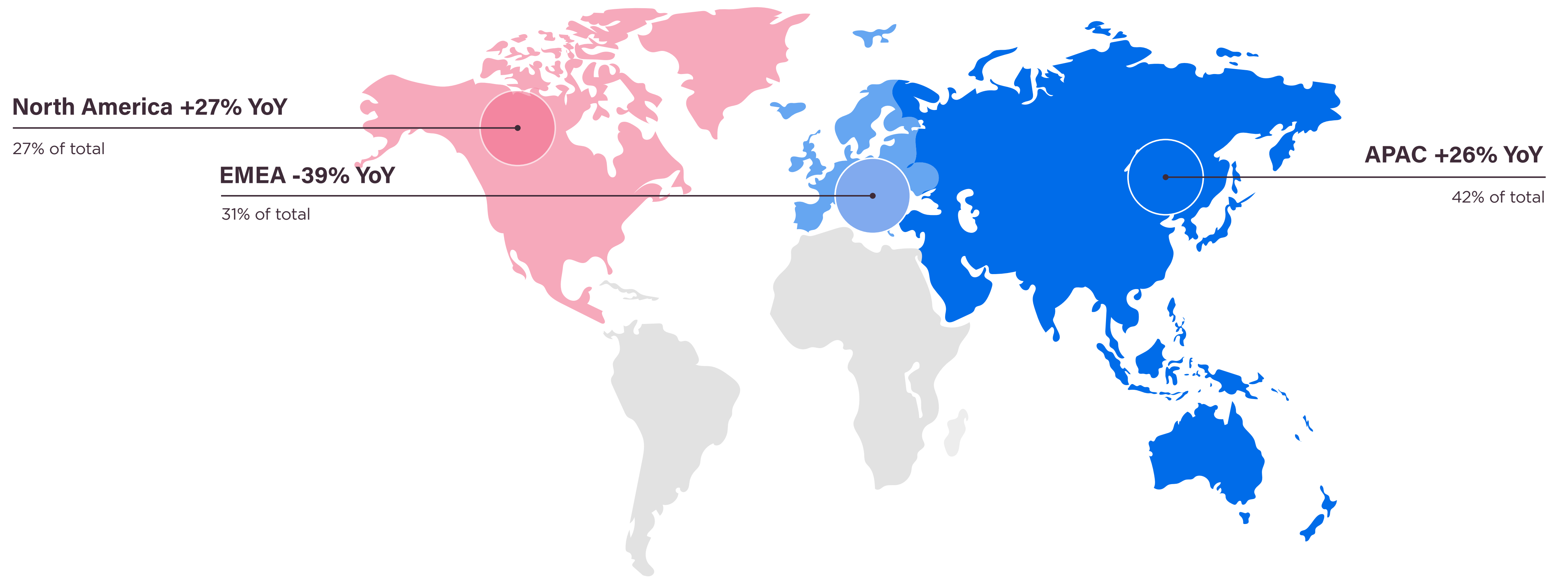
Comprehensive Income

CAD in million	Three months ended September 30, 2024	Three months ended September 30, 2023	YoY
Revenues	7.8	8.2	-5%
Cost of revenues	4.2	4.9	-16%
Gross profit	3.7	3.3	12%
RnD	0.6	0.3	
SG&A	3.2	3.0	
Operating profit	(0.1)	0.0	
Finance expenses	0.1	0.2	
Finance income			
Profit (loss) before taxes on income	(0.2)	(0.2)	
Tax expenses (income)			
Total Comprehensive Profit (Loss) for the period	(0.2)	(0.2)	

Gross Profit



Q3 2024 Revenue Breakdown



Financial Position - Assets

Total capitalization in the 3 months ended September 30,2024 was 0.25

CAD in million	30.09.24	31.12.23
CURRENT ASSETS		
Cash and cash equivalents	6.7	8.1
Trade accounts receivable, net	5.6	6.1
Other accounts receivable	0.4	0.5
Total current assets	12.7	14.7
NON-CURRENT ASSETS		
Property, plant and equipment, net	1.2	0.3
Intangible assets, net	4.0	4.1
Total non-current assets	5.2	4.4
TOTAL ASSETS	17.9	19.1

Financial Position - Liabilities

Debt free	CAD in million	30.09.24	31.12.23
	CURRENT LIABILITIES		
	Trade accounts payable	3.7	5.0
	Other accounts payable	2.6	2.2
	Lease liability	0.2	0.0
	Total current liabilities	<u>6.5</u>	<u>7.2</u>
	NON-CURRENT LIABILITIES		
	Deferred tax liability, net	0.0	0.2
	Derivative liability - warrants	0.0	0.0
	Lease liability	0.6	0.0
	Total Non-current liabilities	0.6	0.2
	Total Equity	10.8	11.7
	TOTAL LIABILITIES & EQUITY	17.9	19.1

Adjusted EBITDA

CAD in thousands	Three months ended September 30, 2024	Three months ended September 30, 2023
Operating profit (loss)	(122)	0
Depreciation and amortization	390	208
Share-based payments	14	32
Other non-operational items	0	0
Total Adjustments	404	240
<u>Adjusted EBITDA</u>	<u>282</u>	<u>240</u>

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Q&A



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Thank You.

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