

TSX:ADCO | OTCQX:ADCOF

Adcore's Q1 Earnings Call



May 11,
2022

ADCORE

Hosts



Yatir Sadot

CFO



Omri Brill

CEO



Ilana Avtsin

MARKETING MANAGER

Agenda

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

Forward Looking Statements

This conference call contains certain forward-looking statements, including statements about the Company. 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. These statements reflect management’s current beliefs and are based on information currently available to management as at the date hereof.

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. These factors should be considered carefully and listeners 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 that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this 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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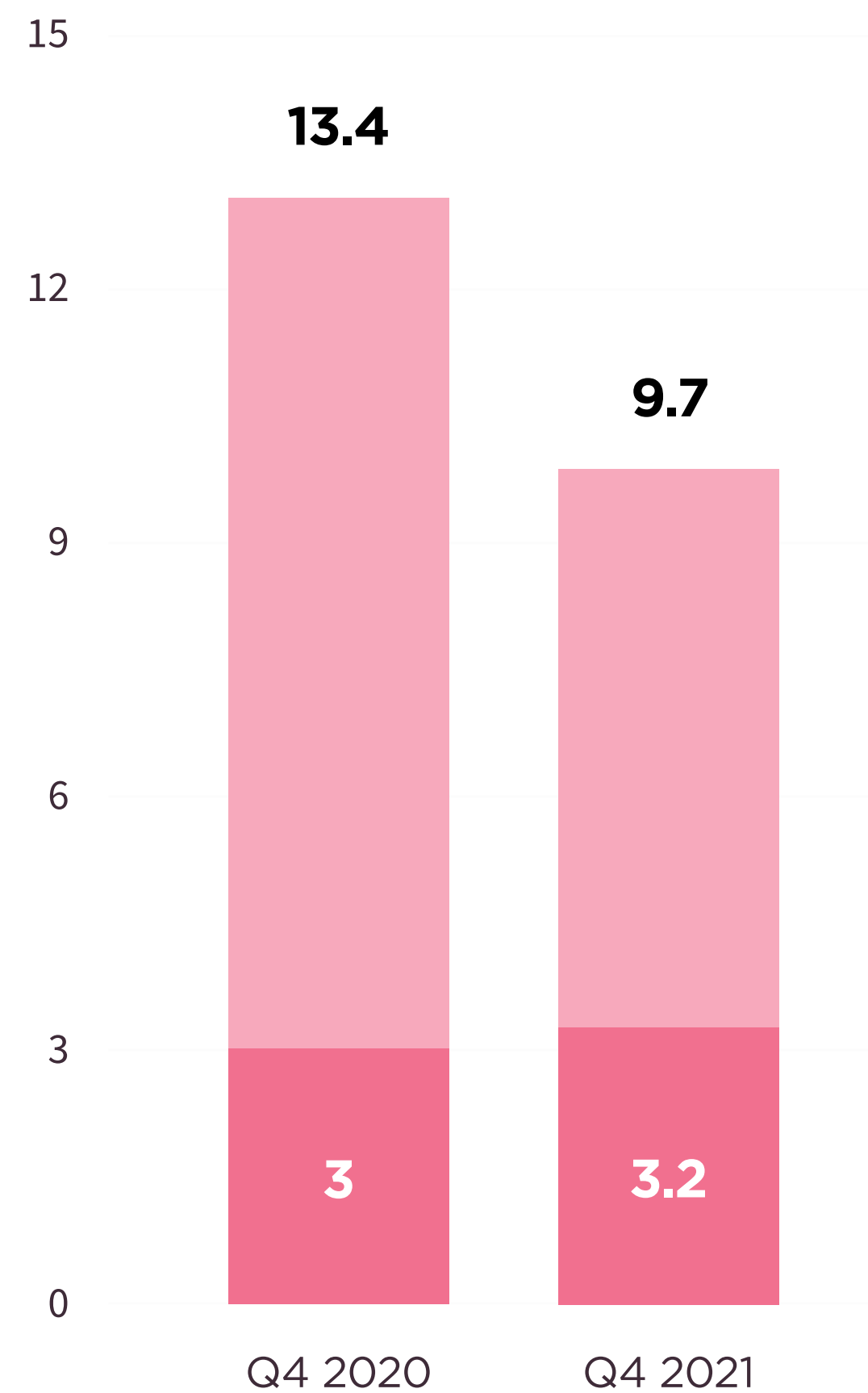
CEO Opening Remarks



Quarterly revenue

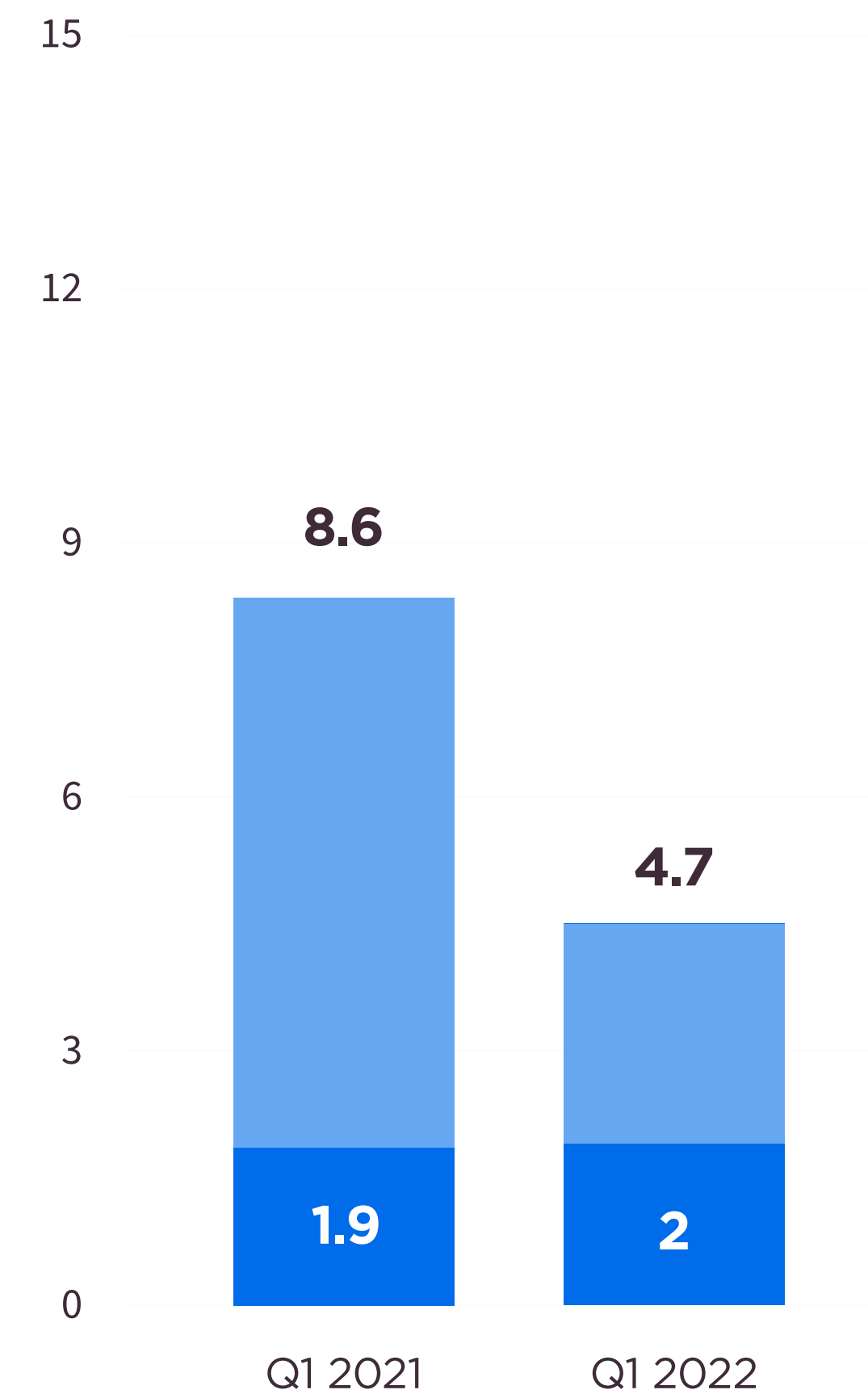
CAD in million

Q4 2021



Cost of Revenues (-38%↓)
Gross profit (7%↑)

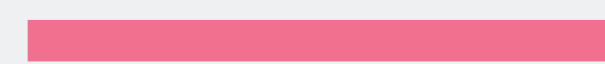
Q1 2022



Cost of Revenues (-60%↓)
Gross profit (5%↑)

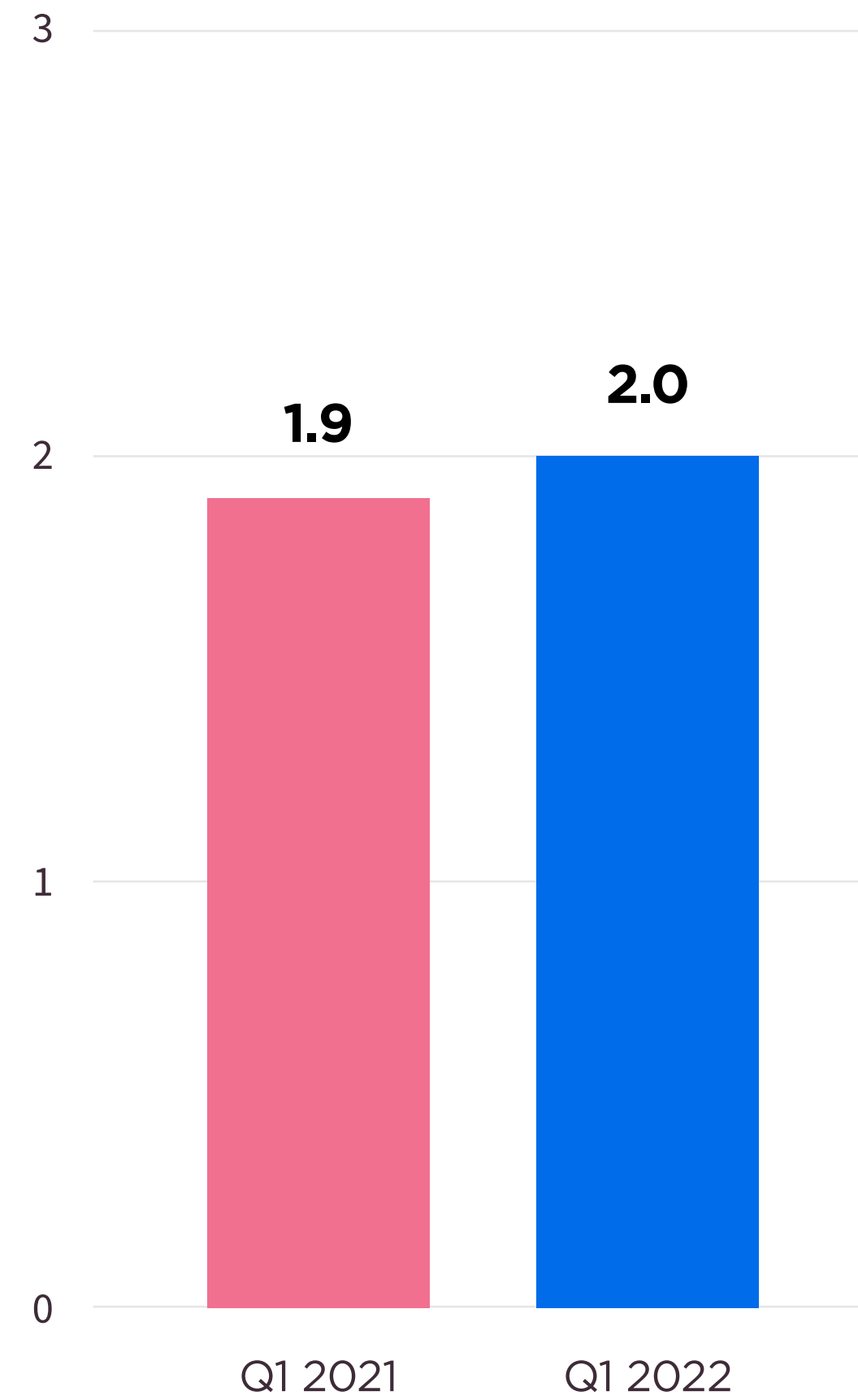
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Quarterly gross profit & gross margin



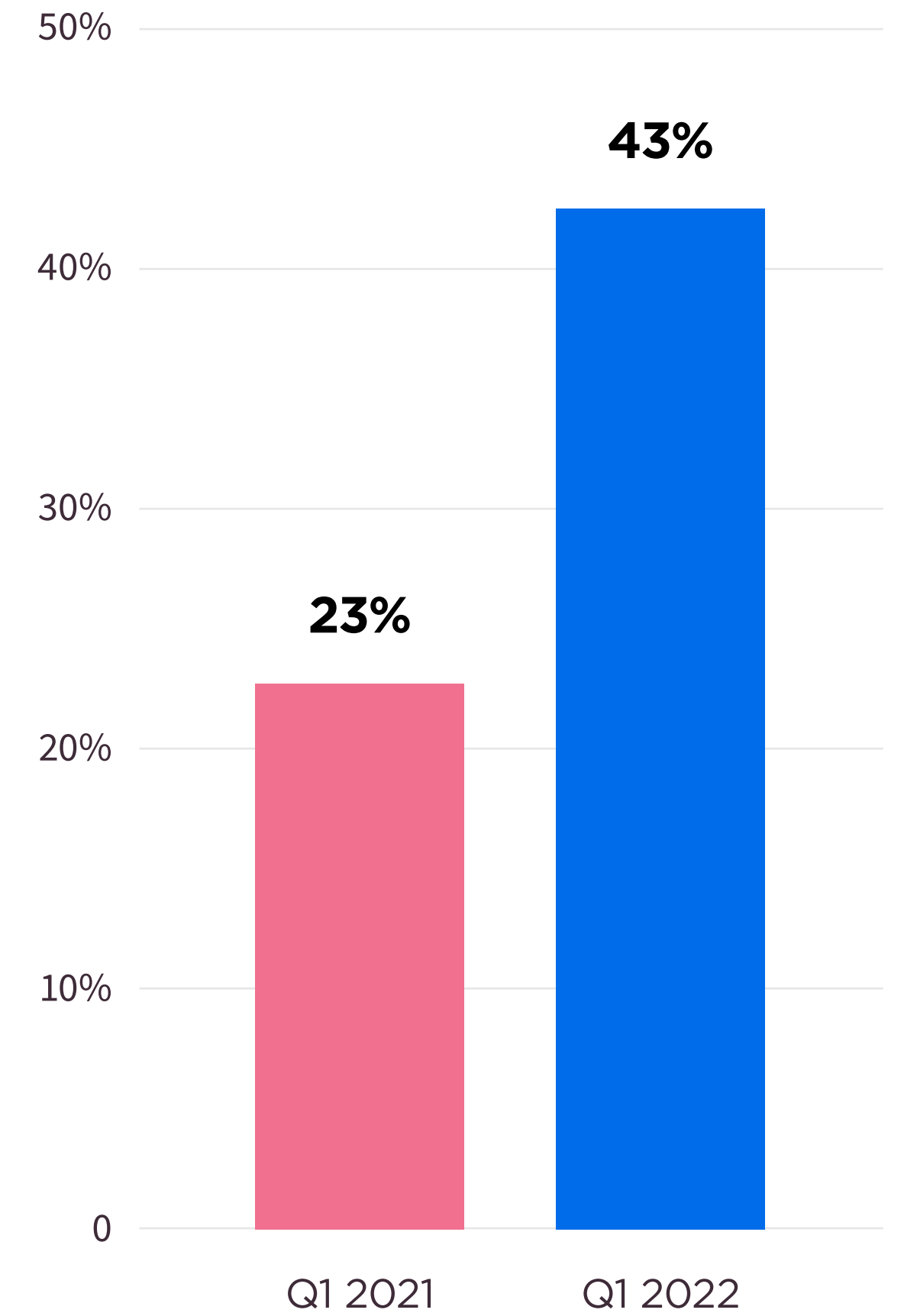
CAD in million

Gross profit



Q1 YoY - 2% (0.1)

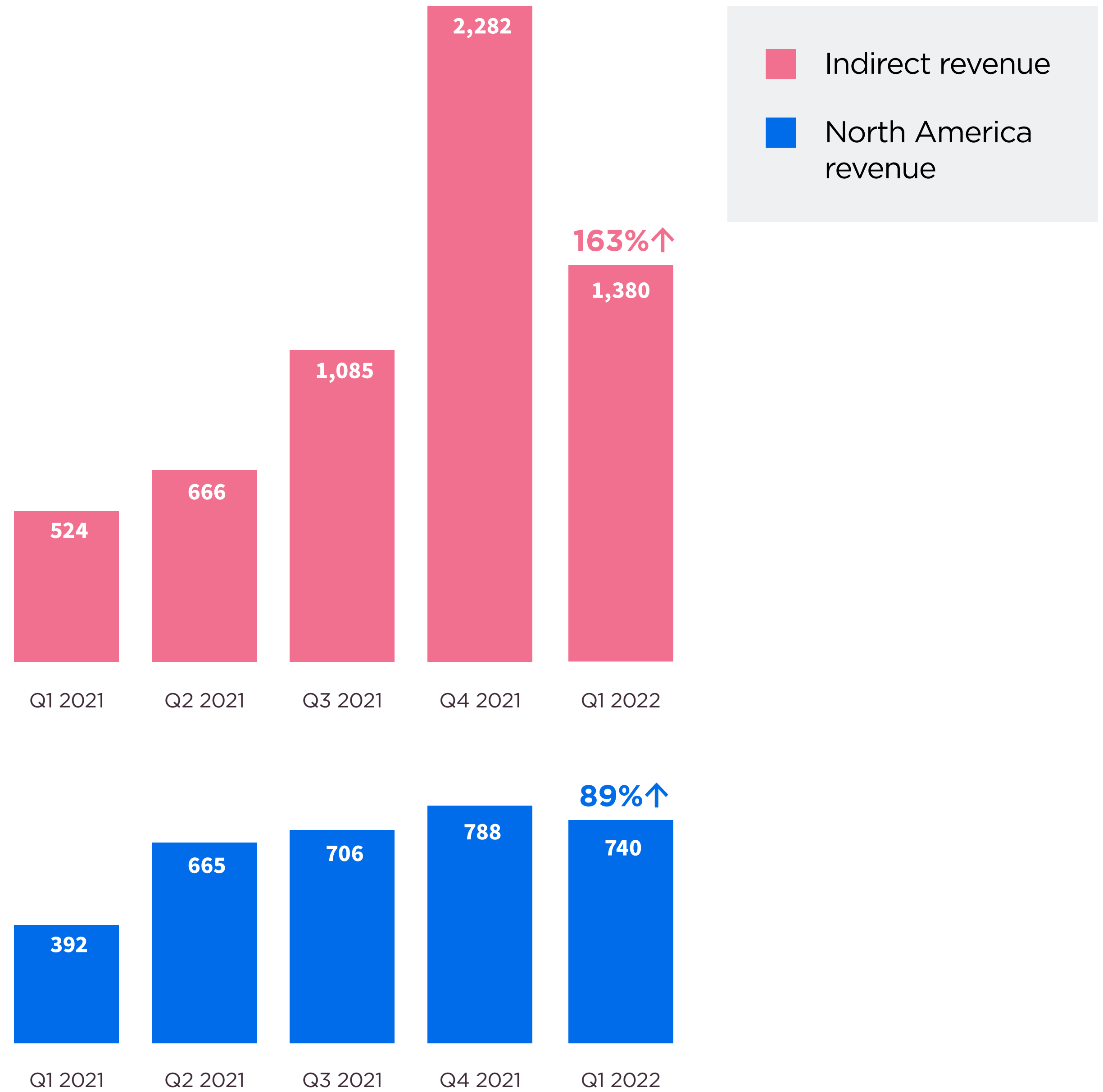
Gross margin



Q1 YoY - 87% (20%)

Quality growth KPIs

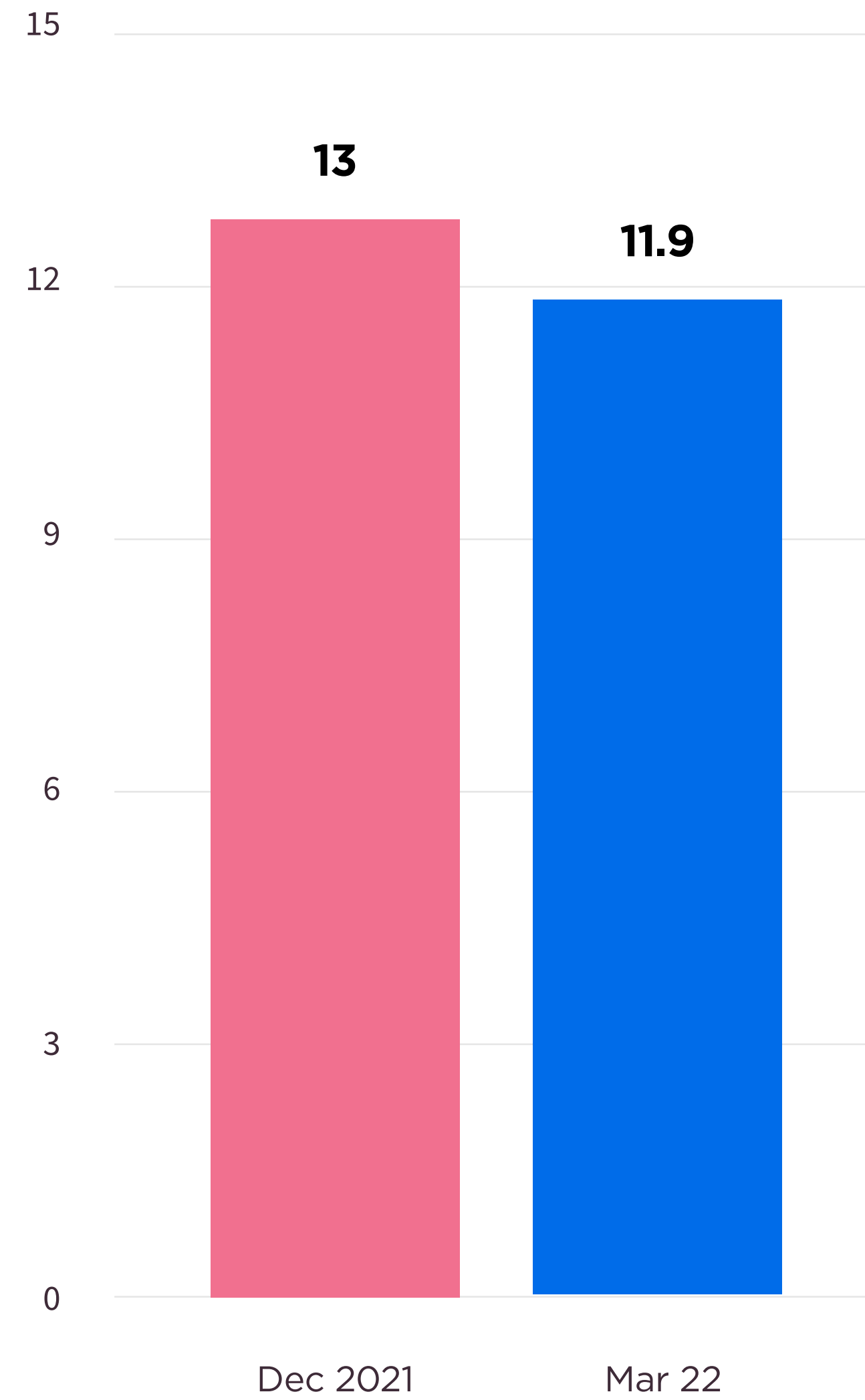
CAD in thousands



Working capital



CAD in million

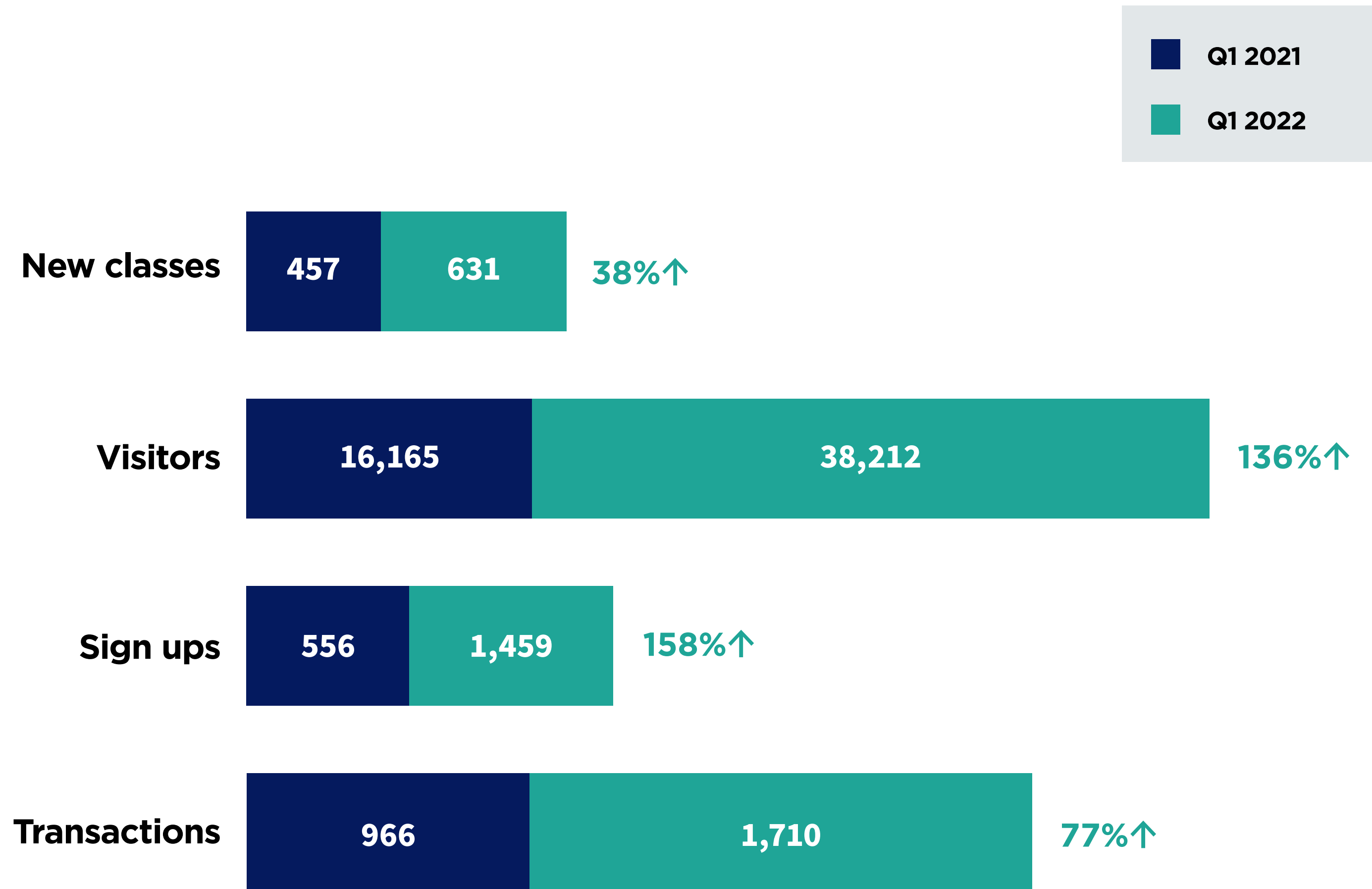


Working capital growth

Q1 YoY - (-8%) (-1.1)

AMPHY

Quarterly results



Q1 2022 Summary & what to expect in 2022

Strong quarter in terms of client acquisition

- 14 new clients across all regions
- 2 big brand names - Best & Less and Candlefox
- Tourism budgets are back

Quality over quantity

- Higher gross margins
- Increase in indirect revenue stream
- Increase in North America revenue

What to expect in 2022

- Similar trend in Q2 and Q3 (COR ↓ Gross profit & margin ↑)
- Q4 2022 will compare better
- 2022 goals: Over 40% gross margin and +15% growth in gross profit

What to expect from Amphy

- Was only incorporated in Q2 2021
- Revenue to increase from H2 2022
- Expenses are under control

Intention to commence normal course issuer bid

(Subject to the TSX approval)



CAD in thousands

\$0.36

Share price
May 9, 2022

5%

Issued and
outstanding Shares

3.2M

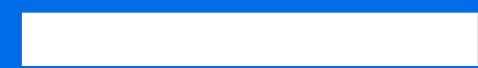
Max. shares

12 Mo.

NCIB plan
period

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CFO Financial Highlights



Comprehensive Income

Q1 Gross margin is 43% compared to 23% YoY

Company's Gross margin goal is 40% to 50% in 2022-2023

CAD in million	Three months ended March 31, 2022	Three months ended March 31, 2021	YoY
Revenues	4.7	8.6	-45%
Cost of revenues	2.7	6.7	-60%
Gross profit	2.0	1.9	5%
Research and development expenses	0.4	0.4	
Selling, general and administrative expenses	2.1	1.5	
Operating profit	(0.5)	0.0	
Finance expenses	0.6	0.7	
Finance income	(0.2)	(0.5)	
Loss before taxes on income	(0.9)	(0.2)	
Tax expenses	0	0.2	
<u>Total comprehensive Profit (Loss) for the period</u>	(0.9)	(0.4)	-225%

The company switched clients to “do it yourself” mode rather than paying the media on their behalf.

Financial Position - Assets

CAD in million	31.03.2022	31.12.2021
CURRENT ASSETS		
Cash and cash equivalents	11.1	14.1
Trade accounts receivable, net	2.8	3.7
Other accounts receivable	0.8	0.8
Total current assets	14.7	18.6
NON-CURRENT ASSETS		
Long term deposit	0	0
Property, plant and equipment, net	0.8	0.9
Intangible assets, net	2.7	2.5
Total non-current assets	3.5	3.4
TOTAL ASSETS	18.2	22

Financial Position - Liabilities

Zero Debt

CAD in million	31.03.2022	31.12.2021
CURRENT LIABILITIES		
Trade accounts payable	1.6	4.5
Other accounts payable	0.9	0.9
Deferred Revenues	0	0
Lease liability	0.3	0.3
Total current liabilities	2.8	5.7
NON-CURRENT LIABILITIES		
Deferred tax liability, net	0.3	0.3
Derivative liability - warrants	0	0.3
Lease liability	0.2	0.3
Long term loan	-	-
Total Non-current liabilities	0.5	0.9
Total Equity	14.9	15.4
TOTAL LIABILITIES & EQUITY	18.2	22

Revenue Breakdown

An increase in indirect revenues in North America as a continuation of the trend from the the fourth quarter of 2021

CAD in thousands		Q1 2022	Q1 2021	diff	%
Direct	APAC	1,193	7,103	(5,910)	-83%
	EMEA	1,736	1,094	642	59%
	North America	384	72	312	432%
Direct Total		3,313	8,269	(4,956)	-60%
Indirect	APAC	695	175	521	298%
	EMEA	108	18	90	507%
	North America	577	149	428	287%
Indirect Total		1,380	342	1,039	304%
Grand Total		<u>4,693</u>	<u>8,611</u>	<u>(3,918)</u>	<u>-45%</u>

Indirect clients revenues with higher profit margins and lower overhead.

Adjusted comprehensive income

CAD in
million

Three months ended - March 31, 2022	Total Adcore	Amphy Edtech	Adcore Martech Q1 2022	Adcore Martech Q1 2021	%
Revenues	4.70	0.01	4.69	8.60	-45%
Cost of revenues	2.70	-	2.70	6.70	-60%
Gross profit	2.00	0.01	1.99	1.90	5%
Research and development expenses	0.40	0.04	0.36	0.40	-10%
Selling, general and administrative expenses	2.10	0.34	1.76	1.50	18%
Operating profit	(0.50)	(0.37)	(0.13)	-	-
Finance expenses	0.60	0.01	0.59	0.70	-15%
Finance income	(0.20)	-	(0.20)	(0.50)	-60%
Profit (Loss) before taxes on income	(0.90)	(0.37)	(0.53)	(0.20)	164%
Tax expenses (income)	-	-	-	0.20	-100%
Total comprehensive Profit (Loss) for the period	(0.90)	(0.37)	(0.53)	(0.40)	32%

EBITDA

YoY
MarTech
EBITDA
Growth
-44%

CAD in thousands	Three months ended March 31, 2022	Three months ended March 31, 2021	MarTech only Three months ended March 31, 2022	MarTech only Three months ended March 31, 2021
Operating (loss) profit	(446)	36	(128)	36
Depreciation and amortization	299	182	299	182
Share-based payments	195	275	174	275
Offering, listing & global expansion	-	90	-	90
Other non-recurring items	37	-	37	-
Total Adjustments	531	548	510	548
Adjusted EBITDA	85	583	328	583

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Q&A



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Thank You.

For more information visit adcore.com/investors

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