

TSX:ADCO | OTCQX:ADCOF

# Adcore's Q2 Earnings Call



August 11,  
2022

ADCORE



# Hosts

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**Yatir Sadot**

CFO



**Omri Brill**

CEO



**Barak Frank**

CORPORATE SECRETARY

# Agenda

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

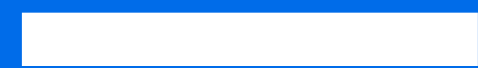
# Forward Looking Statements and Information

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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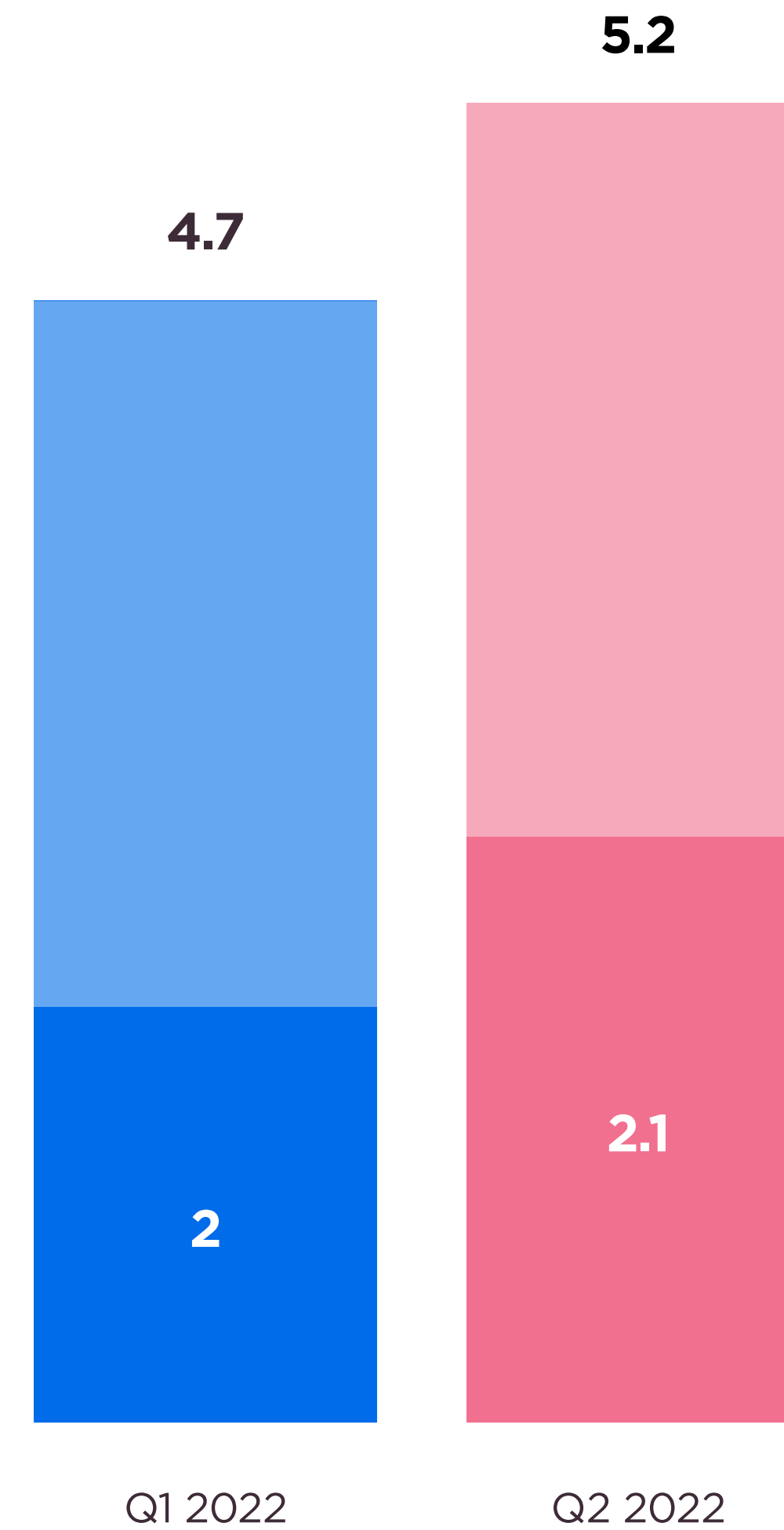
# CEO Opening Remarks



# Quarterly Revenue

CAD in million

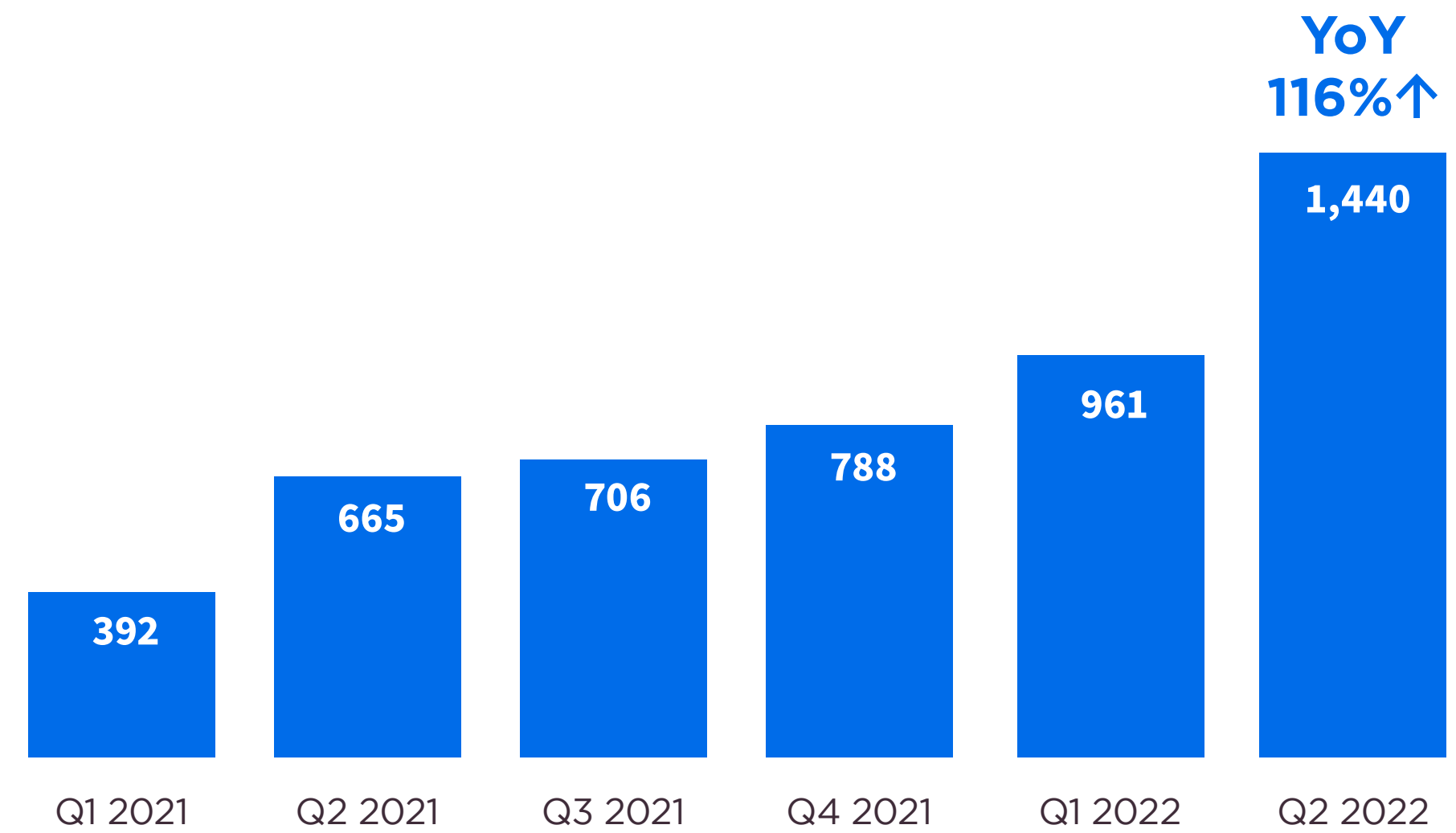
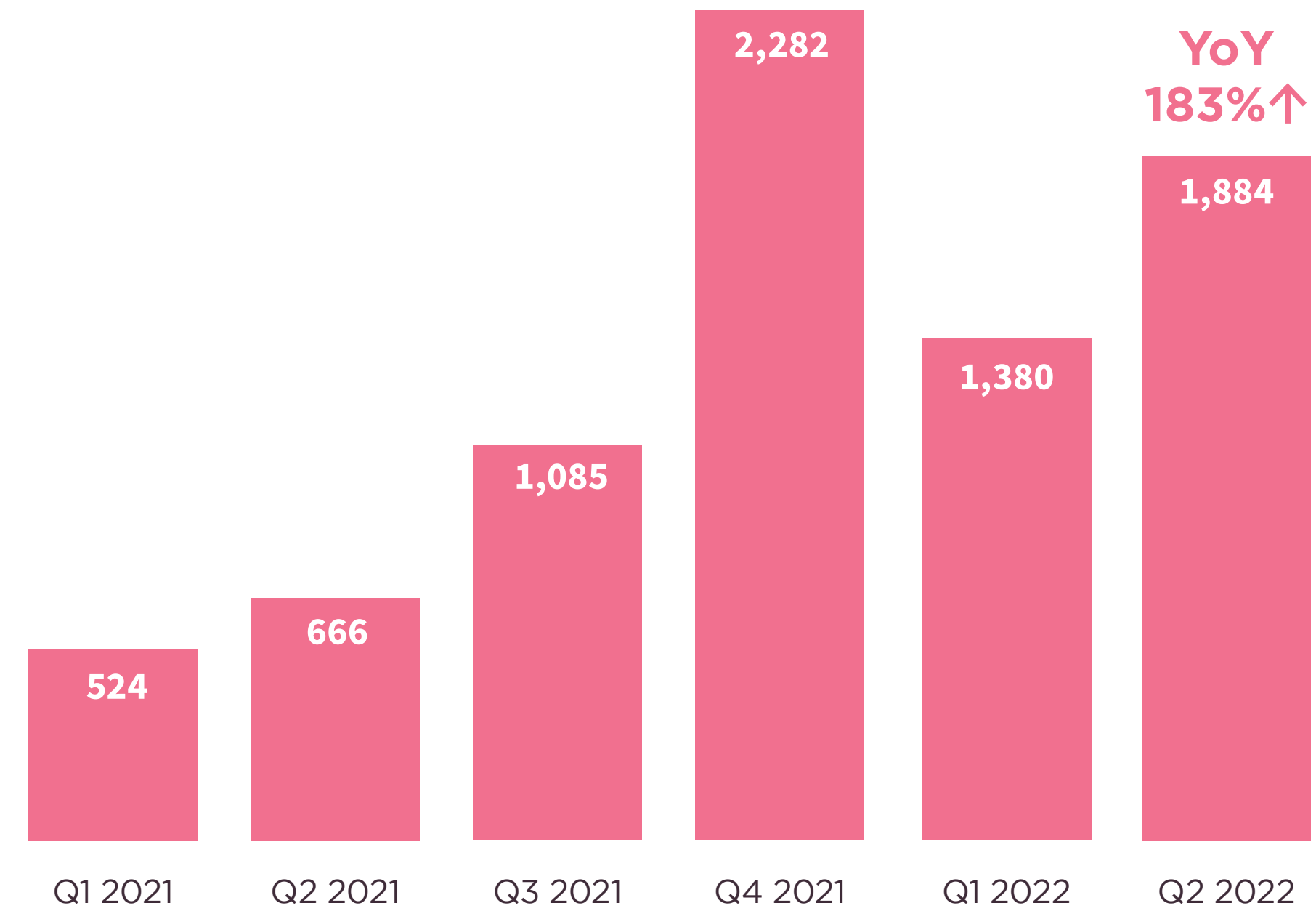
- Revenue **↑11%**
- Gross profit (**5%↑**)



# Quality Growth KPIs

CAD in thousands

- Indirect revenue
- North America revenue



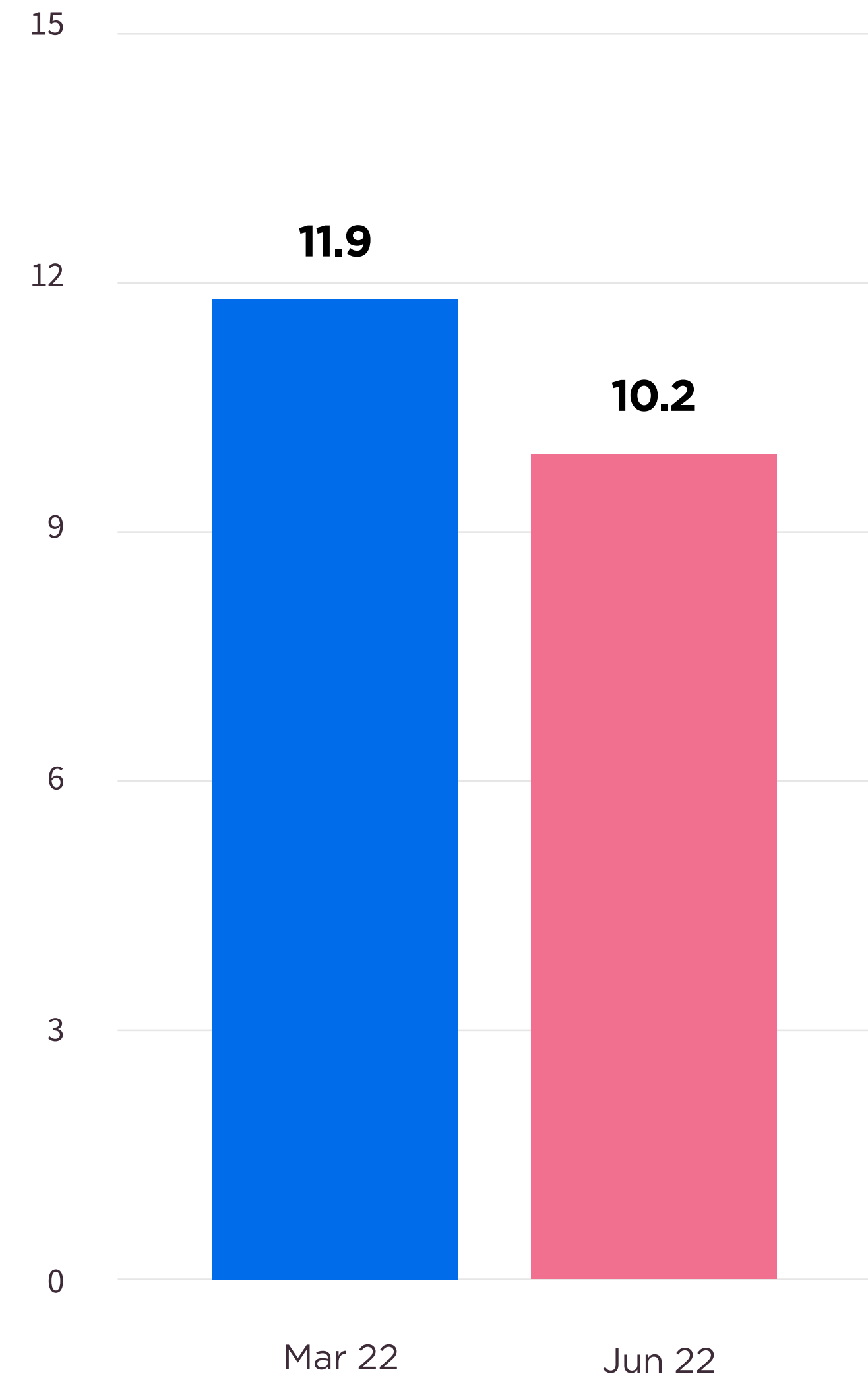


# Working Capital

CAD in million

## Working capital growth

- Q1 2022
- Q2 2022 - QoQ (-14%) (-1.7)
  - Total buyback - 0.5M
  - Investment in Amphy - 0.5M





# Q2 Adcore Share Purchases by Insiders and the Company

	Quantity	Share Price	Value (CAD)
Company from former Officer	2,171,400	0.20	\$434,280
Company by NCIB	274,500	0.23	\$62,409
CEO	200,000	0.20	\$40,000
Lead Director	150,000	0.20	\$30,000
CFO	25,000	0.20	\$5,000
<b>TOTAL</b>	<b>2,820,900</b>		<b>\$571,689</b>

# AMPHY New Website



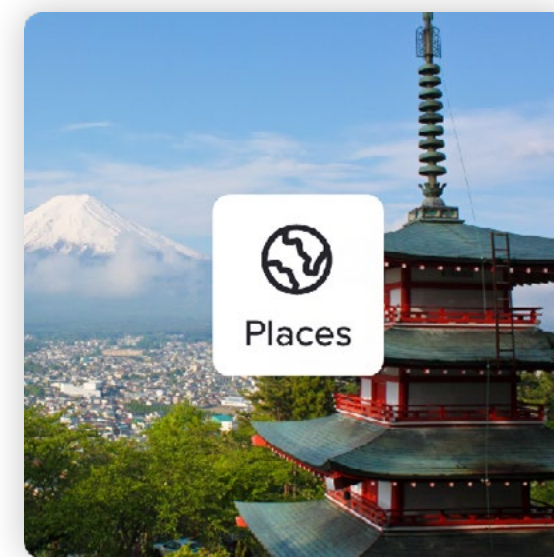
## Amphy's 3 Hubs



- **Classes:** Live learning for every skill.

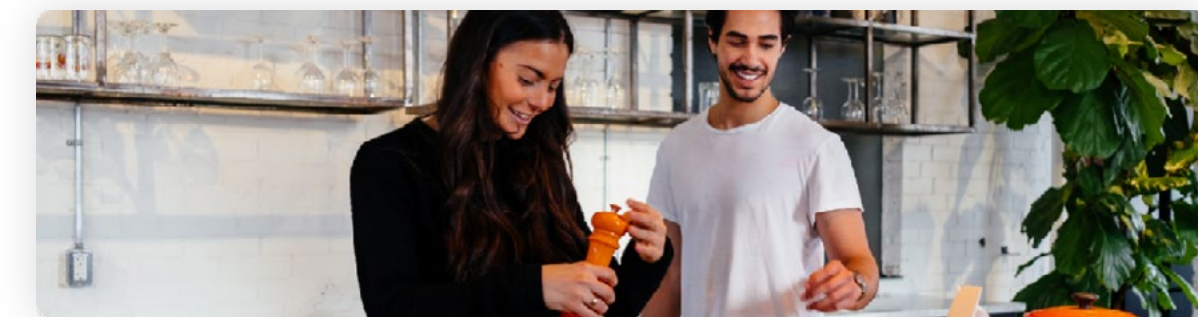


- **Kids:** Interactive education and activities for children.



- **Places:** Explore the world with live tours.

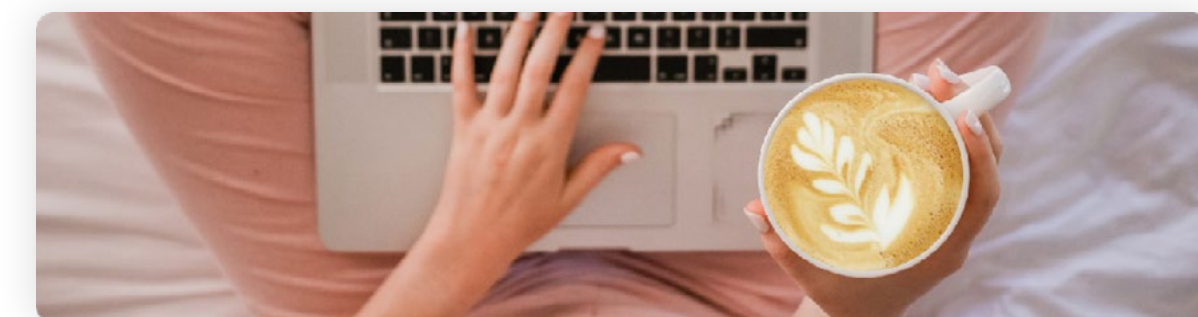
## Sleek Design and UX



- **Trailers:** Exciting teasers to give users a taste of the live experience.



- **Story View:** Fullscreen, mobile-first browsing.



- **Exploration:** Endless scrolling and advanced filtering making it easier to book the perfect listing.

# Positive Outlook for the Second Part of the Year

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## Tailwind

- \*Travel
- \*Seasonality

## Lower Expenses

- \*High level salaries
- \*Essentials

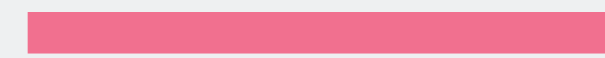
## Quality Growth

## New Activities

Starting to bear fruit



# Third Quarter Guidance



CAD in million

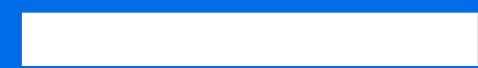
Revenue range:  
**\$6.1M - \$6.75M**

Gross Profit range:  
**\$2.9M - \$3.2M**

Gross Margin:  
**exceeding 45%**

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# CFO Financial Highlights



# Comprehensive Income

Q2 Gross margin is 40% compared to 46% YoY

11% growth in Q2-22 vs. Q1-22 Revenues

CAD in million	Three months ended June 30, 2022	Three months ended June 30, 2021	YoY
Revenues	5.2	7.0	-26%
Cost of revenues	3.1	3.7	-16%
<b>Gross profit</b>	<b>2.1</b>	<b>3.2</b>	<b>-34%</b>
Research and development expenses	0.4	0.3	
Selling, general and administrative expenses	2.3	2.6	
Operating (loss) profit	<b>(0.6)</b>	<b>0.3</b>	
Finance expenses	0.8	0.1	
Finance income	(0.2)	0.4	
Loss before taxes on income	<b>(1.2)</b>	<b>(0.3)</b>	
Tax expenses	0	0.4	
<b><u>Total comprehensive Profit (Loss) for the period</u></b>	<b><u>(1.2)</u></b>	<b><u>(0.7)</u></b>	<b>76%</b>

The Company expects Q3 Gross margin to exceed 45%



# Financial Position - Assets

MarTech total capitalization in the last 6 months ended June 30, 2022 was 0.3

EdTech total capitalization in the last 6 months ended June 30, 2022 was 0.3

CAD in million	30.06.2022	31.12.2021
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<b>9.0</b>	<b>14.1</b>
Trade accounts receivable, net	<b>3.9</b>	3.7
Other accounts receivable	<b>0.6</b>	0.8
Total current assets	<b><u>13.5</u></b>	<b><u>18.6</u></b>
<b>NON-CURRENT ASSETS</b>		
Long term deposit	0.0	0
Property, plant and equipment, net	0.7	0.9
Intangible assets, net	3.0	2.5
Total non-current assets	<b><u>3.8</u></b>	<b><u>3.4</u></b>
<b>TOTAL ASSETS</b>	<b>17.3</b>	<b>22</b>

# Financial Position - Liabilities

Zero Debt

CAD in million	30.06.2022	31.12.2021
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	1.9	4.5
Other accounts payable	1.1	0.9
Lease liability	0.3	0.3
Total current liabilities	<b>3.3</b>	<b>5.7</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability, net	0.3	0.3
Derivative liability - warrants	0	0.3
Lease liability	0.1	0.3
Total Non-current liabilities	<b>0.5</b>	<b>0.9</b>
<b>Total Equity</b>	<b>13.5</b>	<b>15.4</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>17.3</b>	<b>22</b>

# Revenue Breakdown

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

36% growth of Indirect revenues in Q2-22 compared to Q1-22

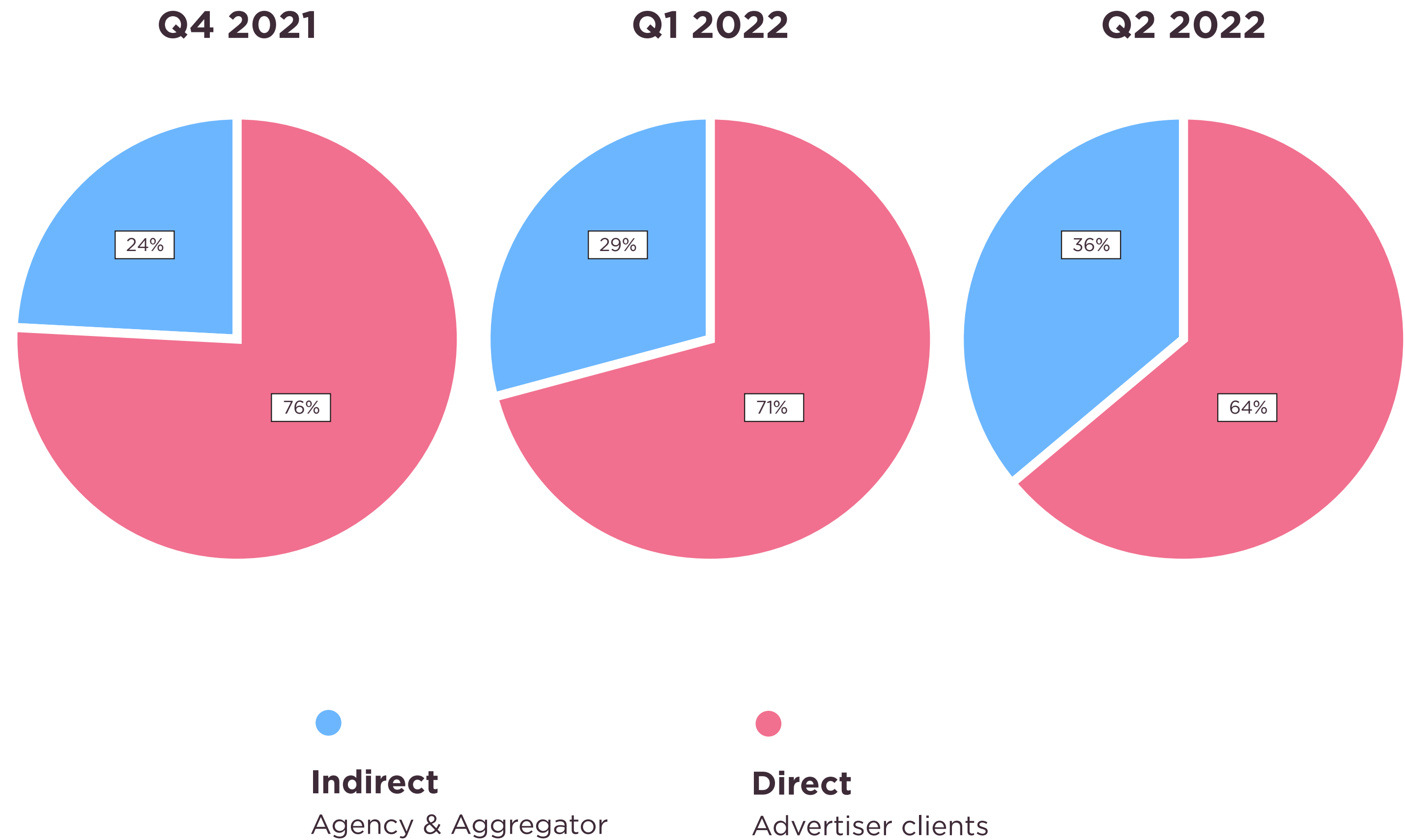
CAD in thousands		Q2 2022	Q2 2021	diff	%
<b>Direct</b>	APAC	1,272	3,715	(2,443)	
	EMEA	1,661	1,298	363	
	North America	361	1,706	(1,345)	
Direct Total		<b>3,294</b>	<b>6,719</b>	<b>(3,425)</b>	
<b>Indirect</b>	APAC	731	128	603	
	EMEA	75	7	68	
	North America	1,078	139	939	287%
Indirect Total		<b>1,884</b>	<b>274</b>	<b>1,610</b>	<b>588%</b>
<b>Grand Total</b>		<b><u>5,178</u></b>	<b><u>6,993</u></b>	<b><u>(1,815)</u></b>	<b><u>-26%</u></b>

Indirect clients revenues with higher profit margins and lower overhead.



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# Revenue Mix Strategy- From Quantity to Quality



# EBITDA



CAD in thousands	Three months ended June 30, 2022	Three months ended June 30, 2021	MarTech Three months ended June 30, 2022	MarTech Three months ended June 30, 2021
<b>Operating (loss) profit</b>	<b>(587)</b>	<b>254</b>	<b>(315)</b>	<b>696</b>
Depreciation and amortization	269	211	212	210
Share-based payments	123	267	105	269
Offering, listing & global expansion	0	780	0	253
Other non-recurring items	165	32	165	577
<b>Total Adjustments</b>	<b>557</b>	<b>1,290</b>	<b>482</b>	<b>1,310</b>
<b>Adjusted EBITDA</b>	<b>(30)</b>	<b>1,544</b>	<b>167</b>	<b>2,006</b>

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# Q&A





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# Thank You.

For more information visit [adcore.com/investors](https://adcore.com/investors)

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