

TSX:ADCO | OTCQX:ADCOF

# Adcore's Q3 Earnings Call



November 15,  
2022

ADCORE



# Hosts

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**Yatir Sadot**

CFO



**Omri Brill**

CEO



**Gabriala Ashkenazy**

MARKETING

# Agenda

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

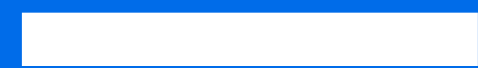
# Forward Looking Statements and Information

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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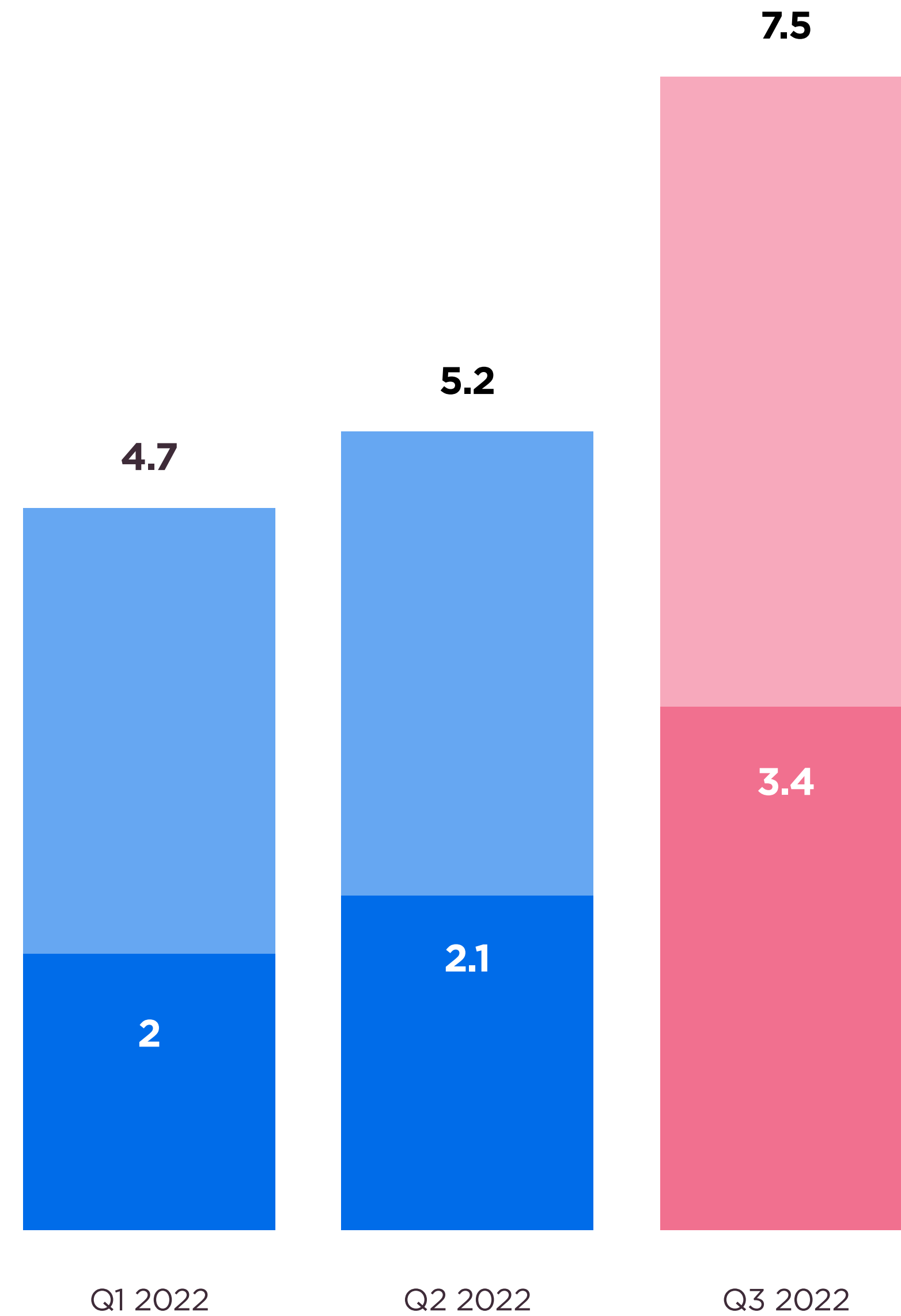
# CEO Opening Remarks



# Quarterly Revenue

CAD in million

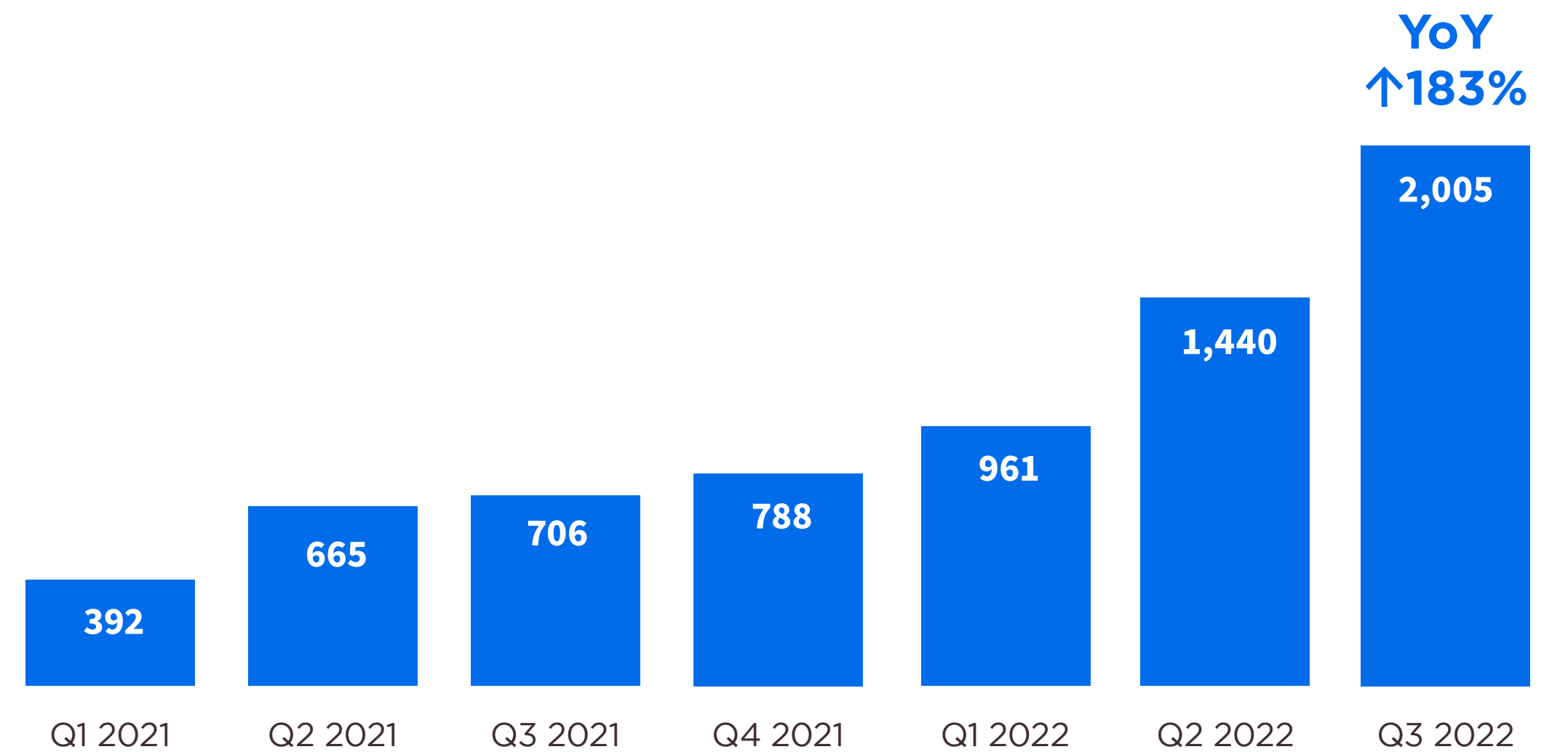
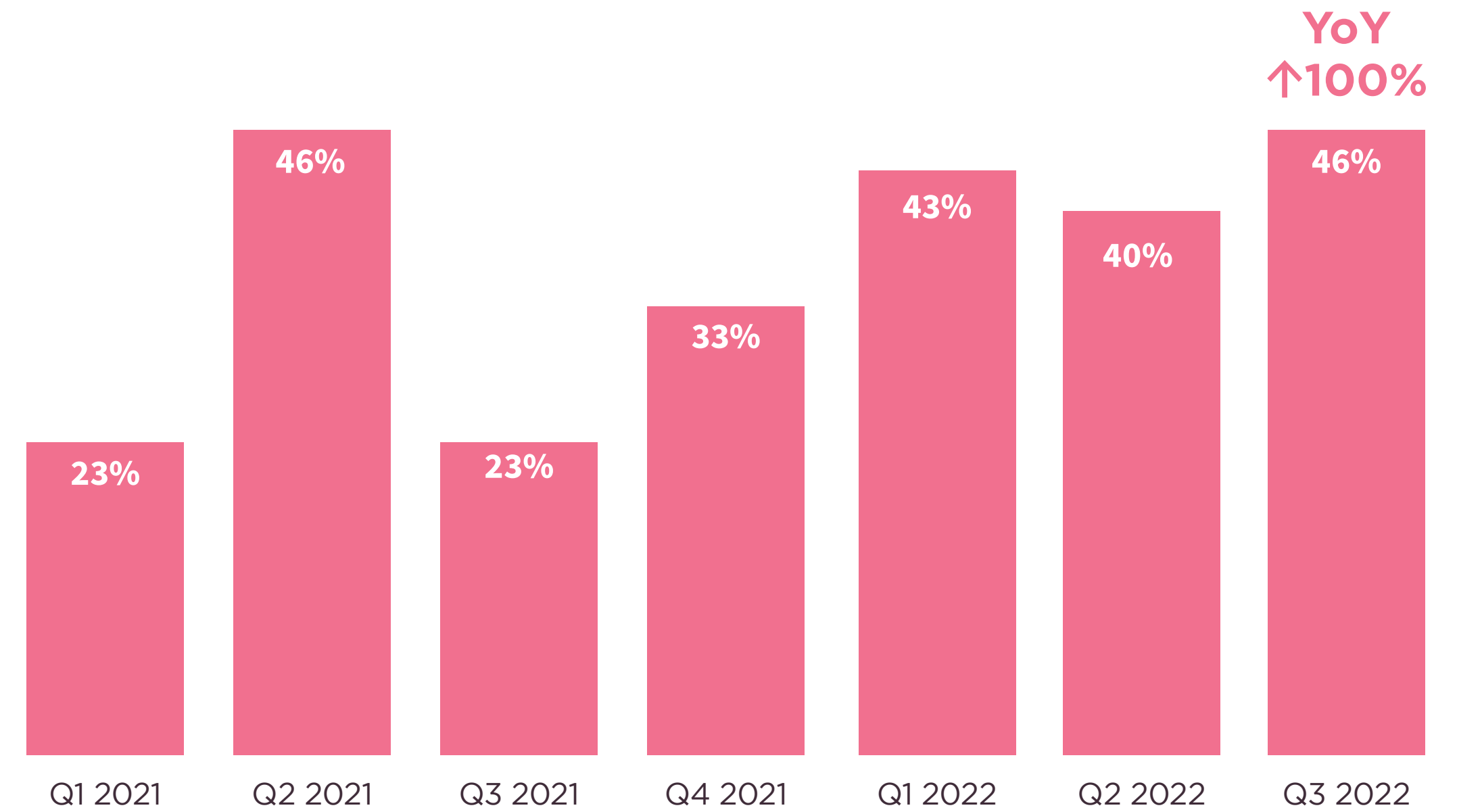
- Revenue (↑45% QoQ)
- Gross profit (↑62% QoQ)



# Quality Growth KPIs

CAD in thousands

- Gross margin
- North America revenue



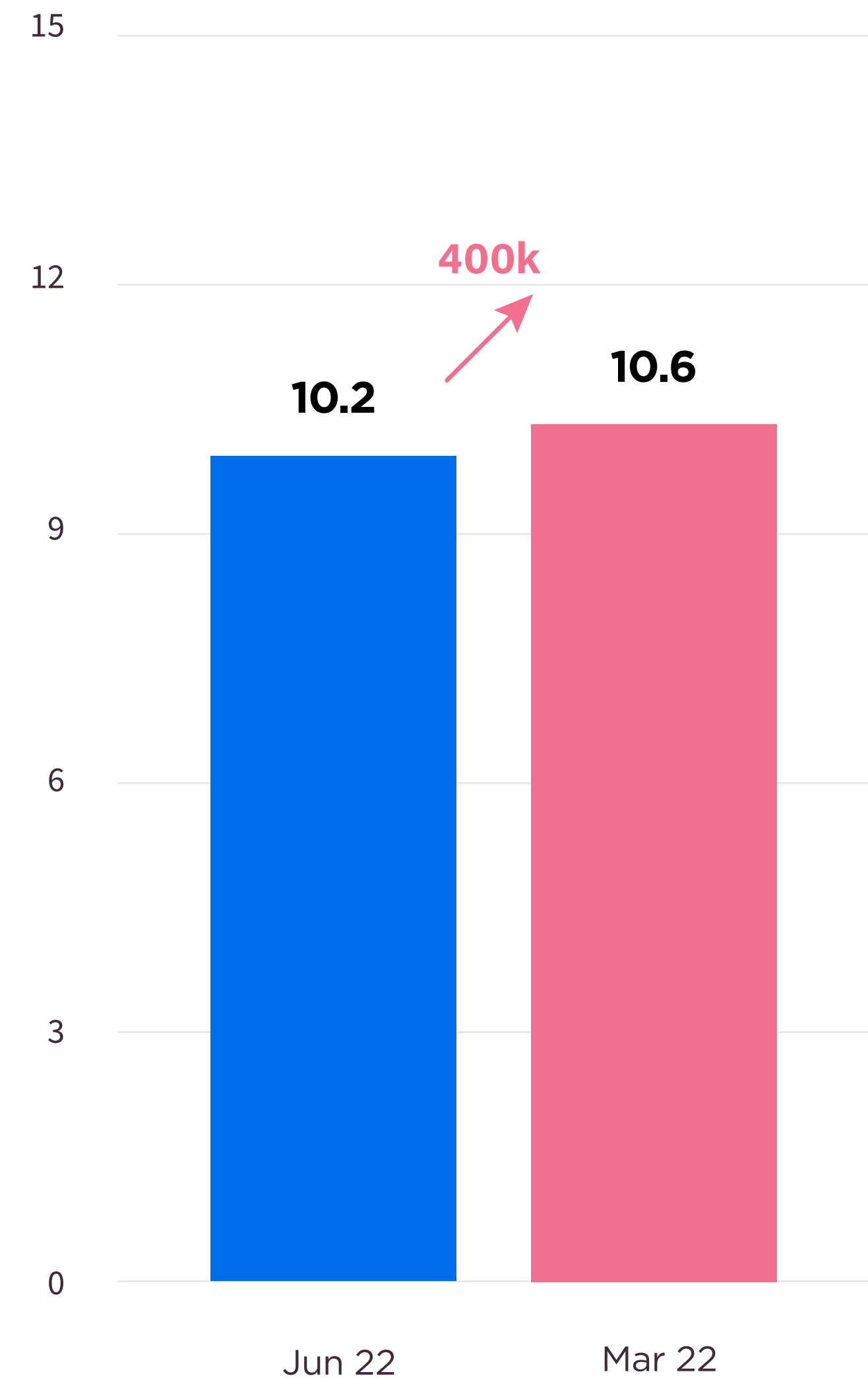


# Working Capital

CAD in million

## Working capital growth

- Q2 2022
- Q3 2022 - (↑400k QoQ)
  - Total buyback - 133K
  - Investment in Amphy - 529K





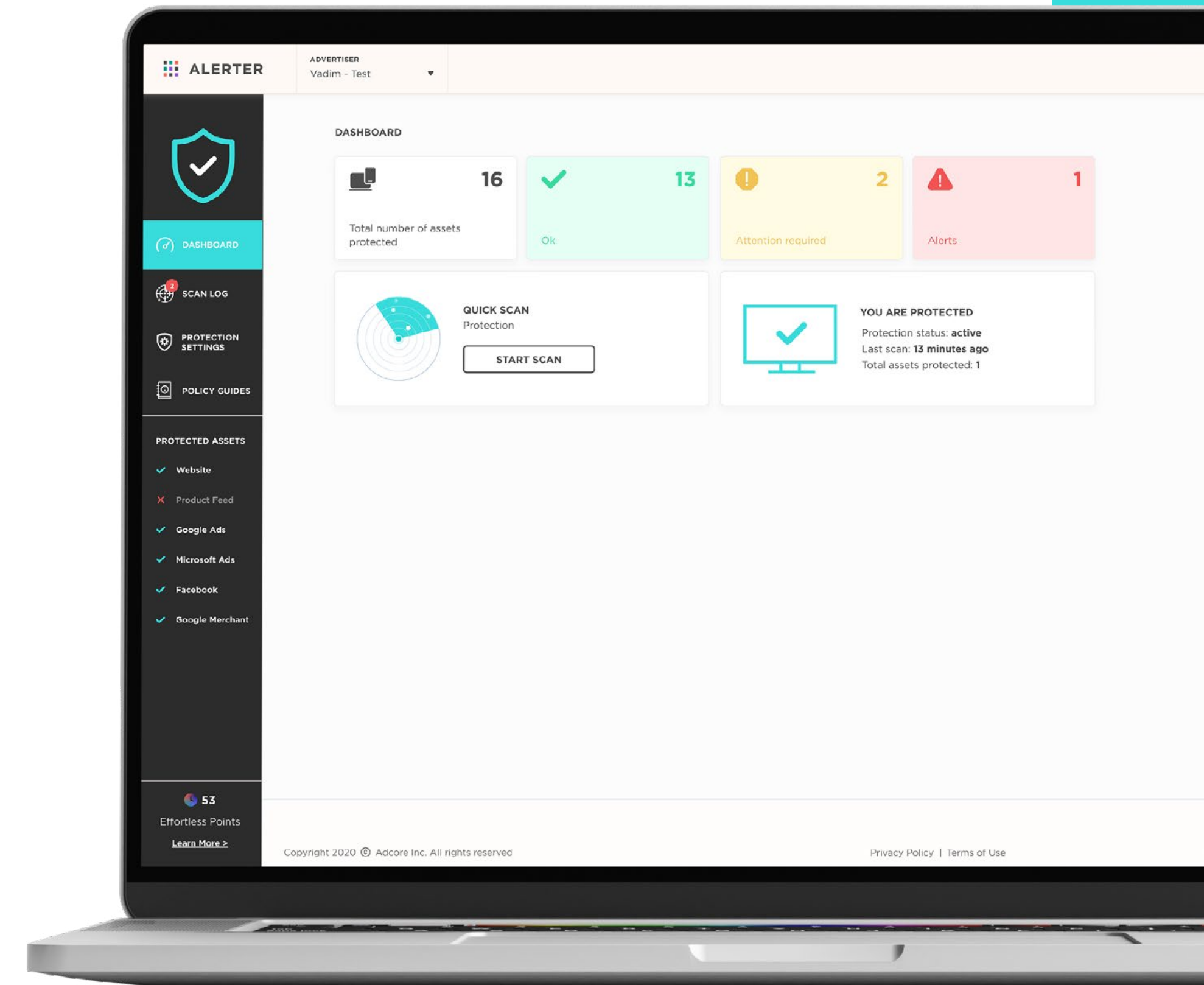


# Q3 New Development Marketing Cloud: Alerter

## Monitor all your digital assets with 100% confidence

Enable 24/7 monitoring of your website, data feeds, ad accounts, and other digital assets. Get instant email and app notifications.

The Alerter app monitors your digital assets and notifies you whenever you have to take action. Get alerts on important events such as website crashes, account suspensions, disapproved ads & more.



# AMPHY

## Improved KPIs



|                       | Q1-3   2021 | Q1-3   2022 | % change |
|-----------------------|-------------|-------------|----------|
| Paying users          | 440         | 505         | 15%      |
| Paying users ratio    | 9%          | 17%         | 86%      |
| Avg LTV paying users  | \$36        | \$49        | 35%      |
| Breakeven paying user | \$6.90      | \$9.29      | 35%      |
| Breakeven signup      | \$0.92      | \$1.71      | 86%      |

# Comparable Companies

Significant share price upside opportunity as Adcore rises to peers:

**\$0.25**

Current share price  
November 11th, 2022

Expected share price range **0.52-1.49 CAD**

| COMPANY NAME                     | TICKER         | MARK CAP  | ENTERPRISE VALUE (EV) | EV / GROSS PROFIT | EV / EBITDA (ADJ) |
|----------------------------------|----------------|-----------|-----------------------|-------------------|-------------------|
| AcuityAds Holdings Inc           | AT CA          | 119       | 37                    | 0.6               | 7.7               |
| Tucows Inc                       | TC CA          | 508       | 393                   | 4.6               | 17.0              |
| QuinStreet Inc                   | QNST US        | 1,007     | 900                   | 14.1              | 77.8              |
| PubMatic Inc                     | PUBM US        | 1,134     | 928                   | 3.8               | 7.9               |
| Meta Platforms Inc               | FB US          | 399,570   | 379,177               | 3.0               | 6.3               |
| Magnite Inc                      | MGNI US        | 2,063     | 2,830                 | 7.2               | 14.2              |
| Integral Ad Science Holding Corp | IAS US         | 1,843     | 2,089                 | 5.1               | 24.1              |
| DoubleVerify Holdings Inc        | DV US          | 5,812     | 5,601                 | 12.0              | 46.3              |
| <b>Average</b>                   |                |           |                       | <b>6.3</b>        | <b>25.2</b>       |
| <b>ADCORE</b>                    | <b>ADCO CA</b> | <b>15</b> | <b>7</b>              | <b>2.1</b>        | <b>3.7</b>        |
|                                  |                |           | <b>Upside</b>         | <b>203%</b>       | <b>584%</b>       |

As of November 11, 2022. Currency in CAD. All numbers in millions

# Q3 Adcore Share Purchases by Company (NCIB)



|              | Quantity       | Share Price | Value (CAD)      |
|--------------|----------------|-------------|------------------|
| Company NCIB | 471,000        | 0.28        | \$133,584        |
| <b>TOTAL</b> | <b>471,000</b> |             | <b>\$133,584</b> |



# Forth Quarter Guidance

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Due to the expected high volume this holiday season, the Company will post fourth quarter guidance after the end of **Black Friday** and Cyber Monday.

Adcore's Q3 Earnings Call | November 2022

# CFO Financial Highlights



# Comprehensive Income

Record third quarter 3.4M and 45% increase in gross profit YoY

45% growth in Q3-22 vs. Q2-22 Revenues

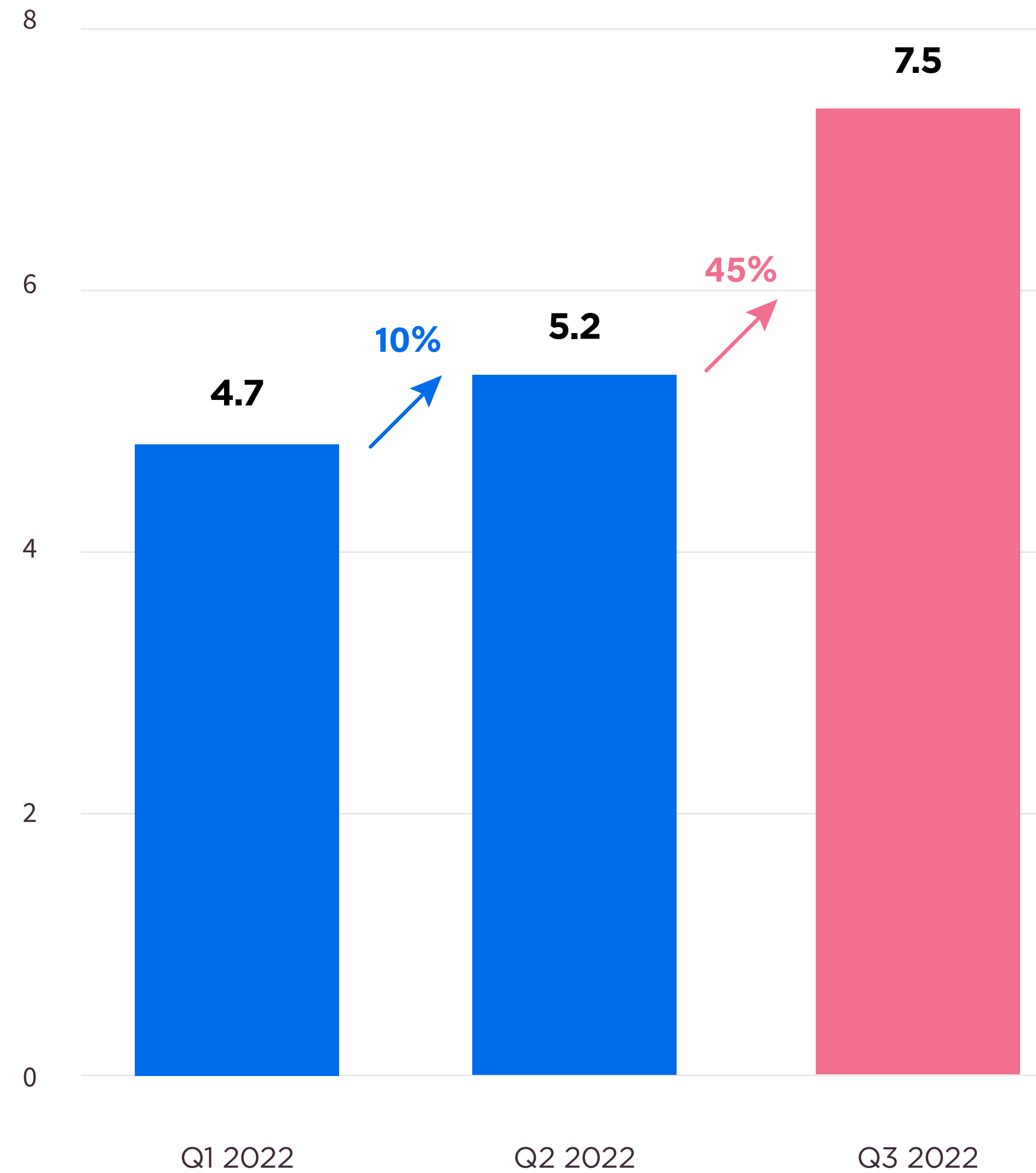
Q3 Gross margin is 46% compared to 23% YoY

| CAD in million   | Three months ended September 30, 2022 | Three months ended September 30, 2021 | YoY            |
|--|---------------------------------------|---------------------------------------|----------------|
| Revenues   | 7.5                                   | 10.4                                  | -28%           |
| Cost of revenues   | 4.1                                   | 8                                     | -49%           |
| <b>Gross profit</b>  | <b>3.4</b>                            | <b>2.4</b>                            | <b>+45%</b>    |
| Research and development expenses                              | 0.5                                   | 0.3                                   |                |
| Selling, general and administrative expenses                   | 2.5                                   | 2                                     |                |
| Operating (loss) profit  | <b>0.4</b>                            | <b>0.1</b>                            | <b>+1,485%</b> |
| Finance expenses   | 0.7                                   | 0.3                                   |                |
| Finance income   | -                                     | -                                     |                |
| Loss before taxes on income                                    | <b>(0.3)</b>                          | <b>(0.2)</b>                          |                |
| Tax expenses   | 0.0                                   | 0.1                                   |                |
| <b><u>Total comprehensive Profit (Loss) for the period</u></b> | <b><u>(0.3)</u></b>                   | <b><u>(0.3)</u></b>                   |                |

# Quarterly revenue growth



CAD in million





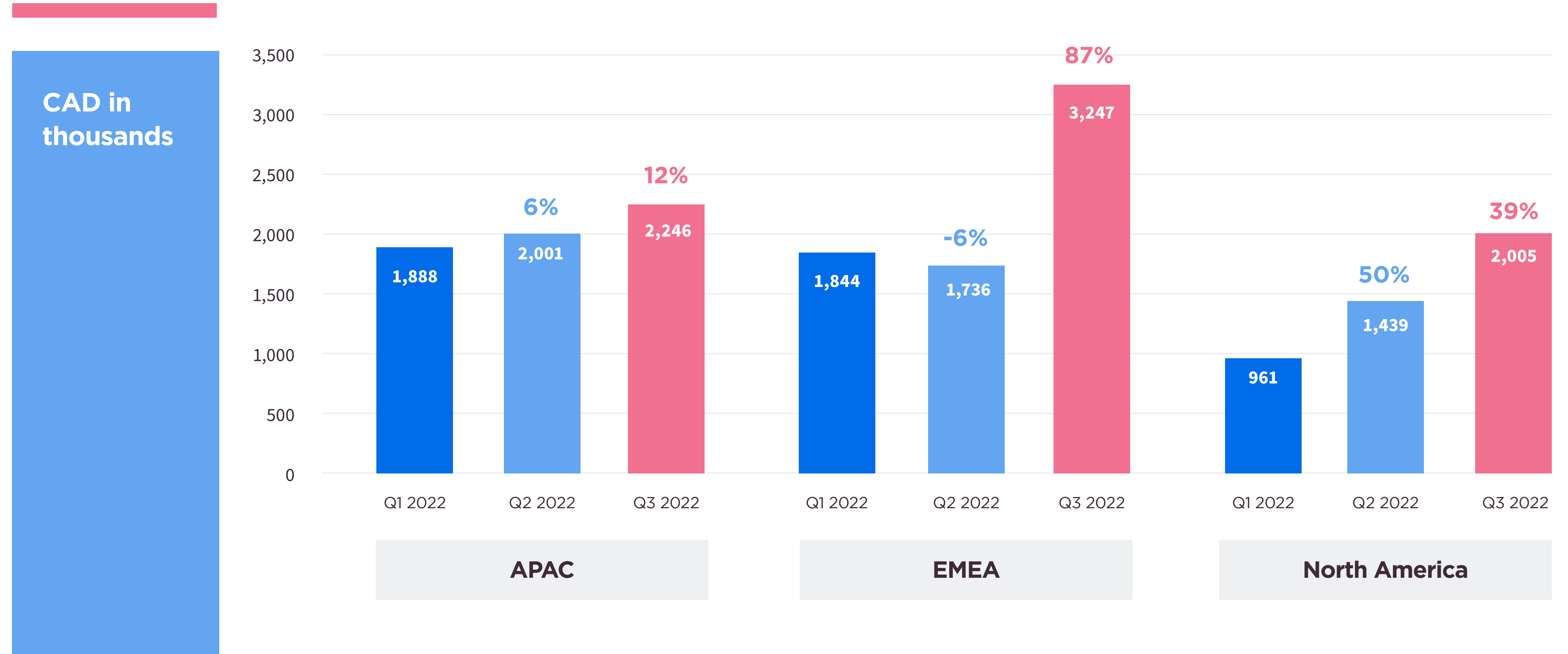
# Revenue breakdown

Increase in revenues in North America by \$1,299 and 183% YoY

Increase in revenues in EMEA by \$1,704 and 110% YoY

| CAD in thousands | Q3-2022      | Q3-2021       | diff    | %    |
|------------------|--------------|---------------|---------|------|
| APAC             | 2,246        | 8,163         | (5,917) | -72% |
| EMEA             | 3,247        | 1,542         | 1,705   | 111% |
| North America    | 2,005        | 706           | 1,299   | 183% |
| <b>Total</b>     | <b>7,498</b> | <b>10,411</b> |         |      |

# QoQ Revenues by regions



# Financial Position - Assets

| CAD in million                     | 30.09.2022  | 31.12.2021  |
|------------------------------------|-------------|-------------|
| <b>CURRENT ASSETS</b>              |             |             |
| Cash and cash equivalents          | 8.2         | 14.1        |
| Trade accounts receivable, net     | 6.6         | 3.7         |
| Other accounts receivable          | 0.9         | 0.8         |
| Total current assets               | <b>15.7</b> | <b>18.6</b> |
| <b>NON-CURRENT ASSETS</b>          |             |             |
| Long term deposit                  | 0.0         | 0.0         |
| Property, plant and equipment, net | 0.6         | 0.9         |
| Intangible assets, net             | 3.4         | 2.5         |
| Total non-current assets           | <b>4.0</b>  | <b>3.4</b>  |
| <b>TOTAL ASSETS</b>                | <b>19.7</b> | <b>22</b>   |

# Financial Position - Liabilities

Zero Debt

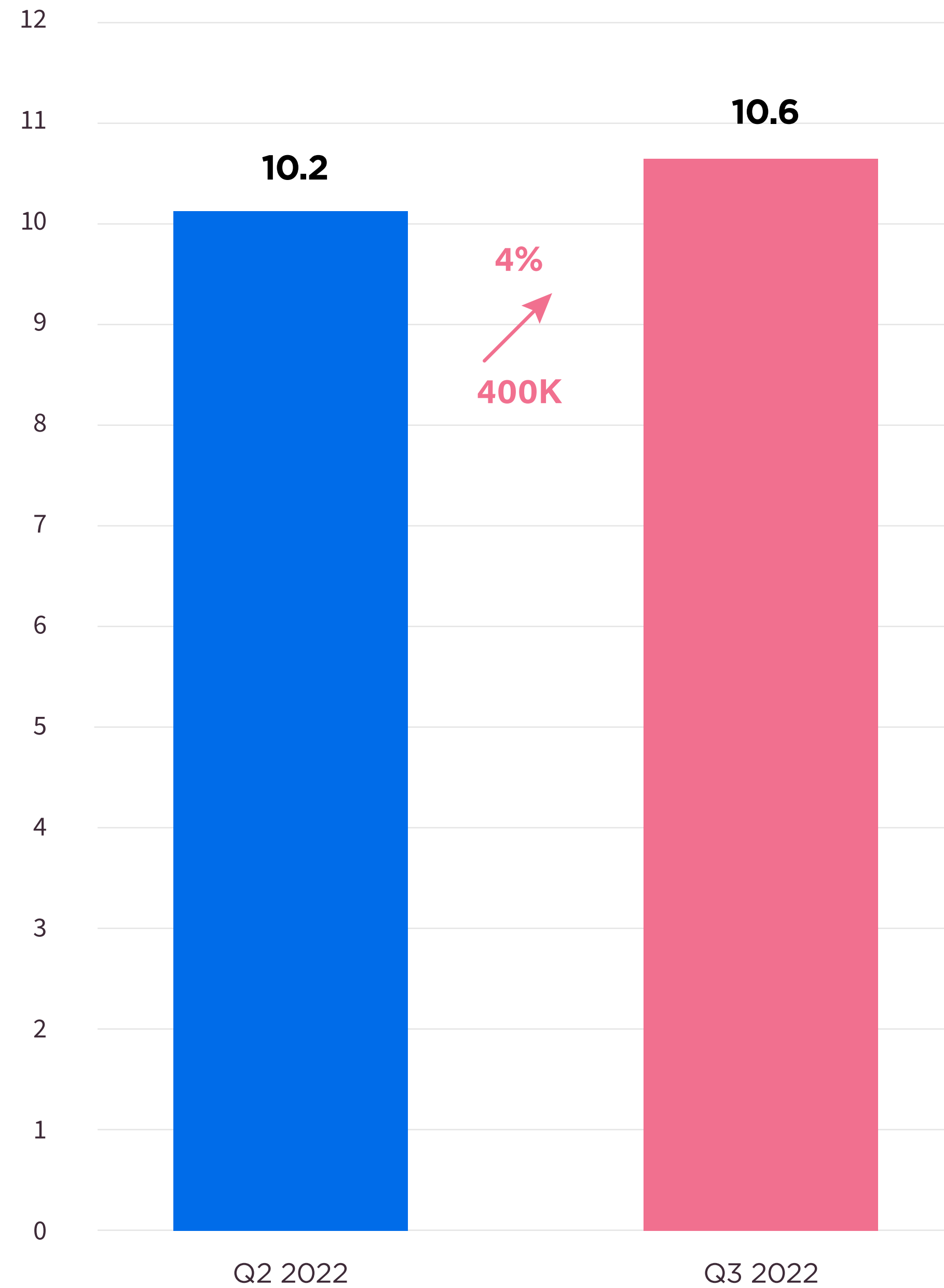
| CAD in million                        | 30.09.2022  | 31.12.2021  |
|---------------------------------------|-------------|-------------|
| <b>CURRENT LIABILITIES</b>            |             |             |
| Trade accounts payable                | 2.8         | 4.5         |
| Other accounts payable                | 2.0         | 0.9         |
| Lease liability                       | 0.3         | 0.3         |
| Total current liabilities             | <b>5.1</b>  | <b>5.7</b>  |
| <b>NON-CURRENT LIABILITIES</b>        |             |             |
| Deferred tax liability, net           | 0.3         | 0.3         |
| Derivative liability - warrants       | 0.0         | 0.3         |
| Lease liability                       | 0.1         | 0.3         |
| Total Non-current liabilities         | <b>0.4</b>  | <b>0.9</b>  |
| <b>Total Equity</b>                   | <b>14.2</b> | <b>15.4</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>19.7</b> | <b>22</b>   |



# Quarterly working capital



CAD in million



# Adjusted EBITDA

| CAD in thousands                     | Three months ended<br>September 30, 2022 | Three months ended<br>September 30, 2021 |
|--------------------------------------|--|--|
| <b>Operating (loss) profit</b>       | 428                                      | 27                                       |
| Depreciation and amortization        | 230                                      | 217                                      |
| Share-based payments                 | 76                                       | 318                                      |
| Offering, listing & global expansion | 0  | 12                                       |
| Other non-operational items          | 0  | 11                                       |
| <b>Total Adjustments</b>             | <b>306</b>                               | <b>558</b>                               |
| <b>Adjusted EBITDA</b>               | <b>734</b>                               | <b>585</b>                               |

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# Q&A





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# Thank You.

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