

TSX:ADCO | OTCQX:ADCOF

Adcore's Q4 2022 and FY 2022 Earnings call

March,
2023

ADCORE

Hosts



Yatir Sadot

CFO



Omri Brill

CEO



Gabriala Ashkenazy

MARKETING

Agenda

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

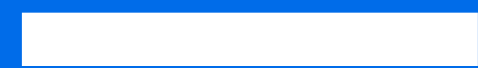
Forward Looking Statements and Information

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.

Adcore's Q4 2022 and FY 2022 Earnings call | March 2023

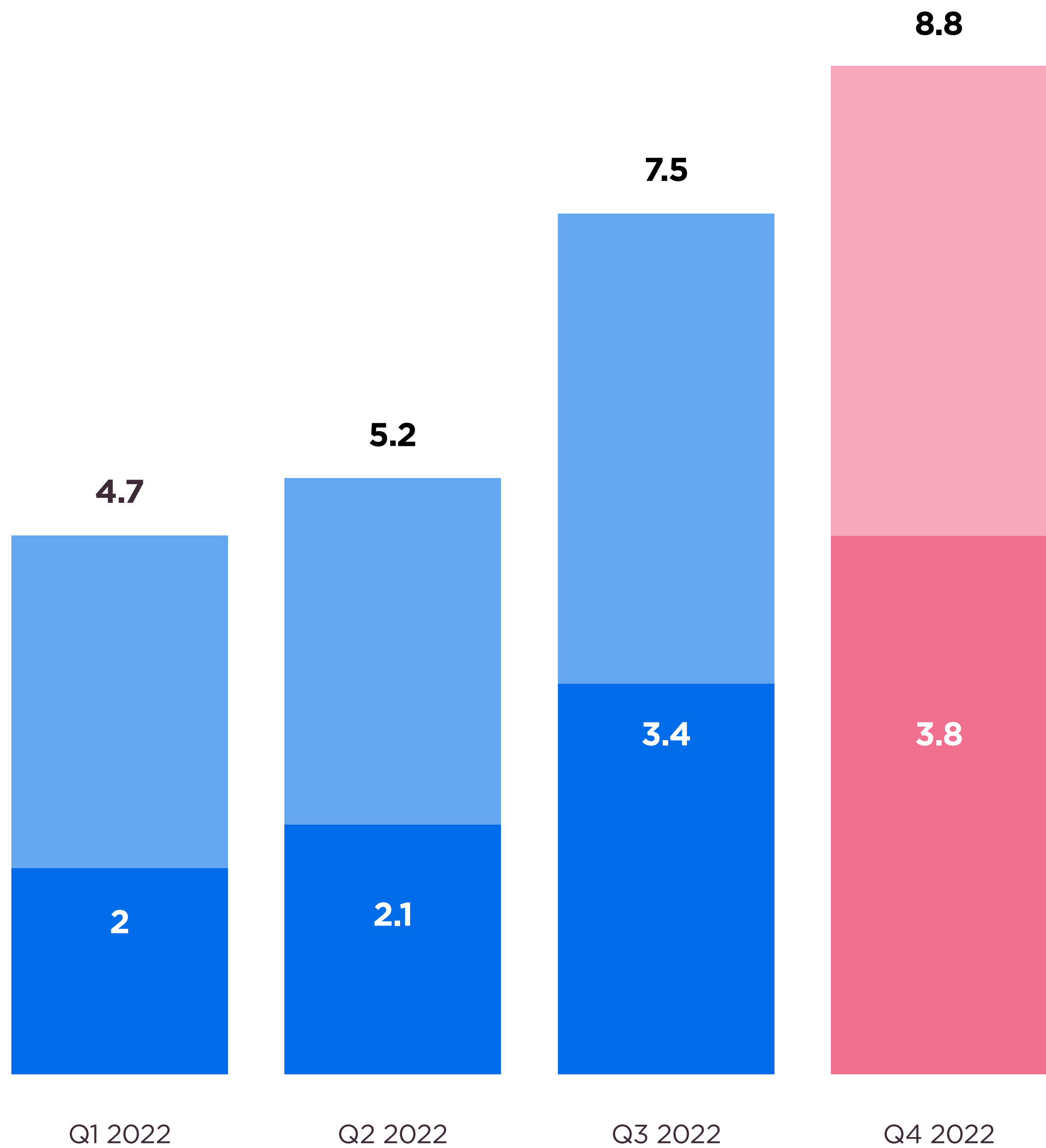
CEO Opening Remarks



Quarterly Revenue

CAD in million

- Revenue (↑17% QoQ)
- Gross profit (↑12% QoQ)

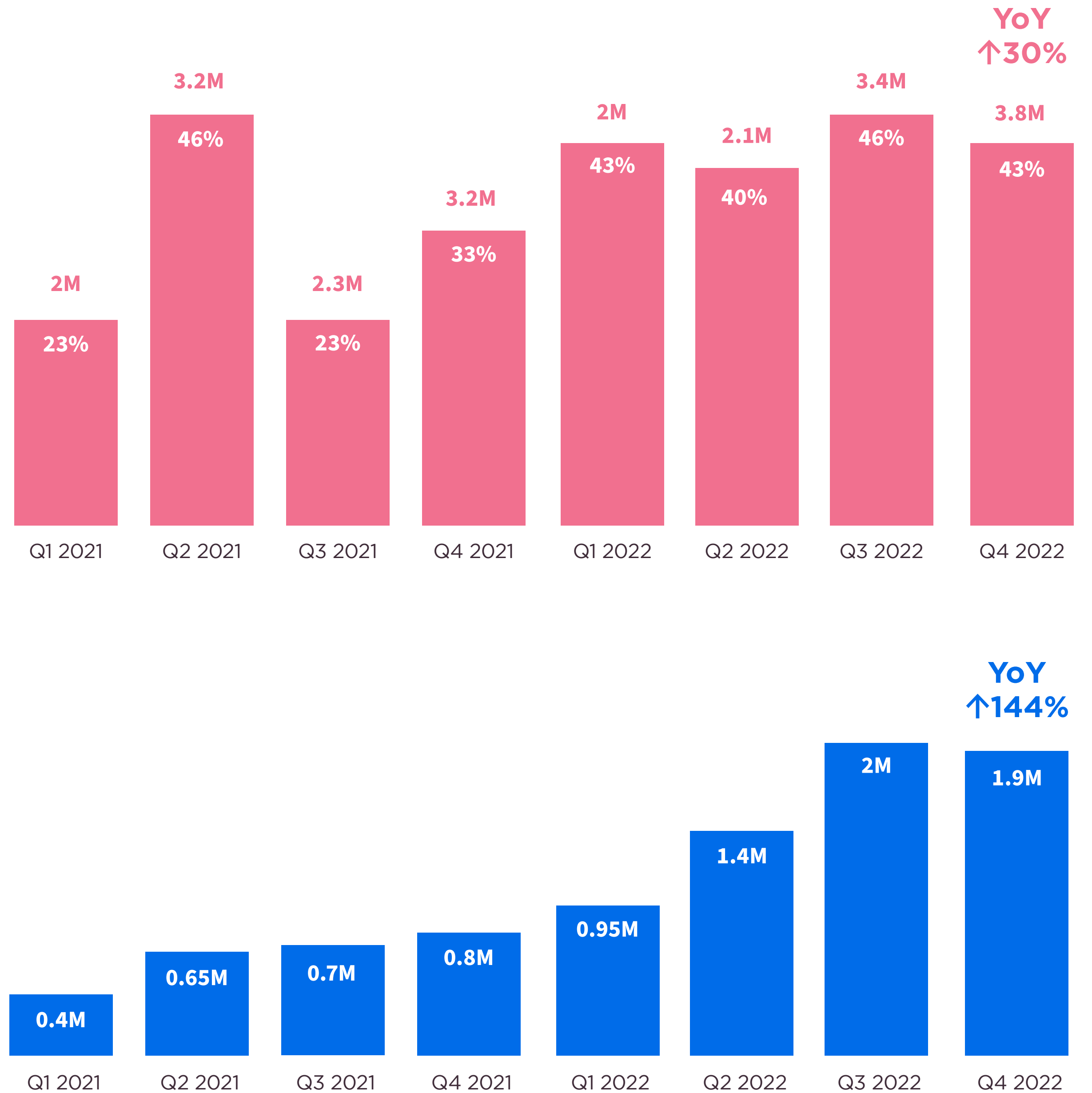


Adcore's Q4 2022 and FY 2022 Earnings call | March 2023

Quality Growth KPIs

CAD in millions

- Gross margin
- North America revenue



AMPHY

Improved KPIs



YoY growth:	2022	2021	diff	% change
Revenues	117,974	21,604	96,370	446%
Gross profit	81,627	21,604	60,023	278%

QoQ growth:	Q4/22	Q3/22	diff	% change
Classes revenues	18,379	6,800	11,579	170%
B2B revenues	26,361	6,130	20,231	330%
Gift Card revenues	15,450	9,347	6,103	65%
Total revenues	60,191	22,277	37,913	170%



Channel Partner of the Year

We're thrilled to announce that Adcore has been named Microsoft Advertising's EMEA Channel Partner of the Year award winner for 2022

Report Highlights

Yearly

- Gross Margin improved from **30%** to **43%** YoY
- Client concentration declined from **51%** to **32%**
- North America and EMEA revenue grew by **125%** and **71%** accordingly.
- Yearly gross profit grew by **\$700K (6%)**.

Quarterly

- Revenue grew **17%** QoQ
- Gross profit grew **12%** QoQ
- Amphy Q4 revenue was **\$60K** (\$118K in 2022 and \$22K in 2021).

Comparable Companies

Significant share price upside opportunity as Adcore rises to peers:

\$0.25

Current share price
March 23rd, 2023

Expected share price range **0.96-1.57 CAD**

COMPANY NAME	TICKER	MARK CAP	ENTERPRISE VALUE (EV)	EV / GROSS PROFIT	EV / EBITDA (ADJ)
AcuityAds Holdings Inc	AT CA	120	45	0.7	-68.3
Tucows Inc	TC CA	345	485	6.2	40.1
Fluent Inc	FLNT US	83	113	0.9	-0.8
Criteo SA	CRTO US	2,307	1,992	1.8	5.5
Evertz Technologies Ltd	ET CA	1,118	1,155	3.3	8.1
Kinaxis Inc	KXS CA	5,139	3,599	15.3	67.9
Marin Software Inc	MRIN US	20	-12	-1.2	0.7
QuinStreet Inc	QNST US	1,144	1,045	16.4	102.7
Trade Desk Inc/The	TTD US	40,107	38,490	0	129.7
Magnite Inc	MGNI US	1,687	2,353	6.4	15.6
PubMatic Inc	PUBM US	982	782	3.3	7.2
Average				4.8	28
ADCORE	ADCO CA	15	5	0.7	5.8
			Upside	627%	383%

As of March 23, 2023. Currency in CAD. All numbers in millions

Q4 Adcore Share Purchases by Company (NCIB)



	Quantity	Share Price	Value (CAD)
Company NCIB	715,500	0.29	\$ 204,191
TOTAL	715,500	0.29	\$ 204,191

Q1 2023 Guidance

	min	max
Revenue	6,000 28%↑	6,500 38%↑
Gross profit	2,250 13%↑	2,600 30%↑
Gross margin	38%	40%

CAD in thousands

2023 Targets

1

Maintain a strong balance sheet with a focus on increasing cash reserves.

2

Keep the gross margin within the 40% to 50% range

3

Achieve double-digit growth in revenue, gross profit and operating profit.

4

Expand our global footprint in North America.

5

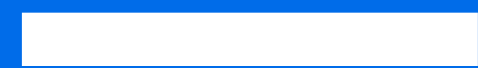
Strengthen strategic partnerships to drive mutual growth and market share.

6

Invest in research and development to drive innovation and improve our product offerings.

Adcore's Q4 2022 and FY 2022 Earnings call | March 2023

CFO Financial Highlights



Comprehensive Income

Q4 Gross margin is 43% compared to 33% YoY

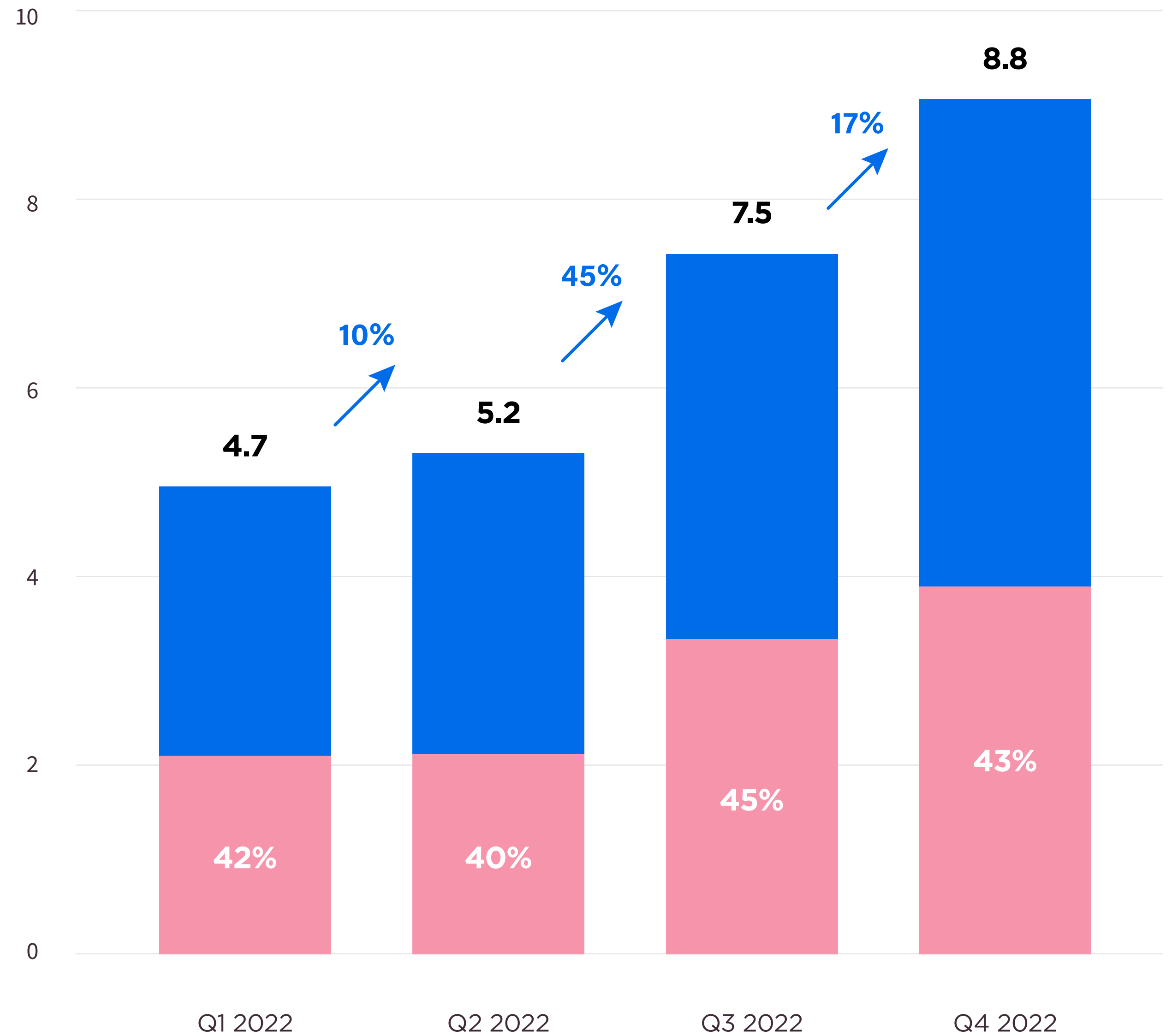
17% growth in Q4-22 vs. Q3-22 Revenues

CAD in million	Three months ended December 31, 2022	Three months ended December 31, 2021	YoY
Revenues	8.8	9.7	-9%
Cost of revenues	5	6.5	-23%
Gross profit	3.8	3.2	+19%
Research and development expenses	0.4	0.7	
Selling, general and administrative expenses	3.3	1.8	
Operating (loss) profit	0.1	0.7	
Finance expenses	0.6	0.9	
Finance income	-	-0.7	
Profit (loss) before taxes on income	(0.5)	0.5	
Tax expense (income)	0.0	-0.2	
<u>Total comprehensive Profit (Loss) for the period</u>	<u>(0.5)</u>	<u>0.7</u>	

Quarterly revenue growth



CAD in million



Revenue breakdown

Key strategic
regions-

North America
and EMEA

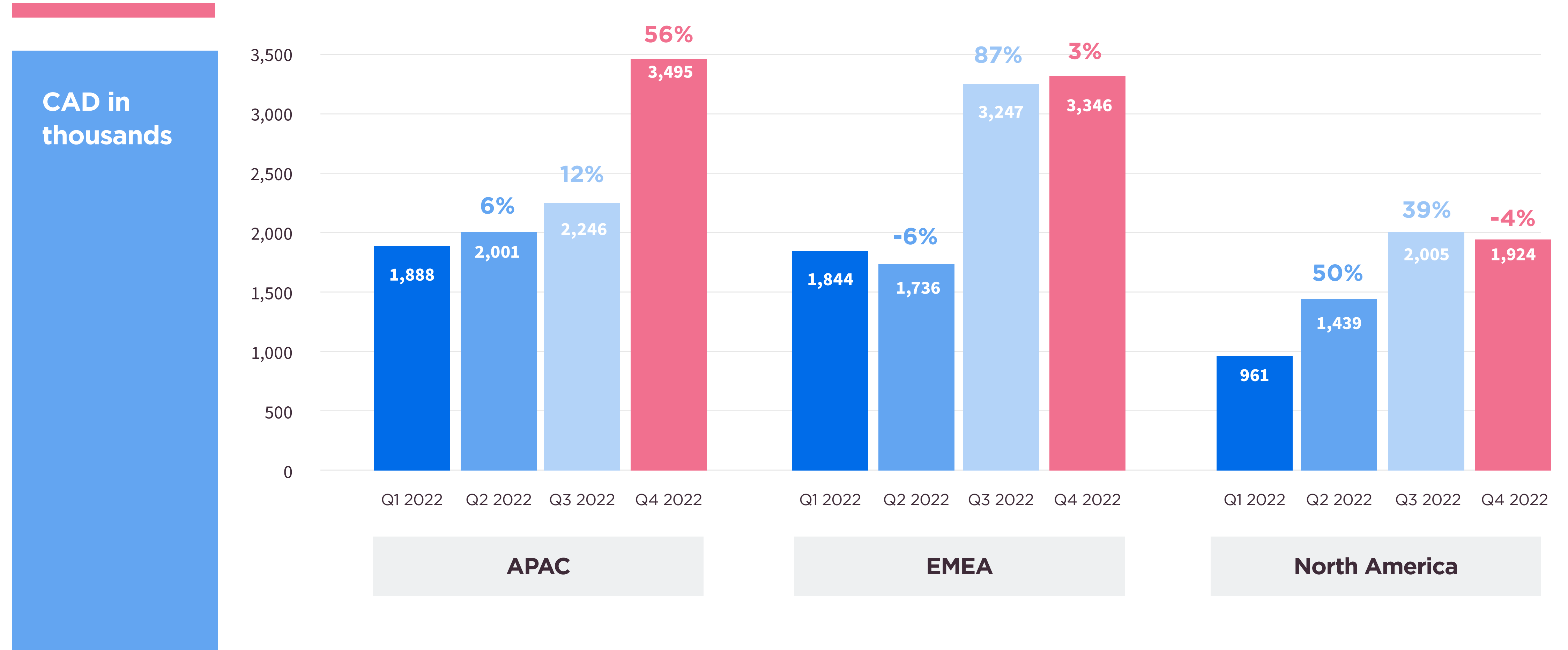
Quarterly revenue breakdown

CAD in thousands	Q4-2022	Q4-2021	diff	%
APAC	3,495	6,315	(2,820)	-45%
EMEA	3,346	2,629	717	27%
North America	1,924	789	1,135	144%
Total	8,766	9,733		

Annually revenue breakdown

CAD in thousands	2022	2021	diff	%
APAC	9,558	28,676	(19,118)	-67%
EMEA	11,131	6,520	4,612	71%
North America	5,959	2,648	3,311	125%
Total	26,649	37,844		

QoQ Revenues by regions



Financial Position - Assets

Adtech total capitalization in the last 12 months ended December 31, 2022 was 0.85

Edtech total capitalization in the last 12 months ended December 31, 2022 was 0.75

CAD in million	31.12.2022	31.12.2021
CURRENT ASSETS		
Cash and cash equivalents	8.8	14.1
Trade accounts receivable, net	6.3	3.7
Other accounts receivable	0.4	0.8
Total current assets	15.5	18.6
NON-CURRENT ASSETS		
Property, plant and equipment, net	0.6	0.9
Intangible assets, net	3.6	2.5
Total non-current assets	4.2	3.4
TOTAL ASSETS	19.7	22

Financial Position - Liabilities

Zero Debt

CAD in million	31.12.2022	31.12.2021
CURRENT LIABILITIES		
Trade accounts payable	4.8	4.5
Other accounts payable	1.2	0.9
Lease liability	0.3	0.3
Total current liabilities	6.3	5.7
NON-CURRENT LIABILITIES		
Deferred tax liability, net	0.2	0.3
Derivative liability - warrants	0.0	0.3
Lease liability	0.0	0.3
Total Non-current liabilities	0.2	0.9
Total Equity	13.2	15.4
TOTAL LIABILITIES & EQUITY	19.7	22

Adjusted EBITDA

CAD in thousands	Three months ended December 31, 2022	Three months ended December 31, 2021
Operating profit	87	739
Depreciation and amortization	234	248
Share-based payments	93	158
Other non-operational items	191	-
Total Adjustments	518	406
<u>Adjusted EBITDA</u>	<u>605</u>	<u>1,145</u>

Adcore's Q4 2022 and FY 2022 Earnings call | March 2023

Q&A



TSX:ADCO | OTCQX:ADCOF

Thank You.

For more information visit adcore.com/investors

ADCORE