

TSX:ADCO | OTCQX:ADCOF

Adcore's Q2 Earnings call



August,
2023

ADCORE

Hosts



Yatir Sadot

CFO



Omri Brill

CEO



Kovi Fine

GENERAL MANAGER

Agenda

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

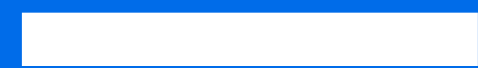
Forward Looking Statements and Information

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.

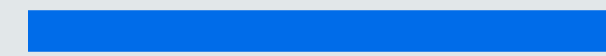
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CEO Opening Remarks



Q2 2023 Performance:

Q2 2023 was a **very strong quarter** for us, marked by significant achievements and positive growth.



Before We Dive Deeper:

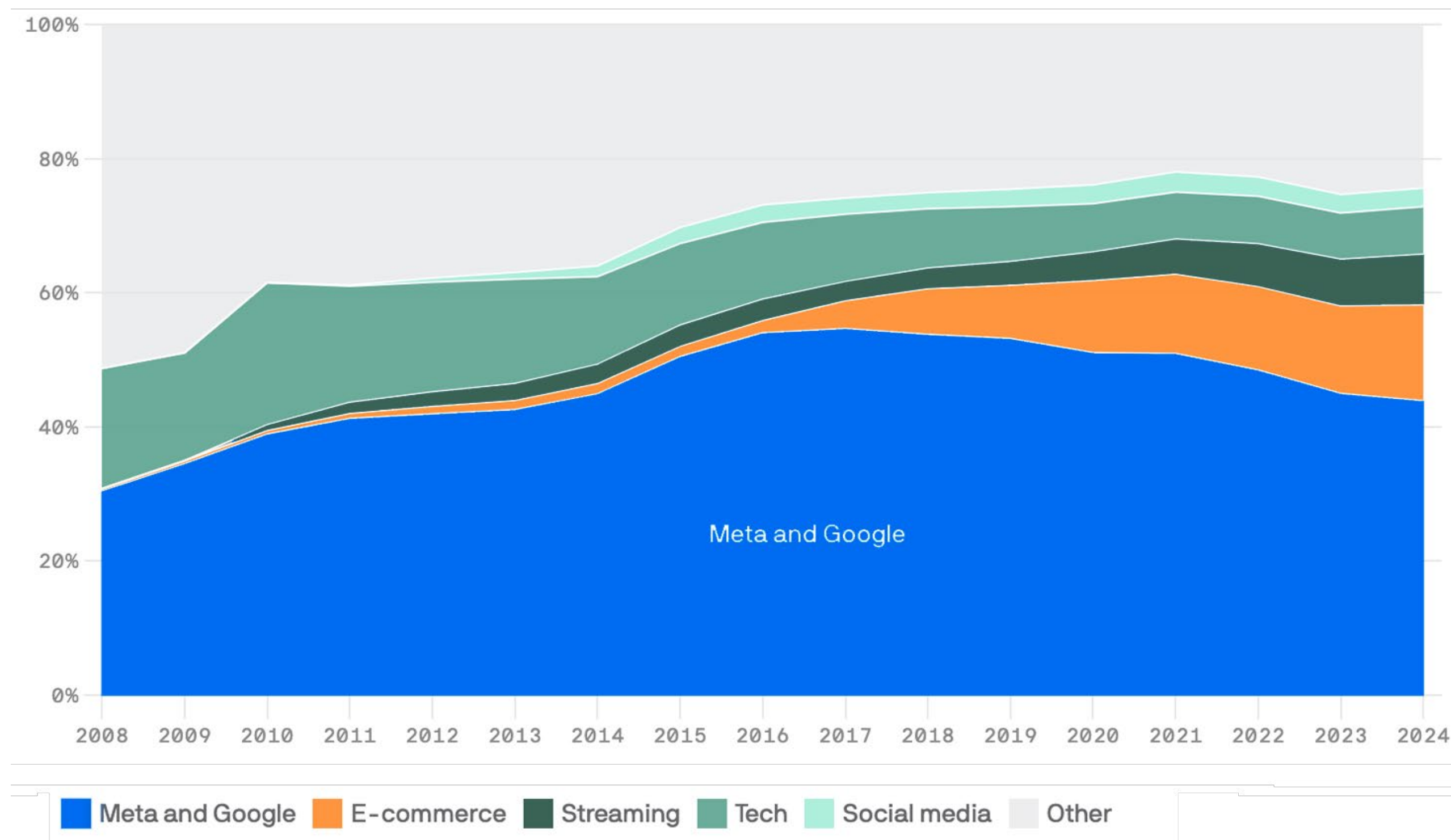
- I want to take the opportunity to discuss more **high-level strategic** opportunities for the company.
- Let's focus on our **long-term vision** and explore the paths that can lead us to continued success.

1

Industry Changes



Tectonic Industry Changes



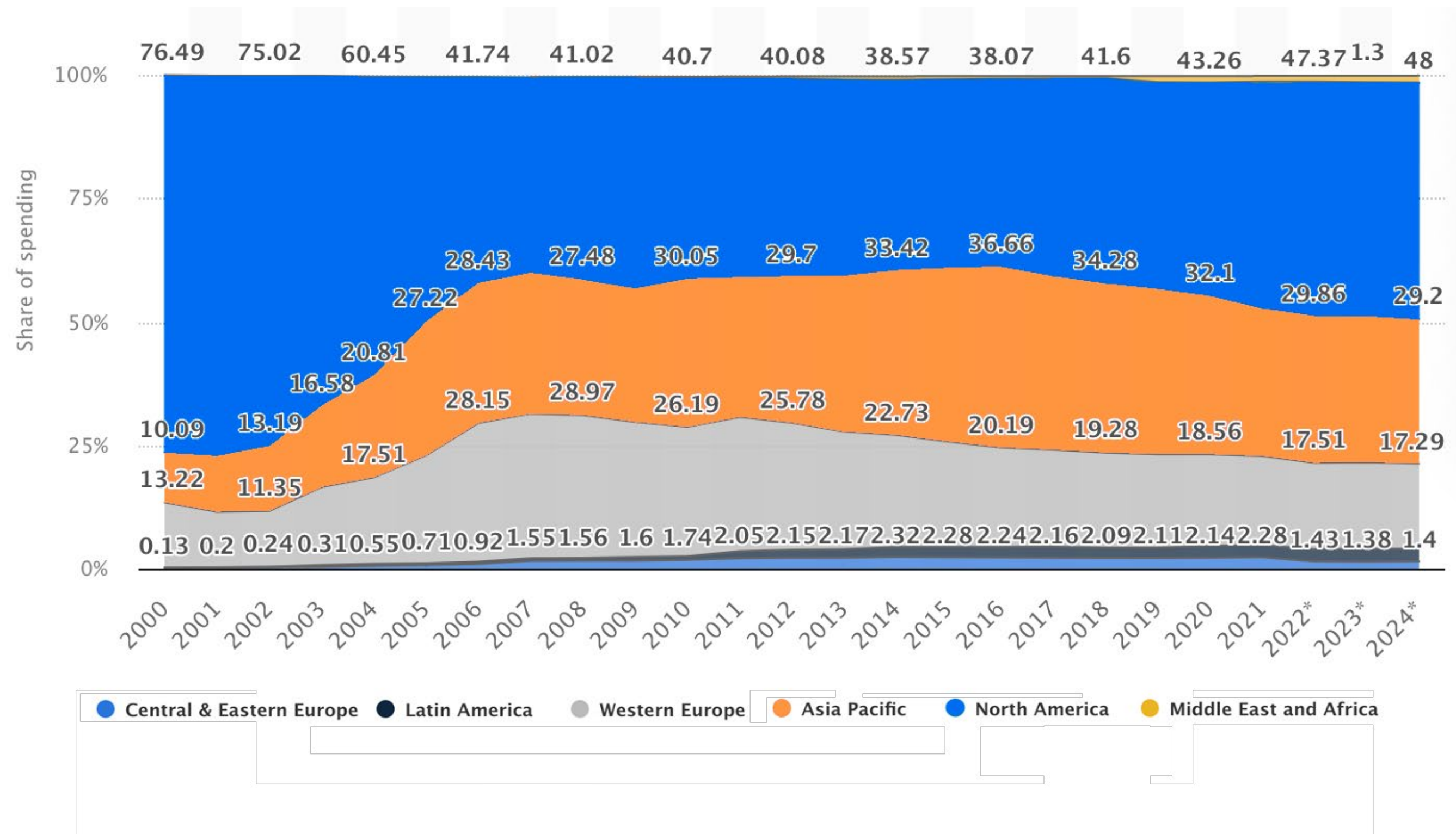
Google and Meta's ad dominance fades

Share of U.S. digital ad spend, by channel type

Annual; 2008-2024 (projected).

Source: axios

Tectonic Industry Changes



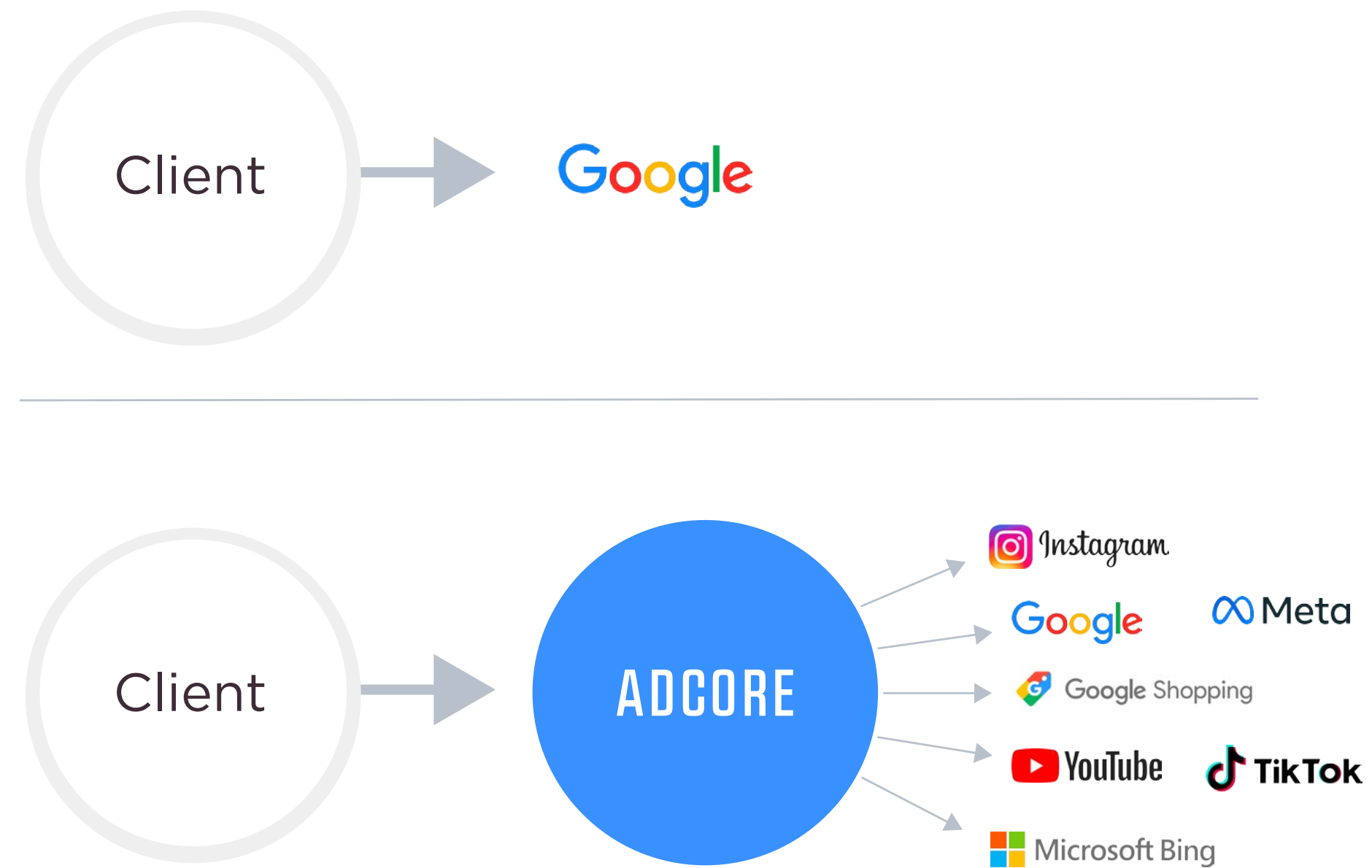
Raise of emerging markets and platforms

Distribution of internet advertising spending worldwide from 2000 to 2024, by region.

Source: statista

Adcore's Strategic Opportunities

Acting as a gateway
to multi-regional and
multi-channel reach



2

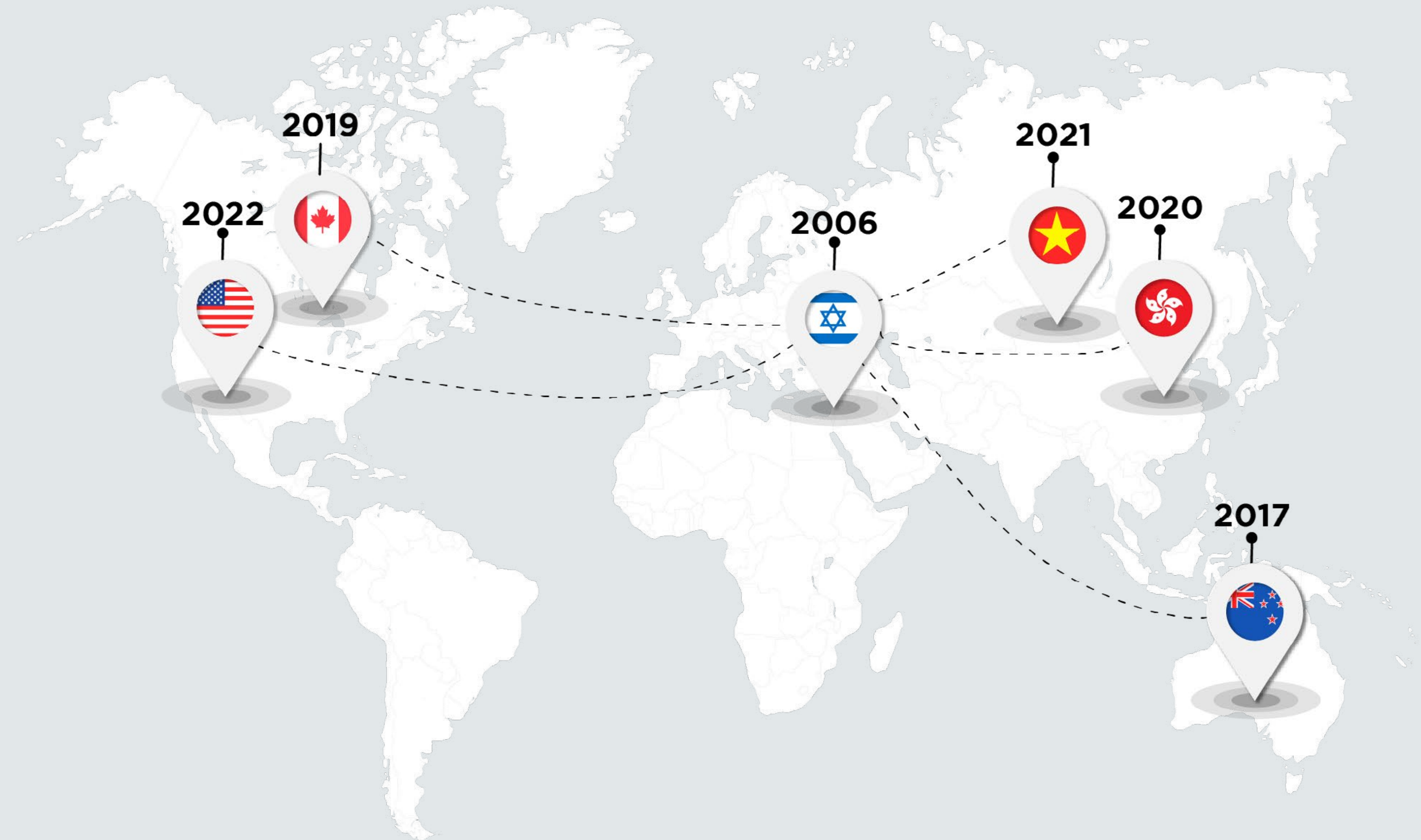
Adcore is Accelerating



Geographical Expansion

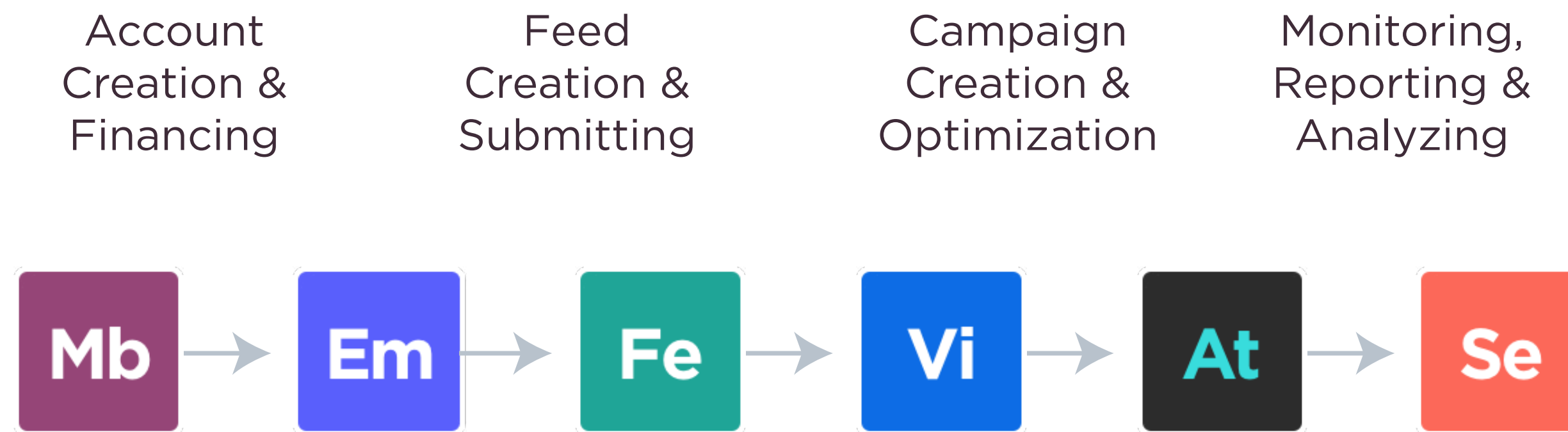
It took us a decade to expand from one office to two.

However, ever since we went public just four years ago, we have accelerated our growth, expanding from two offices to six!



Adcore's Strategic Opportunities

Complete oversight of the entire media journey



Vertical Integration

The vertical integration strategy brings together various elements of the marketing ecosystem.

This approach opens doors for multiple upselling and cross-selling opportunities.





Marketing Cloud

All essential marketing apps including feed creation, feed optimization, campaign management and actionable analytics.

Mb

Media Blast

Regain control of your advertising accounts with Media Blast.

Em

Effortless Marketing

Generate, edit and promote your products feed with our free Shopify app.

Fe

Feeditor

Enrich your product feed and fully customize it to any advertising platform.

Vi

Views

Build, optimize, and automate your campaigns on Google Ads with the click of a button.

At

Alerter

Enable 24/7 monitoring of your website, data feeds, ad accounts, and other digital assets.

Se


Semdoc

Analyze your ads account performance, fix any issue, and activate account control.



Hurricane

Perform optimization, scaling & management based on specific logic, and generating a comprehensive results log.

The background of the slide features a blurred image of a person's hands typing on a laptop keyboard. Overlaid on this is a network diagram consisting of white nodes connected by thin white lines, with some nodes glowing. The overall color palette is light blue and white, with a cityscape visible in the background.

Serving as a **gateway to enable **multi-regional** and **multi-channel** accessibility, connecting businesses and customers effortlessly.**

3

Q2 2023 Report Highlights

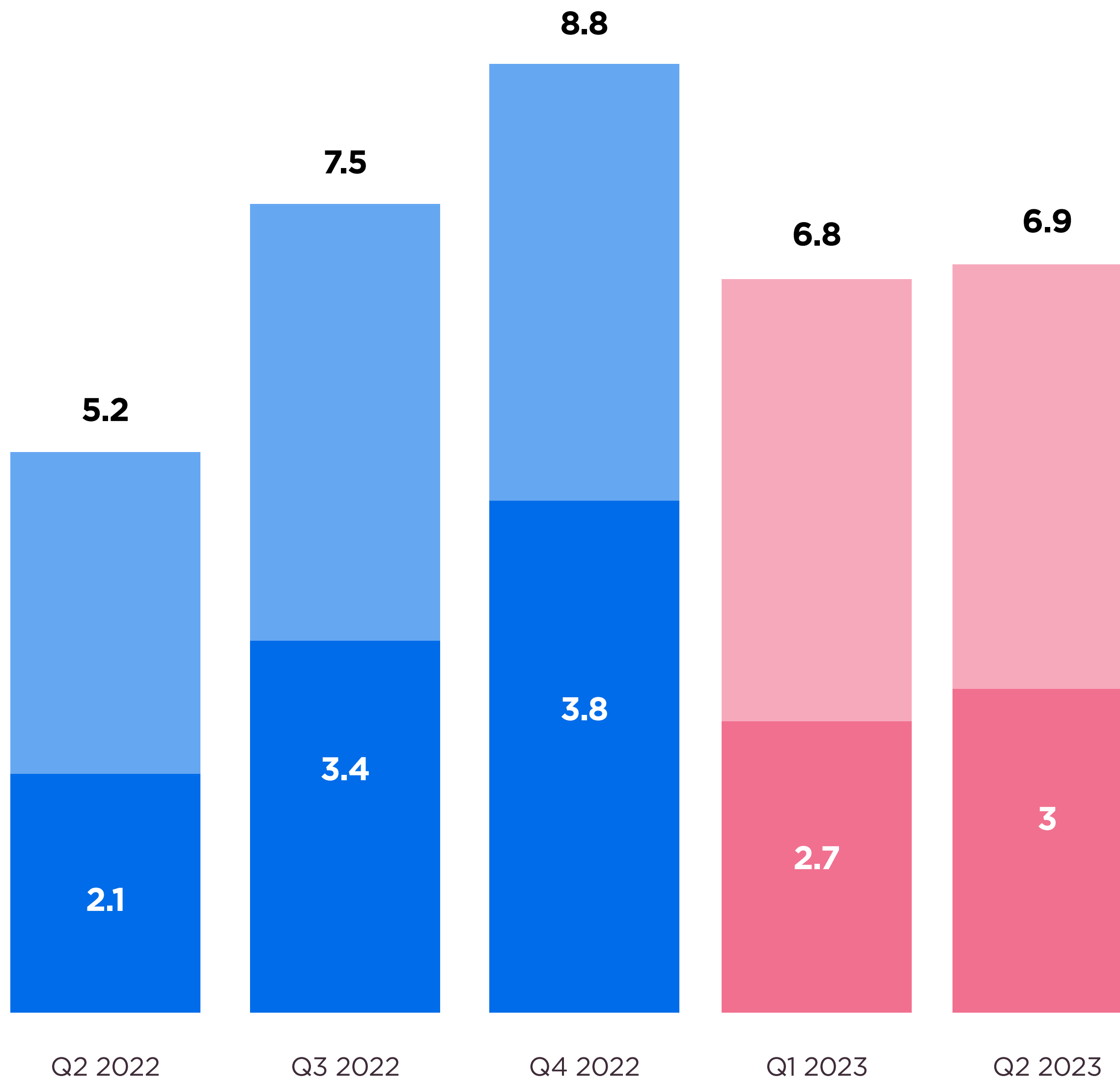
CEO Remarks



Quarterly Revenue

CAD in million

- Revenue (↑33% YoY)
- Gross profit (↑41% YoY)

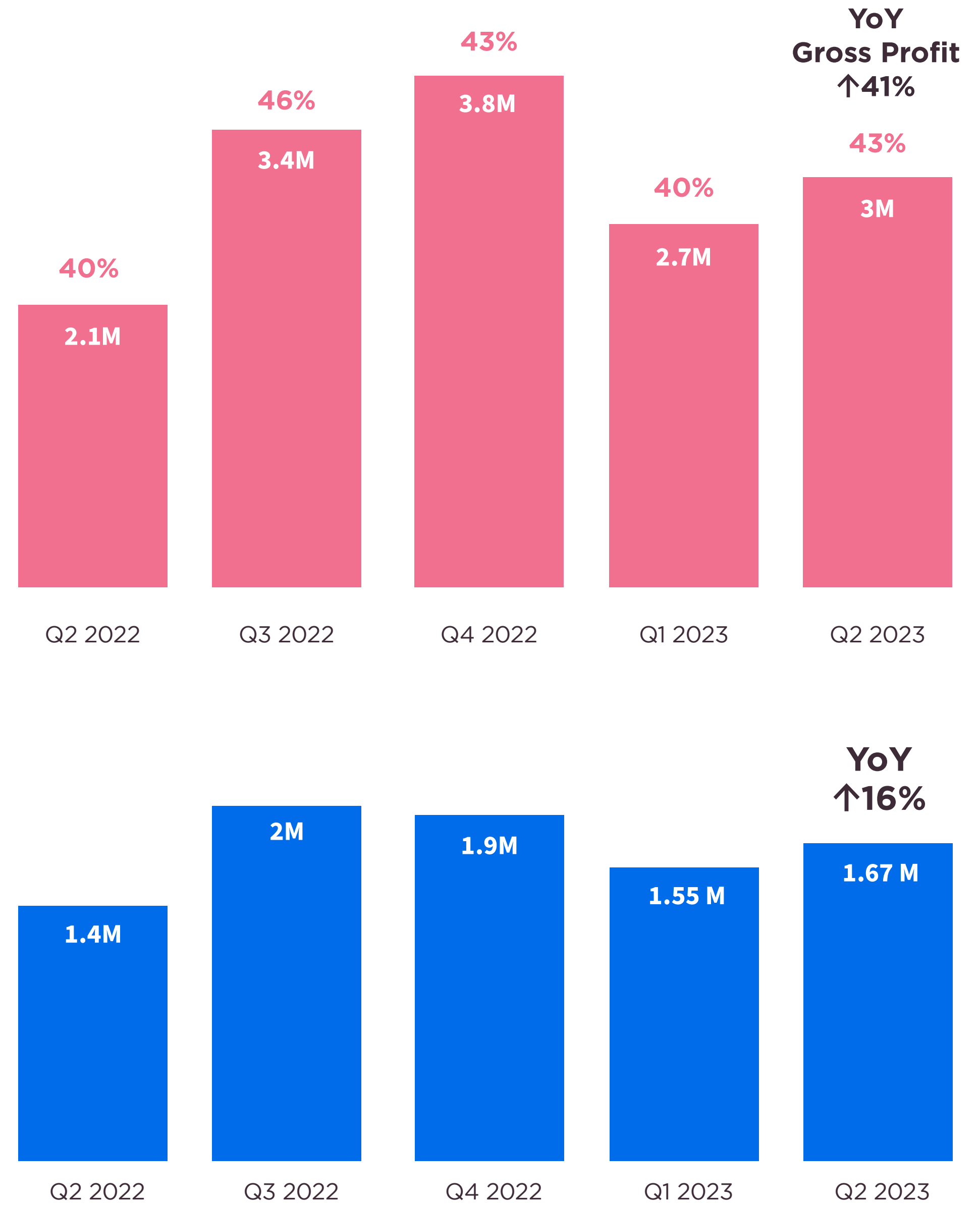


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Quality Growth KPIs

CAD in millions

- Gross margin
- North America revenue

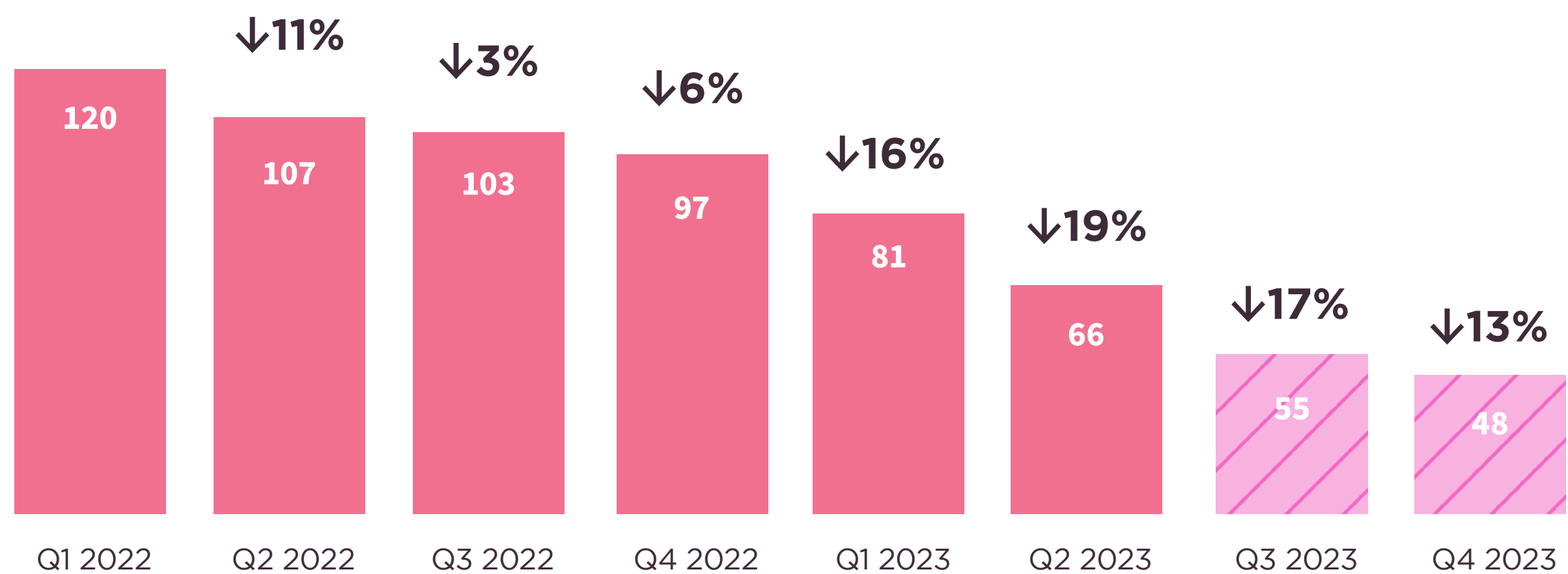


AMPHY Highlights

USD in thousands



Monthly Average Burn Rate Q2



Amphy Monthly Average Blog Visitors



Report Highlights

Quarterly

- Revenue grew **33%** YoY
- Gross profit grew **41%** YoY
- EMEA revenue grew **50%** YoY
- North America revenue grew **16%** YoY
- APAC revenue grew **29%** YoY

Comparable Companies

Significant share price upside opportunity as Adcore rises to peers:

\$0.205

Current share price
August 8th, 2023

COMPANY NAME	TICKER	MARK CAP	ENTERPRISE VALUE (EV)	EV / GROSS PROFIT	EV / EBITDA (ADJ)
Illumin Holdings Inc	ILLM US	134	86	1	-33.3
Criteo SA	CRTO US	2,302	2,139	2	21.4
Evertz Technologies Ltd	ET CN	1,347	1,373	3.8	9.3
Inuvo Inc	INUV US	43	42	0.7	-2.8
Kinaxis Inc	KXS CN	4,548	3,171	14	90.9
Marin Software Inc	MRIN US	15	-7	-0.8	0.3
QuinStreet Inc	QNST US	660	583	8.8	78.5
Magnite Inc	MGNI US	2,565	3,263	11.3	24.6
PubMatic Inc	PUBM US	1,285	1,088	4.8	11.8
Integral Ad Science Holding Corp	IAS US	3,179	3,346	7.1	50.7
Average				5.3	25.1
ADCORE	ADCO CA	12.36	4	0.4	7.9
			Upside	1,095%	218%

As of August 8, 2023. Currency in CAD. All numbers in millions

Adcore Share Purchases by the Company

	Quantity	Share Price	Value (CAD)
Q2/23 Company NCIB purchase	285,500	0.23	\$ 66,649
	Quantity	Share Price	Value (CAD)
Total accumulated NCIB purchases Including 7/23	1,669,500	0.27	\$ 456,608
Shares purchased from former executive officer	2,171,400	0.2	\$ 434,280
TOTAL PURCHASES	3,840,900		\$ 890,888

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.

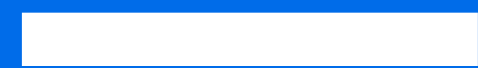
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Invest in research and development to drive innovation and improve our product offerings.

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CFO Financial Highlights



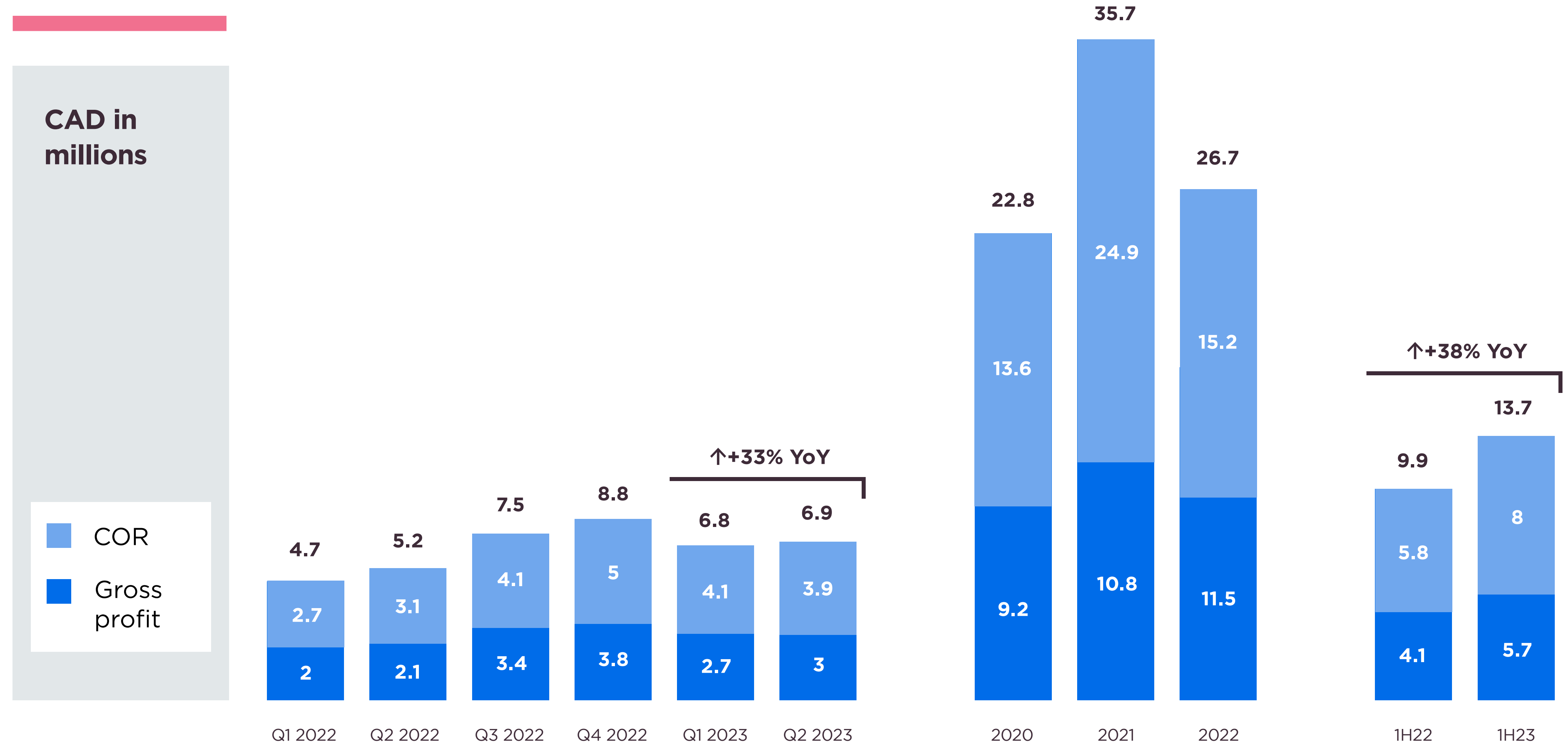
Comprehensive Income

33% growth in
Q2-23 vs. Q2-22
Revenues

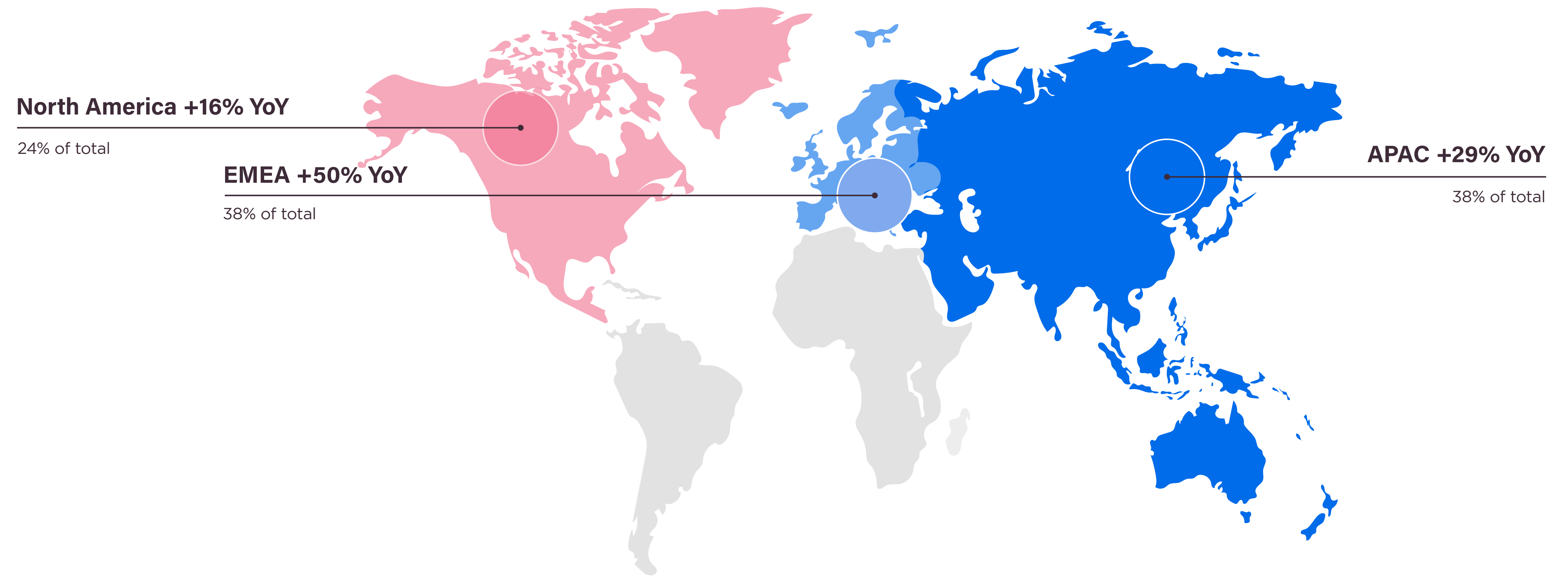
41% growth in
Q2-23 vs. Q2-22
Gross profit

CAD in million	Three months ended June 30, 2023	Three months ended June 30, 2022	YoY
Revenues	6.9	5.2	+33%
Cost of revenues	3.9	3.1	
Gross profit	3	2.1	+41%
RnD	0.4	0.4	
SG&A	3	2.3	
Operating profit (loss)	(0.4)	(0.6)	
Finance expenses	0.1	0.8	
Finance income	0.0	0.2	
Profit (loss) before taxes on income	(0.5)	(1.2)	
Tax expenses	0.0	0.0	
Total Comprehensive Profit (Loss) for the period	(0.5)	(1.2)	

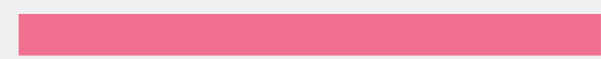
Total Revenues



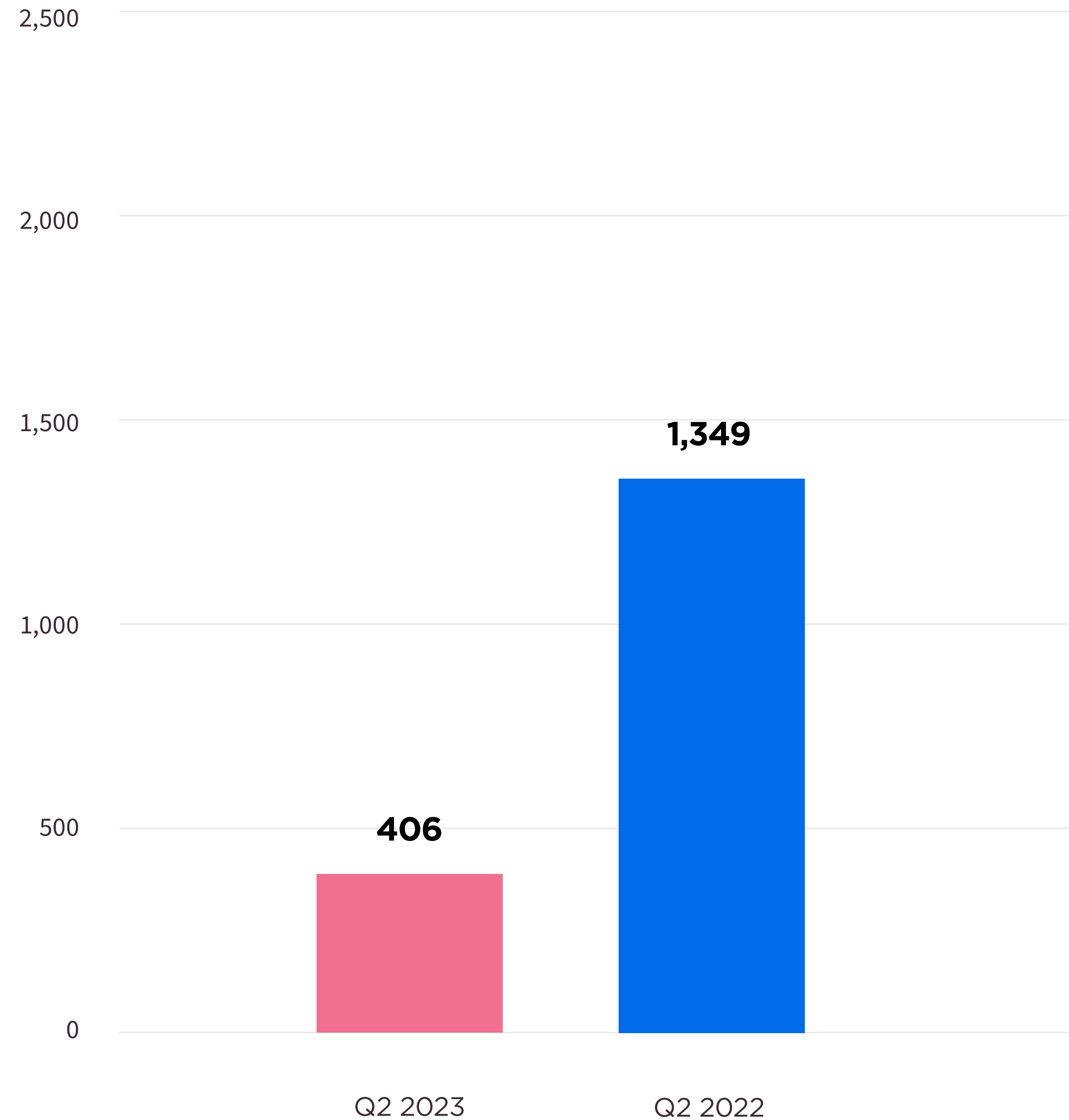
Revenue breakdown



Net cash used in operation activities



CAD in thousands



Financial Position - Assets

Adtech total capitalization in the 3 months ended June 30,2023 was 0.22

Edtech total capitalization in the 3 months ended June 30,2023 was 0.12

CAD in million	30.06.2023	31.12.2022
CURRENT ASSETS		
Cash and cash equivalents	6.2	8.8
Trade accounts receivable, net	5.0	6.3
Other accounts receivable	0.5	0.4
Total current assets	11.7	15.5
NON-CURRENT ASSETS		
Property, plant and equipment, net	0.4	0.6
Intangible assets, net	3.9	3.6
Total non-current assets	4.3	4.2
TOTAL ASSETS	16	19.7

Financial Position - Liabilities

Debt free

CAD in million

30.06.2023

31.12.2022

CURRENT LIABILITIES	30.06.2023	31.12.2022
Trade accounts payable	2.6	4.8
Other accounts payable	1.2	1.2
Lease liability	0.1	0.3
Total current liabilities	<u>3.9</u>	<u>6.3</u>
NON-CURRENT LIABILITIES	30.06.2023	31.12.2022
Deferred tax liability, net	0.2	0.2
Derivative liability - warrants	0.0	0.0
Total Non-current liabilities	<u>0.2</u>	<u>0.2</u>
Total Equity	11.9	13.2
TOTAL LIABILITIES & EQUITY	16	19.7

Adjusted EBITDA

CAD in thousands	Three months ended June 30, 2023	Three months ended June 30, 2022
Operating profit (loss)	(406)	(587)
Depreciation and amortization	201	269
Share-based payments	126	123
Other non-operational items	191	165
Total Adjustments	518	557
Adjusted EBITDA	<u>112</u>	<u>(30)</u>

AdTech activity Adjusted EBITDA - \$337 thousands for the three months ended June 30, 2023

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Q&A



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Thank You.

For more information visit adcore.com/investors

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