

Ionik Reports Q3 2024 Results and Provides Corporate Update

Revenue increased 29% over prior year to \$44.0 million

Adjusted EBITDA¹ increased 49% over prior year to \$5.6 million

(All figures in US dollars, unless otherwise indicated)

Toronto, Ontario--(Newsfile Corp. - November 28, 2024) - Ionik Corporation (TSXV: INIK) (OTCQB: INIKF) (the "**Company**" or "**Ionik**"), a data-driven performance marketing technology company, announced its financial results for the third quarter ended September 30, 2024 ("**Q3 2024**") and provides a corporate update for shareholders.

Financial Highlights for Q3 2024

- Revenue of \$44.0 million, an increase of 29% over the same period of the prior year ("**Q3 2023**"), attributable to revenue generated from the acquisitions of Shift44, Inc. ("**SHIFT44**") and Nimble5, LLC ("**Nimble5**"). Revenue decreased 2% from the prior quarter ("**Q2 2024**") due to a shift toward higher margin revenue sources.
- Gross profit growth in Q3 2024 reflected top line revenue growth, increasing 33% to \$17.1 million (39% margin), compared to \$12.9 million (38% margin) in Q3 2023. Gross profit grew 3% compared to \$16.7 million (37% margin) in Q2 2024.
- Adjusted EBITDA¹ of \$5.6 million, an increase of 49% over Q3 2023, with growth derived mainly from the additions of SHIFT44 and Nimble5. Adjusted EBITDA¹ grew 2% over Q2 2024.
- Year-to-date cash flow from operating activities of \$3.7 million, compared to \$6.0 million at September 30, 2023. Cash generated from operations was predominantly utilized to pay down and service senior debt obligations.
- Adjusted Free Cash Flow¹ of \$5.1 million (91% Adjusted Free Cash Flow conversion rate¹), compared to \$1.9 million (52% Adjusted Free Cash Flow conversion rate¹) for Q3 2023 and \$3.5 million (65% Adjusted Free Cash Flow conversion rate¹) for Q2 2024.
- Net loss after tax from continuing operations of \$3.4 million versus a net loss of \$2.3 million for Q3 2023.
- Cash as at September 30, 2024 was \$15.3 million, compared to \$6.8 million at June 30, 2024 and \$8.4 million at March 31, 2024, with normal course fluctuations in working capital. At September 30, 2024, the Company had not drawn on its revolving facility of \$10.0 million and had available to it \$9.25 million of its \$105.0 million term loan facility. Management believes that its current capital position is sufficient to execute its current business and operational strategies.
- Total undiscounted debt as at September 30, 2024 was \$127.7 million, including \$83.2 million of senior lender debt, \$31.5 million of convertible debt, \$7.5 million in a vendor take-back loan, \$2.5 million in hold back cash and \$3.0 million in a working capital note compared to \$92.4 million in total debt as at June 30, 2024. The increase mainly resulted from the additional draw for the acquisition of Nimble5 reduced by the principal payments of \$2.8 million on the senior debt term facility in the quarter. Senior debt net of cash was \$112.4 million at September 30, 2024, compared to \$85.6 million at June 30, 2024 and \$86.8 million at March 31, 2024.

¹Please refer to "Non-IFRS Measures" section of this press release

Ted Hastings, Ionik's CEO commented, "We are pleased with our record quarterly Adjusted EBITDA¹. During the third quarter, we continued to grow revenue and Adjusted EBITDA¹ year-over-year, completed another strategically aligned acquisition in Nimble5 and made significant progress with our integration efforts and investment in our Ionik Marketing Cloud. We are positioned well within the industry and, with the addition of Rise4 post quarter end, remain confident in achieving our 2024 goals."

Significant developments for the three months ended September 30, 2024 and subsequent to quarter end:

- On September 3, 2024, the Company [acquired Nimble5](#), a performance marketing company, for an aggregate purchase price of approximately \$33.7 million.
- On November 19, 2024, the Company [announced the acquisition of Rise4 Inc. \("Rise4"\)](#), a performance marketing company, for an aggregate purchase price of approximately \$19.9 million.

Financial Statements and MD&A

Ionik's Financial Statements for the three and nine months ended September 30, 2024, and Management's Discussion and Analysis for the same period, are posted on its corporate website at www.ionikgroup.com and available on the Company's profile on SEDAR+ at www.sedarplus.ca.

Corporate Update and Outlook

Ionik operates as a marketing technology company dedicated to helping advertisers achieve measurable outcomes through data-driven strategies. The Ionik Marketing Cloud platform combines first-party data, artificial intelligence (AI), and multi-channel capabilities to enable scalable consumer acquisition, engagement, and retention. This unified platform has been built through strategic acquisitions, integrating expertise across lead generation, programmatic activation, search, social, email, SMS, creative services, and connected TV to provide a comprehensive advertising solution. Assuming Ionik's acquisition of Shift44, Nimble5 and Rise4 had been completed as at October 1, 2023, Ionik's Pro Forma Revenue² for the twelve months ended September 30, 2024 would be approximately \$221.7 million with a 15% Pro Forma Adjusted EBITDA Margin², which management expects to position Ionik as a leading fully integrated marketing technology company in North America.

²Please refer to "Selected Unreviewed and Unaudited Pro Forma Consolidated Financial Information" section of this press release

Mergers & Acquisitions - Integration and Synergies

Ionik has effectively executed a series of acquisitions to build the Ionik Marketing Cloud platform with diversified user and subscriber acquisition capabilities and resilient advertising pathways. Ionik's integration strategy has unified a diverse set of acquired companies into a single, cohesive platform: the Ionik Marketing Cloud. By centralizing core administrative functions (e.g., HR, finance, IT) and merging various marketing channels (e.g., programmatic activation, search, social, connected TV), Ionik provides advertisers and publishers with a streamlined, one-stop solution that covers a wide spectrum of marketing needs. This approach allows clients to manage broader advertising budgets within Ionik, reinforcing a land-and-expand model where customers who initially engage through one service can seamlessly expand their advertising spend and utilization of services across Ionik's consolidated offerings. Additionally, by diversifying user acquisition methods, Ionik strengthens its resilience and relevance in an evolving, regulated market.

Each acquisition has brought unique expertise in various marketing channels, allowing Ionik to better serve advertising partners with holistic budget management and cross-channel marketing solutions,

while offering audience management and monetization solutions for publishers. This approach enables lonik to mitigate risk through channel diversification, providing customers with a secure, multifaceted platform for reaching their target audiences.

Growth Objectives and Pathway

lonik's growth strategy is focused on the following key initiatives:

- Increasing Share of Wallet with existing customers by offering more comprehensive services across the lonik Marketing Cloud platform.
- Attracting new customers with an expanded direct sales team empowered by a broader suite of services.
- Enhancing revenue-generating activities by leveraging lonik's first-party data assets to deliver targeted, personalized advertising offers.
- Pursuing additional mergers and acquisitions to strengthen lonik's capabilities, broaden distribution, and capture new customer acquisition models.

lonik's acquisition strategy remains disciplined and accretive, targeting subscale companies in a consolidating market, and leveraging lonik's proven capabilities in sourcing, financing, and operationally integrating acquisitions.

Debt, Leverage Ratios, and Interest Rates

lonik secured a \$115 million debt facility in the second quarter of 2023 from a syndicate of tier-one Canadian banks (the "**Syndicate Debt Facility**"), supporting its acquisition-led growth strategy. The Syndicate Debt Facility includes a combination of fixed and variable interest rates, which peaked above 10% during recent global rate increases, but have since declined.

lonik maintains a conservative Syndicate Debt Facility leverage ratio of less than 3.0X Pro Forma Adjusted EBITDA² for the trailing 12 months period ended September 30, 2024, staying within the Syndicated Debt Facility covenant limits and actively reducing debt as a strategic priority. The Company's ability to source debt reflects the financial diligence of its senior lending partners and is supported by lonik's Adjusted Free Cash Flow¹. As global interest rates stabilize, lonik anticipates increased cash flow flexibility, enabling further debt reduction and strengthening of its balance sheet.

"We see strong potential in lonik's growth trajectory as we deepen our position in the digital advertising space," said Mr. Hastings. "With our integrated, data-driven platform, we've built a resilient and scalable operation through disciplined acquisitions and strategic synergies. This approach not only enhances our service offerings and broadens our reach but also aligns us to capitalize on evolving consumer privacy standards and emerging market opportunities. By focusing on disciplined execution, effective debt management, and generation of free cash flow, lonik is well-positioned to achieve sustained growth and deliver meaningful value to our shareholders. We look forward to building on this momentum and driving the future of data-driven marketing."

Long-Range Targets

Looking ahead, lonik expects to capitalize on the lonik Marketing Cloud platform and its data-driven capabilities to expand within the digital advertising ecosystem. The Company remains committed to delivering sustained revenue growth, margin expansion, and operational efficiency, leveraging its scalable infrastructure and comprehensive service offerings.

Non-IFRS Measures

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). However, the Company considers certain non-IFRS financial measures as useful additional information to assess its financial performance. These measures, which it believes are widely

used by investors, securities analysts and other interested parties to evaluate its performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted EBITDA" and "Adjusted Free Cash Flow".

Adjusted EBITDA and Adjusted Free Cash Flow

Consolidated adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") is a non-IFRS measure of financial performance. Company management defines Adjusted EBITDA as IFRS Net income (loss) adding back finance costs, income taxes, depreciation and amortization, gain/loss on disposal of assets and extinguishment of loans, fair value gain/loss on financial liabilities and modification/extinguishment on loans, and excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, foreign exchange gains/losses, and other extraordinary one-time expenses, such as transaction costs and other severance and restructuring costs. See reconciliation of Adjusted EBITDA in the table below.

Company management defines "**Adjusted Free Cash Flow**" as Adjusted EBITDA less capital expenditures, such as acquisition of property and equipment and additions to intangibles for capitalized development costs, and income taxes paid during the period. Similarly, Company management defines "**Adjusted Free Cash Flow conversion rate**" as Adjusted Free Cash Flow divided by Adjusted EBITDA. See reconciliation of Adjusted Free Cash Flow in the table below.

The presentation of these non-IFRS financial measures are not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS and may be different from non-IFRS financial measures used by other companies.

Management believes Adjusted EBITDA and Adjusted Free Cash Flow are useful financial metrics to assess its operating performance on a cash basis before the impact of non-cash and extraordinary one-time items.

The following tables present the Company's calculation of Adjusted EBITDA and Adjusted Free Cash Flow for each period:

	For the three months ended			
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Net loss	\$(3,387)	\$(308)	\$(3,254)	\$(44,742)
Add:				
Finance costs	3,092	2,651	2,554	2,332
Income tax expense (recovery)	1,112	1,440	88	(499)
Depreciation and amortization	4,000	3,629	3,636	3,589
Impairment loss on intangibles and goodwill	—	—	—	41,270
Gain on disposal of games	(110)	(2,772)	—	—
Loss (gain) on disposal of assets	—	—	—	8
Fair value loss on financial liabilities	(33)	—	—	—
Loss on modification/extinguishment of loan	—	—	—	1,691
Share-based compensation expense	202	186	221	494
Extraordinary one-time expenses	615	576	61	823
Foreign exchange loss	135	99	157	75
Non-recurring income	(45)	(12)	(72)	—
Adjusted EBITDA	\$5,581	\$5,489	\$3,391	\$5,041
Less:				
Acquisition of property and equipment	(6)	(12)	(17)	(2)
Additions to intangible assets	(70)	(69)	(70)	(251)
Taxes paid	(406)	(1,865)	(1,858)	(21)
Adjusted Free Cash Flow	\$5,099	\$3,543	\$1,446	\$4,767

To view an enhanced version of this graphic, please visit:

https://images.newsfilecorp.com/files/6563/231734_283c9f5ed4887a93_001full.jpg

	For the three months ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Net loss	\$(2,334)	\$(4,849)	\$(4,270)	\$(14,748)
Add:				
Finance costs	2,024	3,329	1,239	1,246
Income tax expense	105	40	78	564
Depreciation and amortization	3,328	3,176	2,827	2,518
Impairment loss on intangibles and goodwill	—	—	—	14,345
Fair value loss (gain) on financial liabilities	—	—	—	217
Loss (gain) on disposal of assets	(8)	—	—	—
Fair value loss on financial liabilities	—	—	1,782	—
Loss on modification/extinguishment of loan	—	1,129	—	—
Share-based compensation expense	242	296	400	386
Extraordinary one-time expenses	280	410	173	187
Foreign exchange loss (gains)	111	90	229	(130)
Loan forgiveness	—	—	—	(617)
Non-recurring income	—	—	—	(2)
Adjusted EBITDA	\$3,748	\$3,621	\$2,458	\$3,966
Less:				
Acquisition of property and equipment	(19)	(36)	(22)	(6)
Additions to intangible assets	(456)	(150)	(151)	(149)
Taxes paid	(1,334)	(19)	—	(44)
Adjusted Free Cash Flow	\$1,939	\$3,416	\$2,285	\$3,767

To view an enhanced version of this graphic, please visit:

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Selected Unreviewed and Unaudited Pro Forma Financial Information

The Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin provided above is presented as if the acquisition of each of Shift44, Nimble5 and Rise4 were completed as of October 1, 2023.

The unreviewed and unaudited Pro Forma Revenue, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin provided above is derived from the Revenue and Adjusted EBITDA figures presented in Ionik's financial statements, and in Management's Discussion and Analysis, filed on the Company's profile on SEDAR at www.sedarplus.ca for the applicable periods (defined as, "**As Reported Revenue**" and "**As Reported Adjusted EBITDA**", respectively) after taking into account the following adjustments: (i) As Reported Revenue for the twelve month period ending September 30, 2024 increased by \$52.1 million to reflect Pro Forma Revenue for the period of \$221.7 million; and (ii) As Reported Adjusted EBITDA for the twelve month period ending September 30, 2024 increased by \$13.6 million to reflect Pro Forma Adjusted EBITDA for the period of \$33.1 million. Pro Forma Adjusted EBITDA Margin for the twelve month period ending September 30, 2024 is calculated as Pro Forma Adjusted EBITDA divided by Pro Forma Revenue, being 15%.

About Ionik

Ionik, a Tier 1 Issuer on the TSX Venture Exchange, with shares also trading on the OTCQB, is a data-driven performance marketing technology company focused on assembling the most effective and complete suite of advertising, marketing and monetization solutions for brands, advertisers and publishers while building an extensive proprietary repository of opted-in first party data.

Additional information about the Company is available at www.sedarplus.ca.

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Cautionary Statement Regarding Forward-Looking Information

Certain information in this news release constitutes forward-looking statements and forward-looking information under applicable Canadian securities legislation (collectively, "forward-looking information"). Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. Forward-looking information includes, but is not limited to, statements with respect to the business, financials and operations of the Company. Forward-looking information in this press release includes statements with respect to the Company's sufficiency of its capital position to execute on business and operational strategies, successful integration of acquisitions, operational and financial growth strategy, ability to make debt repayments, expected Adjusted Free Cash Flow and anticipated success in customer adoption of the Ionik Marketing Cloud platform. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Forward looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date of this news release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements and future events to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the public documents of the Company available at www.sedarplus.ca. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Investors are cautioned that undue reliance should not be placed on any such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.



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