



## AcuityAds Reports Third Quarter 2022 Financial Results

*illumin Revenue Up 78.4% YOY and 29.4% sequentially*

*Generated \$29.0 million in Total Revenue*

**(All monetary figures are expressed in Canadian dollars unless otherwise stated)**

TORONTO and NEW YORK, Nov. 10, 2022 -- AcuityAds Holdings Inc. (TSX:AT) (NASDAQ:ATY) ("AcuityAds" or "Company"), a Journey Advertising technology company that empowers marketers to make smarter decisions about communicating with online consumers, today announced its financial results for the three and nine months ended September 30, 2022.

### **Third Quarter 2022 Highlights**

- Total revenue for the three months ended September 30, 2022, was \$29.0 million, up 2.5% sequentially and 5.5% on a year over year basis as we began to realize the benefits of our recent investments in sales, marketing, and product development. Despite significant macro-economic headwinds, we believe we will see continued benefits from these investments over the ensuing quarters.
- illumin third quarter revenue rose 78.4% year over year and 29.4% sequentially to \$13.2 million, or 46% of total revenue. On a YTD basis, illumin revenue is \$31.3 million.
- illumin self-serve revenue increased 20% sequentially to \$1.2 million, while illumin self-serve clients grew 42% sequentially. The significant increase in illumin self-serve clients should bode well for continued growth in this very strategic segment of the business.
- Third quarter 2022 gross margin was 51.4%, compared to 51.9% for the same period in 2021.
- Net revenue or gross profit (revenue less media costs) for the three months ended September 30, 2022, was \$14.8 million, compared to \$14.3 million for the same period in 2021.
- Adjusted EBITDA was \$1.6 million for the third quarter of 2022, compared to \$4.4 million in the prior year. The decline of Adjusted EBITDA was fully anticipated, as management made the strategic decision to increase our investments in R&D, sales and marketing given the early success of illumin.
- Q3 2022 net income was \$2.8 million, compared to \$3.4 million in Q3 2021.
- During the third quarter of 2022, the Company repurchased 1,811,400 of its common shares at an average price of \$3.23 per share for total consideration of \$5,859,678. As of November 5, 2022, the Company has repurchased 4,080,880 of its common shares (7.1% of shares outstanding) for total consideration of \$12,999,975.
- At September 30, 2022, the Company had cash and cash equivalents of \$88.2 million, compared to \$102.2 million as of December 31, 2021, reflecting share repurchases during the previous quarters.
- During the quarter, two significant hires were made. Nadeem Ahmed joined Acuity as Chief Revenue Officer, bringing with him over 25 years of revenue-building experience, including 10 years at Salesforce building their Healthcare and Life Sciences vertical. Tony Vlismas joins as VP of Marketing, having spent most of his career leading and scaling ad-tech companies in senior marketing roles.

"We continued to see excellent traction for illumin during the third quarter, with year over year revenue growth from this Journey Advertising platform of 78.4% and strong sequential revenue growth of 29.4%," said Tal Hayek, Co-Founder and Chief Executive Officer of AcuityAds. "Now standing at 46% of total company revenue, we believe illumin is well on its way to eclipsing our stated goal of comprising over half of total company revenue run rate by year end. The continued rapid growth in illumin adoption is further proof that it is breaking the mold with its incredible simplicity and deep advertiser insights."

Mr. Hayek continued, "When I evaluate where we are as a company, I know we are creating something revolutionary given the overwhelming positive feedback we are receiving from our clients about illumin. We are constantly monitoring internal customer data and it's clear both new and existing clients are recognizing the value of this intuitive Journey Advertising platform, which enables them to differentiate themselves and take control of their own advertising journeys. Our results tell the story, with 81% more clients using the platform year over year for the third quarter, while illumin self-serve revenue rose 20% from just the second quarter."

Elliot Muchnik, AcuityAds' Chief Financial Officer, commented, "While management remains attuned to the challenging macro-economic environment, we are seeing solid customer demand as customers appreciate the importance of brand strength and we continue to anticipate year-over-year revenue growth in the fourth quarter of 2022. We firmly believe that the investments we made in R&D, sales and marketing coming into and during this fiscal year has positioned the Company well for future growth. Should the macro-economic forces be more serious than we anticipated on our business, management will take the appropriate actions to reduce spend and optimize our cost structure."

**The following table presents a reconciliation of net income (loss) to Adjusted EBITDA for the periods ended:**

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
Net income (loss) for the period	\$ 2,802,622	\$ 3,362,127	\$ (776,989)	\$ 8,087,580

Adjustments:				
Finance costs	158,453	263,220	429,557	797,074
Foreign exchange gain	(5,835,813)	(1,864,926)	(7,228,072)	(2,599,487)
Depreciation and amortization	1,124,790	1,172,334	3,527,168	3,816,994
Income taxes	1,378,607	-	1,432,242	231,600
Share-based compensation	1,893,845	1,465,706	5,447,830	3,954,217
Severance expenses	115,832	20,875	398,263	111,633
Other expenses	-	-	79,132	-
Total adjustments	(1,164,286)	1,057,209	4,086,120	6,312,031
<b>Adjusted EBITDA</b>	<b>\$ 1,638,336</b>	<b>\$ 4,419,336</b>	<b>\$ 3,309,131</b>	<b>\$ 14,399,611</b>

### Conference Call Details:

Date: Thursday, November 10, 2022

Time: 8:30AM Eastern Time

To register for the conference call webcast and presentation, please visit

<https://illum.in.com/investors/earnings-call/>

Please connect at 15 minutes prior to the conference call to ensure time for any software download that may be needed to hear the webcast.

A recording of the conference call webcast will be available after the call by visiting the Company's website at

<https://illum.in.com/investors/>.

### Non-IFRS Measures

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "revenue less media costs", "revenue less media costs margin", "Adjusted EBITDA" and "Adjusted Net Income (Loss)" (as well as other measures discussed elsewhere in this press release).

The term "revenue less media costs margin" refers to the amount that "revenue less media costs" represents as a percentage of total revenue for a given period, while the term "revenue less media costs" refers to the net amount of revenue after deducting direct media costs. Revenue less media costs is used for internal management purposes as an indicator of the performance of the Company's solution in balancing the goals of delivering excellent results to advertisers while meeting the Company's margin objectives and, accordingly the Company believes it is useful supplemental information.

"Adjusted EBITDA" refers to net income (loss) after adjusting for finance costs, impairment loss, fair value gain, income taxes, foreign exchange gain (loss), depreciation and amortization, share-based compensation, acquisition and related integration costs, severance expenses and adjustments to the carrying value of investment tax credits receivable. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities before taking into consideration how those activities are financed and taxed and also prior to taking into consideration depreciation of property and equipment and certain other items listed above. It is a key measure used by the Company's management and board of directors to understand and evaluate the Company's operating performance, to prepare annual budgets and to help develop operating plans.

"Adjusted Net Income (Loss)" refers to net income (loss) after adjusting for non-cash items such as impairment loss, fair value gain, depreciation and amortization, share-based compensation, and foreign exchange gain/loss. The Company believes that Adjusted Net Income (Loss) is useful supplemental information as it provides an indication of the results generated by the Company's main business activities on a cash basis. It is another key measure used by the Company's management and board of directors to understand and evaluate the Company's operating performance, to prepare annual budgets and to help develop operating plans.

These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our business that may not otherwise be apparent when relying solely on IFRS measures. We believe that securities analysts, investors, and other interested parties frequently use non-IFRS measures in the evaluation of issuers, and that these non-IFRS measures in particular are relevant to their analysis of the Company.

### Unaudited Interim Financial Statements

This press release contains our unaudited condensed interim consolidated statements of financial position, of income (loss) and cash flows for the three and nine months ended September 30, 2022. These statements should be read in conjunction with our unaudited interim financial statements which contain certain explanatory notes, and our accompanying management discussion and analysis for the three and nine months ended September 30, 2022, in each case as filed on [sedar.com](https://www.sedar.com)

**About AcuityAds:**

AcuityAds is a leading technology company that provides marketers a one-stop solution for omnichannel digital advertising with best-of-category return on advertising spend. Its journey automation technology, illumin™, offers planning, buying and real-time intelligence from one platform. With proprietary Artificial Intelligence, illumin™ brings unique digital advertising capabilities to close the gap between planning and execution. The Company brings an integrated ecosystem of privacy-protected data, inventory, brand safety and fraud prevention partners, offering trusted solutions with proven, above-benchmark outcomes for the most demanding marketers.

AcuityAds is headquartered in Toronto with offices throughout Canada, the U.S., Europe and Latin America. For more information, visit <https://illumin.com>.

**Disclaimer in regards to Forward-looking statements**

Certain statements included herein constitute "forward-looking statements" within the meaning of applicable securities laws. These statements may relate to the Company's future financial outlook, financial position, anticipated events, results, success of its work from home policies, the Company's strategy with respect to the illumin platform, or the effect of the COVID-19 pandemic on the Company's business and operations. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Also, given the evolving circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the adverse impact of the pandemic will be on the global and domestic economy, the business, operations and financial position of the Company's clients and the business, operations, and financial position of the Company. Investors are cautioned not to put undue reliance on forward-looking statements. Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of the Company's Annual Information Form dated March 10, 2022<sup>1</sup> for the fiscal year ended December 31, 2021 (the "AIF") and the Company's Management Discussion and Analysis for the three months ended September 30, 2022 dated November 10, 2022 (the "MD&A"). A copy of the AIF, MD&A and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com). In addition, the effects of COVID-19, including the duration, spread and severity of the pandemic, create additional risks and uncertainties for the Company. In particular, the impact of the virus and government authorities' and public health officials' responses thereto may affect: the Company's actual results, performance, prospects, or opportunities; domestic and global credit and capital markets and its ability to access capital on favourable terms, or at all; and the health and safety of its employees. The Company cautions that the list of risk factors and uncertainties described in the AIF and the MD&A are not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties, and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such information.

Except as required by law, AcuityAds does not intend, and undertakes no obligation, to update any forward-looking statement to reflect, in particular, new information or future events.

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**AcuityAds Holdings Inc.**

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)  
(Unaudited)

	September 30, 2022 \$	December 31, 2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	88,231,834	102,208,807
Accounts receivable	28,448,325	30,972,608
Prepaid expenses and other	3,172,384	3,278,624
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	119,852,543	136,460,039
<b>Non-current assets</b>		

Deferred tax asset	81,803	81,803
Other assets	360,836	-
Property and equipment	6,950,092	5,369,619
Intangible assets	4,557,717	3,044,278
Goodwill	4,869,841	4,869,841
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	136,672,832	149,825,580
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<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	20,204,928	24,853,497
Income tax payable	558,690	910,165
Borrowings	4,800,272	2,946,150
Lease obligations	1,866,511	2,058,161
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	27,430,401	30,767,973
<b>Non-current liabilities</b>		
Borrowings	214,590	3,852,891
Lease obligations	4,362,910	2,148,708
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	32,007,901	36,769,572
<b>Shareholders' equity</b>		
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	104,664,931	113,056,008
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	136,672,832	149,825,580
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#### AcuityAds Holdings Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)  
(Expressed in Canadian dollars)  
(Unaudited)

	Three months ended September 30, 2022 \$	Three months ended September 30, 2021 \$	Nine months ended September 30, 2022 \$	Nine months ended September 30, 2021 \$
<b>Revenue</b>				
Managed services	20,424,781	19,320,662	54,337,640	65,197,665
Self-service	8,522,515	8,164,158	26,690,889	20,026,969
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	28,947,296	27,484,820	81,028,529	85,224,634
Media costs	14,102,830	13,232,069	39,601,460	40,798,761
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<b>Gross profit</b>	14,844,466	14,252,751	41,427,069	44,425,873
<b>Operating expenses</b>				
Sales and marketing	5,904,181	5,260,944	16,745,908	14,982,171
Technology	4,243,954	2,581,090	11,764,959	9,716,514
General and administrative	3,173,827	2,012,256	10,084,466	5,439,210
Share-based compensation	1,893,845	1,465,706	5,447,830	3,954,217
Depreciation and amortization	1,124,790	1,172,334	3,527,168	3,816,994
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	16,340,597	12,492,330	47,570,331	37,909,106
<b>Income (loss) from operations</b>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,496,131)	1,760,421	(6,143,262)	6,516,767
<b>Finance costs</b>				
	158,453	263,220	429,557	797,074

<b>Foreign exchange gain</b>	(5,835,813)	(1,864,926)	(7,228,072)	(2,599,487)
	(5,677,360)	(1,601,706)	(6,798,515)	(1,802,413)
<b>Net income before income taxes</b>	4,181,229	3,362,127	655,253	8,319,180
<b>Income taxes</b>	1,378,607	-	1,432,242	231,600
<b>Net income (loss) for the period</b>	2,802,622	3,362,127	(776,989)	8,087,580
<b>Basic net income (loss) per share</b>	0.05	0.06	(0.01)	0.14
<b>Diluted net income (loss) per share</b>	0.05	0.05	(0.01)	0.14
<b>Exchange (gain) loss on translating foreign operations</b>	(224,097)	(331,401)	10,238	671,363
<b>Comprehensive income (loss) for the period</b>	3,026,719	3,693,528	(787,227)	7,416,217

### AcuityAds Holdings Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

For the nine months ended September 30, 2022, and 2021

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) for the period	(776,989)	8,087,580
Adjustments to reconcile net income (loss) to net cash flows		
Depreciation and amortization	3,527,168	3,816,994
Finance costs	429,557	797,074
Share-based compensation	5,447,830	3,954,217
Foreign exchange gain	(7,228,072)	(2,599,487)
Change in non-cash operating working capital		
Accounts receivable	2,637,300	7,333,843
Prepaid expenses and other	106,237	(1,209,249)
Other assets	(360,836)	-
Accounts payable and accrued liabilities	(4,296,278)	(3,390,866)
Income tax payable	(351,475)	-
Interest paid, net	(328,332)	(695,976)
	<u>(1,193,890)</u>	<u>16,094,130</u>
<b>Investing activities</b>		
Additions to property and equipment	(161,646)	(779,828)
Additions to intangible assets	(2,650,031)	(964,636)
	<u>(2,811,677)</u>	<u>(1,744,464)</u>
<b>Financing activities</b>		
Repayment of term loans principal	(1,679,881)	(1,818,053)
Proceeds from international loans	1,135,985	852,486
Repayment of international loans	(1,406,950)	(1,410,960)
Addition to leases	-	358,644
Repayment of leases	(1,535,249)	(2,345,510)
Net proceeds from equity financing	-	63,955,491

Repurchase of shares for cancellation	(12,999,975)	-
Proceeds from the exercise of warrants	-	61,723
Proceeds from the exercise of stock options	374,037	1,056,189
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	(16,112,033)	60,710,010
<b>Increase (decrease) in cash and cash equivalents</b>	(20,117,600)	75,059,676
<b>Impact of foreign exchange on cash and cash equivalents</b>	6,140,627	2,599,487
<b>Cash and cash equivalents – beginning of period</b>	102,208,807	22,638,300
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<b>Cash and cash equivalents – end of period</b>	88,231,834	100,297,463
<b>Supplemental disclosure of non-cash transactions</b>		
Additions to property and equipment under leases	3,809,403	447,869