



illumin Reports Third Quarter 2024 Financial Results

*Record Third Quarter Revenue of \$36.3 Million up 23% YoY
Self-Service Revenue rose 64% to \$8.4 Million
200% Adjusted EBITDA Improvement YoY*

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

TORONTO, Nov. 08, 2024 -- illumin Holdings Inc. (TSX: ILLM) (OTCQB: ILLMF) (“illumin” 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 third quarter ended September 30, 2024.

Third Quarter 2024 Highlights

- Third quarter 2024 revenue was \$36.3 million, up 23% compared to \$29.6 million in Q3 2023, driven by increases in self-service revenue, exchange services component of our programmatic revenue, and growth in our managed services revenue.
- Self-service revenue rose 64% year-over-year to \$8.4 million for the quarter, representing 23% of total revenue compared to 17% in Q3 2023. This growth was largely due to new relationships to the Company.
- The Company onboarded 29 net new self-service clients during the quarter with a focus on higher-spending customers.
- Programmatic revenue grew by 39% to \$10.1 million largely due to improvements in our exchange services business.
- Managed-service revenue grew by 3% to \$17.8 million.
- Gross margin in the quarter was 47%, consistent with Q3 2023.
- Net revenue, or gross profit (revenue less media-related costs), was \$17.2 million, compared to \$13.9 million in Q3 2023, reflecting higher sales.
- Adjusted EBITDA increased 200% year-over-year to \$1.9 million, mainly from higher revenue.
- Q3 2024 net loss was \$1.1 million, compared to a profit of \$0.8 million in Q3 2023. This was mainly due to a net foreign exchange loss versus a gain in Q3 2023 and higher income tax expense.
- On November 13, 2023, the Company commenced a new normal course issuer bid (“NCIB”) to purchase for cancellation up to 4,330,226 of its outstanding common shares. During the three and nine month periods ended September 30, 2024, the Company purchased 819,698 and 3,310,384 of its common shares under the NCIB at an average price of \$1.59 and \$1.64 per share, totaling \$1.3 million and \$5.4 million, respectively.
- Cash and cash equivalents were virtually unchanged from prior quarter at \$51.4 million as the positive cash generated from operations offset the share repurchases.

Simon Cairns, illumin’s Chief Executive Officer, commented, “Once again we saw strong growth in self-service revenue during the third quarter, which rose 64% year-over-year mainly from new customers who see the illumin platform’s immense value with its open web visibility and unique campaign insights. Importantly, this quarter also marked notable growth in our programmatic segment due to inbound opportunities and furthermore the resumption of managed service growth – for the first time since fourth quarter 2022 - as more customers are starting to use both managed service and self-service products. All of this drove record total company third quarter revenue.”

Mr. Cairns added, “Looking forward, we will continue our customer centric approach to our product roadmap, marketing messages and sales efforts, enabling us to expand existing customer engagements even as we keep bringing on new customers. We believe managed and self-service are highly complementary and strive to provide our clients with solutions that best fit their needs, including fully managed campaigns, self-service and where it make sense, a hybrid approach.”

Elliot Muchnik, illumin’s Chief Financial Officer, commented, “Total company revenue increased 23% for the quarter, driven by continued rapid growth in self-service, our exchange services component, and our success in returning managed service to growth. We intend to keep this momentum, while focusing on operational discipline to propel increased adjusted EBITDA, which grew 200% for the quarter. In addition to these strong results, the Company also repurchased additional stock in the quarter, as we continue to believe our equity has compelling value. Looking ahead, we expect solid fourth quarter revenue growth resulting, in part, from the recent organizational changes we have made in both the Sales and Marketing teams.”

The following table presents a reconciliation of Net income (loss) to Adjusted EBITDA:

(unaudited, in thousands of Canadian dollars)

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income (loss) for the period	\$ (1,108)	\$ 762	\$ (3,260)	\$ (8,409)
Adjustments:				
Finance income, net	(432)	(612)	(1,407)	(1,594)
Foreign exchange loss (gain)	493	(1,666)	(1,449)	793

Depreciation and amortization	1,294	1,433	4,046	4,372
Income tax expense (benefit)	275	(1,413)	162	(1,177)
Share-based compensation	1,075	1,571	2,882	4,584
Severance expenses	260	119	360	367
Nasdaq-related costs ¹	-	425	736	1,382
Other non-recurring expenses	-	-	316	-
Total adjustments	2,965	(143)	5,646	8,727
Adjusted EBITDA	\$ 1,857	\$ 619	\$ 2,386	\$ 318

(1) Nasdaq-related costs are listing fees and directors' and officers' insurance specific to the Company's Nasdaq listing and have been reclassified below Adjusted EBITDA as they are not recurring.

Conference Call Details:

Date: Friday, November 8, 2024

Time: 8:30AM Eastern Time

To register for the conference call webcast and presentation, please visit: <https://illumin.com/investor-information/earnings-call/>.

Please connect 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://illumin.com/investor-information/>.

Non-IFRS Measures

This press release makes reference to certain non-IFRS Accounting Standard measures ("non-IFRS measures"). These measures are not recognized measures under IFRS Accounting Standards ("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 (income), impairment loss, fair value gain, income taxes, foreign exchange loss (gain), 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 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 loss (gain). 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 are relevant to their analysis of the Company.

About illumin:

illumin is a journey advertising platform that enables marketers to reach consumers at every stage of their journey by leveraging advanced machine learning algorithms and real-time data analytics. The Company's mission is to illuminate the path for brands to connect with their customers through the power of data-driven advertising. Headquartered in Toronto, Canada, illumin serves clients across North America, Latin America, and Europe.

Disclaimer with regard to forward-looking statements

Certain statements included herein constitute “forward-looking statements” within the meaning of applicable securities laws. 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. Investors are cautioned not to put undue reliance on forward-looking statements. Except as required by law, the Company does not intend, and undertakes no obligation, to update any forward-looking statements to reflect, in particular, new information or future events.

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Please note that the following financial information is an extract from the Company's Condensed Interim Consolidated Financial Statements (unaudited) for the three and nine months ended September 30, 2024 and 2023 (the “**Financial Statements**”) provided for readers' convenience and should be viewed in conjunction with the Notes to the Financial Statements, which are an integral part of the statements. The full Financial Statements and MD&A for the period may be found by accessing SEDAR+ at www.sedarplus.com.

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

	September	
	30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 51,434	\$ 55,455
Accounts receivable	31,423	32,136
Income tax receivable	1,365	3,301
Prepaid expenses and other	3,787	4,123
	<hr/>	<hr/>
	88,009	95,015
Non-current assets		
Deferred tax asset	9	-
Other assets	98	63
Property and equipment	7,891	9,329
Intangible assets	8,734	7,618
Goodwill	4,870	4,870
	<hr/>	<hr/>
	109,611	116,895
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	27,233	26,488
Income tax payable	361	717
Borrowings	83	131
Lease obligations	1,631	1,726
	<hr/>	<hr/>
	29,308	29,062
Non-current liabilities		
Borrowings	-	47
Deferred tax liability	1,111	1,001
Lease obligations	4,818	6,087
	<hr/>	<hr/>
	35,237	36,197
Shareholders' equity	<hr/>	<hr/>
	74,374	80,698

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Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited; Expressed in thousands of Canadian dollars)

For the three and nine months ended September 30, 2024 and 2023

	Three months ended		Nine months ended	
	2024	2023	2024	2023
Revenue				
Managed service	\$ 17,832	\$ 17,268	\$ 43,943	\$ 54,344
Self-service illumina	8,357	5,091	25,486	12,693
Programmatic	10,116	7,269	21,032	22,276
	36,305	29,628	90,461	89,313
Media-related costs	19,118	15,739	47,689	47,066
Gross profit	17,187	13,889	42,772	42,247
Operating expenses				
Sales and marketing	6,646	6,336	17,804	19,023
Technology	5,327	4,471	14,365	14,937
General and administrative	3,617	3,007	9,629	9,718
Share-based compensation	1,075	1,571	2,882	4,584
Depreciation and amortization	1,294	1,433	4,046	4,372
	17,959	16,818	48,726	52,634
Loss from operations	(772)	(2,929)	(5,954)	(10,387)
Finance income, net	(432)	(612)	(1,407)	(1,594)
Foreign exchange loss (gain)	493	(1,666)	(1,449)	793
	61	(2,278)	(2,856)	(801)
Net loss before income taxes	(833)	(651)	(3,098)	(9,586)
Income tax expense (benefit)	275	(1,413)	162	(1,177)
Net income (loss) for the period	(1,108)	762	(3,260)	(8,409)
Basic and diluted net income (loss) per share	(0.02)	0.01	(0.06)	(0.15)
Other Comprehensive Income (Loss)				
Items that may be subsequently reclassified to net income (loss):				
Exchange loss on translating foreign operations	(226)	(681)	(534)	(734)
Comprehensive income (loss) for the period	(1,334)	81	(3,794)	(9,143)

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Condensed Interim Consolidated Statements of Cash Flows

(Unaudited; Expressed in thousands of Canadian dollars) For the nine months ended

September 30, 2024 and 2023

	2024	2023
Cash provided by (used in)		

Operating activities				
Net loss for the period	\$	(3,260)	\$	(8,409)
Adjustments to reconcile net loss to net cash flows				
Depreciation and amortization		4,046		4,372
Finance income, net		(1,407)		(1,594)
Share-based compensation		2,882		4,584
Foreign exchange loss (gain)		(1,449)		793
Income tax expense (benefit)		162		(1,177)
Change in non-cash operating working capital				
Accounts receivable		700		4,564
Prepaid expenses and other		1,435		(2,086)
Other assets		(35)		(25)
Accounts payable and accrued liabilities		1,088		(1,813)
Income taxes refunded (paid), net		1,674		133
Interest received, net		1,600		1,965
		<u>7,436</u>		<u>1,307</u>
Investing activities				
Additions to property and equipment		(1,531)		(443)
Additions to intangible assets		(3,972)		(5,072)
		<u>(5,503)</u>		<u>(5,515)</u>
Financing activities				
Repayment of term loans		-		(4,411)
Proceeds from international loans		-		638
Repayment of international loans		(95)		(647)
Payment of leases		(1,609)		(2,411)
Repurchase of common shares for cancellation		(5,310)		(14,637)
Proceeds from the exercise of stock options		4		7
		<u>(7,010)</u>		<u>(21,461)</u>
Decrease in cash and cash equivalents		(5,077)		(25,669)
Impact of foreign exchange on cash and cash equivalents		1,056		(449)
Cash and cash equivalents – beginning of period		55,455		85,941
Cash and cash equivalents – end of period		51,434		59,823
Supplemental disclosure of non-cash transactions				
Adjustments to property and equipment under leases		(23)		4,710
Unpaid additions (reversals) to property and equipment, net		(734)		-
Unpaid taxes on share repurchases		106		-