



AcuityAds Reports Second Quarter 2021 Financial Results

Generated \$30.3 million in Revenue and \$5.4 million in Adjusted EBITDA

Self-Serve Advertising Automation Platform, illumin, Generated \$5.2 million in Revenue

Completed a US\$57.5 million Cross-Border Offering and Successful Listing on the Nasdaq Capital Market

TORONTO and NEW YORK – Aug 10, 2021 – AcuityAds Holdings Inc. (TSX:AT, Nasdaq:ATY) (“AcuityAds” or “Company”), the technology leader in consumer journey based advertising automation, today reported financial results for the three and six months ended June 30, 2021. Unless otherwise specified, all amounts are in Canadian dollars.

Second Quarter 2021 Highlights

- Total revenue for the three months ended June 30, 2021 was \$30.3 million, a 54.9% increase year-over-year, and a 74.9% increase on a constant currency basis. Revenue growth was largely driven by our new advertising automation platform, illumin, and newer emerging verticals such as pharmaceutical, technology, automotive and direct-to-consumer brands.
- Gross margin for the three months ended June 30, 2021 was 52.2% compared to 51.7% for the same period in 2020, an increase of 50 basis points.
- Net revenue or gross profit (revenue less media costs) for the three months ended June 30, 2021 was \$15.8 million, compared to \$10.1 million for the same period in 2020, an increase of 56.4%.
- Adjusted EBITDA increased over 154% to \$5.4 million for the three months ended June 30, 2021, compared to \$2.1 million during the comparable prior year period. Adjusted EBITDA margin as a percentage of total revenue was 18% and as a percentage of net revenue was 34.4%. Adjusted EBITDA for the trailing 12-month period totaled \$21.8 million, an increase of 88.7% from the comparable period last year.
- Total Connected TV segment revenue for the first quarter of 2021 grew over 400%, compared to the second quarter of 2020.
- illumin second quarter 2021 revenue was \$5.2 million, up over 60% compared to the first quarter of 2021, as previously announced on July 15, 2021.
- Net Income was \$3.4 million for the three months ended June 30, 2021 compared to a net loss of \$1.6 million for the same period in 2020.
- Operating cash flow for the three months ended June 30, 2021 was \$3.5 million, compared to operating cash flow of \$5.3 million for the same period in 2020.
- At June 30, 2021, the Company had cash and cash equivalents of \$93.4 million, compared to \$22.6 million as of December 31, 2020.
- In the quarter, the Company completed a US\$57.5 million cross-border public offering in the United States and Canada, and is now trading on The Nasdaq Capital Market (“Nasdaq”) under the ticker symbol “ATY”.

“We are very pleased to report 55% revenue growth and 154% Adjusted EBITDA growth on a year-over-year basis for our second quarter. We saw strength throughout our business including some initial signs of recovery in COVID-affected industries such as travel, leisure and entertainment. This outstanding performance would not have been possible without the hard work of all our team members and I want to thank them for their efforts,” said Tal Hayek, Co-Founder and Chief Executive Officer of AcuityAds. “As we look to the third quarter, based on our current momentum, we expect to generate solid year-over-year revenue and EBITDA growth despite any normal seasonality.”



Mr. Hayek continued, “The biggest second quarter growth driver was illumin, which continues to surpass our expectations with sequential sales growth in excess of 60% and new clients growing over 135%. We continue to see rapidly increasing interest for illumin as evidenced by very significant pipeline growth in the quarter. Given this very strong pipeline growth, we expect illumin to experience strong sequential revenue growth in the second half of 2021 and continue to believe it is fundamentally changing the programmatic advertising landscape. With our latest illumin release, which further enhances the platform’s features and functionality, and the ongoing expansion of our consumer journey expertise, we are continuing to extend our leadership position in the marketplace.”

Jonathan Pollack, AcuityAds’ Chief Financial Officer, commented, “We are proud to report increasing year-over-year revenue and bottom-line growth for the quarter. Our revenues grew nearly 75% on a constant currency basis, while Adjusted EBITDA grew over 154% compared to the prior year. As a result of the strong cash flow generation and the proceeds from our recent cross-border public offering, our cash position grew to a record \$93 million, providing significant financial strength to execute on our growth strategy. Finally, we successfully listed on Nasdaq, a significant milestone for the Company. We believe this listing will allow us to broaden our U.S. investor base.”

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

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Net income (loss) for the period	\$3,361,572	\$(1,600,405)	\$4,725,453	\$(1,395,630)
Adjustments:				
Finance costs	258,974	450,644	533,854	1,053,036
Foreign exchange (gain) loss	(1,303,044)	632,594	(734,561)	(881,702)
Depreciation and amortization	1,261,634	2,256,647	2,644,660	4,422,991
Income taxes	201,357	38,743	231,600	142,608
Share-based compensation	1,624,119	89,692	2,488,511	232,816
Severance expenses	34,209	74,127	90,758	170,492
Non recurring expenses	-	199,136	-	199,136
Total adjustments	2,077,249	3,741,583	5,254,822	5,339,377
Adjusted EBITDA	\$5,438,821	\$2,141,178	\$9,980,275	\$3,943,747

Conference Call Details:

Date: Tuesday, August 10, 2021

Time: 8:30 AM Eastern Time

To register for the conference call webcast and presentation, please visit
<https://www.acuityads.com/q2>

Participant Dial-in Numbers:

Canada – (+1) 778 907 2071

US – (+1) 646 558 8656

Webinar ID: 981 7548 3355



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://www.acuityads.com/q2>.

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 "net revenue", "revenue less media costs" and "Adjusted EBITDA" (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 and net revenue 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.

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.



About AcuityAds:

AcuityAds is a leading technology company that provides marketers a powerful and holistic solution for digital advertising across all ad formats and screens to amplify reach and Share of Attention® throughout the customer journey. Via its unique, data-driven insights, real-time analytics and industry-leading activation platform based on proprietary Artificial Intelligence technology, AcuityAds leverages an integrated ecosystem of partners for data, inventory, brand safety and fraud prevention, offering unparalleled, trusted solutions that the most demanding marketers require to be successful in the digital era.

AcuityAds is headquartered in Toronto with offices throughout the U.S., Europe and Latin America. For more information, visit AcuityAds.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, results of the Company’s application to list its shares on NASDAQ 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 1, 2021 for the fiscal year ended December 31, 2020 (the "AIF") and the Company’s Management Discussion and Analysis for the three and six months ended June 30, 2021 dated August [10], 2021 (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. 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
(Unaudited)

(expressed in Canadian dollars)

	June 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Cash and cash equivalents	93,399,362	22,638,300
Accounts receivable	31,029,926	31,859,306
Prepaid expenses and other	2,472,199	1,901,067
Investment tax credits receivable	-	21,922
	126,901,487	56,420,595
Non-current assets		
Property and equipment (note 3)	6,128,780	7,945,110
Intangible assets (note 4)	2,499,193	3,197,953
Goodwill	4,869,841	4,869,841
	140,399,301	72,433,499
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	22,045,671	23,232,661
Term loans (note 16)	2,401,338	2,481,550
International loans (note 17)	472,509	1,092,297
Lease obligations (notes 5)	1,891,533	2,850,497
	26,811,051	29,657,005
Non-current liabilities		
Term loans (note 16)	4,455,310	5,796,454
International loans (note 17)	671,947	887,932
Lease obligations (notes 5)	3,261,765	4,041,520
	35,200,073	40,382,911
Shareholders' Equity (notes 7)	105,199,228	32,050,588
	140,399,301	72,433,499


AcuityAds Holdings Inc.
Condensed Interim Consolidated Statements of Income (Loss)
(Unaudited)

(expressed in Canadian dollars)

	Three months ended June 30, 2021 \$	Three months ended June 30, 2020 \$	Six months ended June 30, 2021 \$	Six months ended June 30, 2020 \$
Revenue				
Managed services	23,260,786	14,639,657	45,877,003	33,957,933
Self-service	6,664,436	4,917,153	11,862,811	9,814,477
	30,285,222	19,556,810	57,739,814	43,772,410
Media costs	14,476,192	9,448,182	27,566,692	21,475,395
Gross profit	15,809,030	10,108,628	30,173,122	22,297,015
Operating expenses				
Sales and marketing	5,167,203	3,751,002	9,721,227	8,579,928
Technology (note 11)	3,342,054	2,823,182	7,135,424	6,876,204
General and administrative	1,895,161	1,666,528	3,426,954	3,266,764
Share-based compensation (note 7)	1,624,119	89,692	2,488,511	232,816
Depreciation and amortization	1,261,634	2,256,647	2,644,660	4,422,991
	13,290,171	10,587,051	25,416,776	23,378,703
Income (loss) from operations	2,518,859	(478,423)	4,756,346	(1,081,688)
Finance costs (note 8)	258,974	450,644	533,854	1,053,036
Foreign exchange (gain) loss	(1,303,044)	632,595	(734,561)	(881,702)
	(1,044,070)	1,083,239	(200,707)	171,334
Net income before income taxes	3,562,929	(1,561,662)	4,957,053	(1,253,022)
Income taxes (note 18)	201,357	38,743	231,600	142,608
Net income for the year	3,361,572	(1,600,405)	4,725,453	(1,395,630)
Net income per share (note 9)				
Basic and diluted	0.06	(0.03)	0.08	(0.03)


AcuityAds Holdings Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
For the six-month periods ended June 30, 2021 and 2020

(expressed in Canadian dollars)

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Income for the year	4,725,453	(1,395,630)
Adjustments to reconcile net income to net cash flows		
Depreciation and amortization	2,644,660	4,422,991
Finance costs (note 8)	533,854	1,053,036
Share-based compensation (note 7(c))	2,488,511	232,816
Change in non-cash operating working capital		
Accounts receivable	829,380	14,679,253
Prepaid expenses and other	(549,210)	(167,596)
Investment tax credits receivable	-	328,541
Accounts payable and accrued liabilities	(1,008,800)	(8,953,621)
Interest paid – net	(466,497)	(904,364)
	<u>9,197,351</u>	<u>9,295,426</u>
Investing activities		
Additions to property and equipment (note 3)	(129,570)	(2,925,120)
Additions to intangible assets (note 4)	-	(306,285)
	<u>(129,570)</u>	<u>(3,228,026)</u>
Financing activities		
Amount drawn from revolving line of credit (note 15)	-	43,519,550
Repayment of revolving line of credit (note 15)	-	(52,657,365)
Net proceeds from term loans (note 16)	-	9,205,581
Repayment of term loans principal (note 16)	(1,213,020)	(6,106,331)
Additions to international loans	159,168	848,493
Repayment of international loans	(994,941)	(1,078,320)
Additions to leases	57,020	2,424,378
Repayment of leases	(1,661,907)	(1,743,947)
Net proceeds from equity financing (note 7)	64,293,097	-
Proceeds from the exercise of warrants	61,723	1,112,460
Proceeds from the exercise of stock options	992,141	70,200
	<u>61,693,281</u>	<u>(4,405,301)</u>
Increase (decrease) in cash and cash equivalents	<u>70,761,062</u>	<u>1,658,720</u>
Cash and cash equivalents – Beginning of year	<u>22,638,300</u>	<u>7,407,122</u>
Cash and cash equivalents – End of year	<u>93,399,362</u>	<u>9,065,842</u>
Supplemental disclosure of non-cash transactions		
Additions to property and equipment under leases	71,556	2,752,932