



illumin Reports First Quarter 2024 Financial Results

*Total First Quarter Revenue of \$25.0 million
illumin Self-Service Revenue up 282% YoY*

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

TORONTO, May 09, 2024 -- illumin Holdings Inc. (TSX: ILLM) ("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 first quarter ended March 31, 2024.

First Quarter 2024 Highlights

- First quarter 2024 revenue was \$25.0 million, a decrease of 5.8% year-over-year, reflecting a decline in managed service and programmatic revenues – specifically in economically challenged markets within Latin America.
- illumin self-serve revenue was \$8.4 million in the quarter, or 33.6% of total revenue, and was up 282% versus Q1 2023. This was driven by new customer relationships and by increased illumin platform utilization.
- The Company onboarded 23 net new illumin self-serve clients during the quarter, resulting from sales initiatives targeting higher-spend customers.
- Gross margin was 47%, unchanged from the same period in 2023.
- Net revenue, or gross profit (revenue less media-related costs), was \$11.6 million, compared to \$12.5 million in Q1 2023, reflecting reduced sales in the period.
- Adjusted EBITDA was \$0.01 million, compared to a loss of \$0.8 million in the same period in 2023, and was primarily attributable to lower operating costs.
- Net loss was \$1.1 million, compared to a net loss of \$3.6 million in Q1 2023, and improved year-over-year due to lower operating costs and a favourable foreign exchange gain due to a strengthened US dollar.
- 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. Under this new NCIB, for the three months ended March 31, 2024, the Company purchased and cancelled approximately 1.15 million of its common shares at an average price of \$1.66 per share totaling \$1.91 million.

Simon Cairns, Chief Executive Officer of illumin, stated, "I am quite pleased to join the illumin team and help lead the Company's next phase of growth and transformation. During the first quarter, we saw exceptional year-on-year growth in our illumin self-service platform, up 282% vs Q1 2023. By finally being able to see how their advertising connects and impacts customers across all major channels within one workflow, leveraging our instant and visual optimizations, and harnessing our proven AI insights, these early adopter marketers testing illumin self-service are forming a deeper understanding around how to create even better and more effective connections with their customers."

Mr. Cairns added, "Our illumin self-serve platform continues to experience rapid growth, driven by new and existing relationships with customers, who recognize our platform as uniquely complementary to our proven managed services offerings. Building on this preliminary early adopter momentum, we will be honing our product-market fit and our sales processes to find what works best for our customers. By focusing on long-term self-serve contracts with guaranteed minimums and terms exceeding one year, we expect to generate a more consistent, recurring revenue stream. As we build our illumin self-serve business, expect us to keep a sharp eye on our expenses and priorities as we shape the best path forward to support our customers as they navigate challenging markets with their new products and services."

Elliot Muchnik, illumin's Chief Financial Officer, commented, "In the first quarter, we saw strong illumin self-serve revenue growth, fueled by the platform's growing adoption in the marketplace. Our Q1 results compared well to our seasonally strongest quarter, or Q4 2023, where illumin self-serve revenue reached \$8.9 million. At the same time, we have been successfully managing costs, resulting in more streamlined and efficient operations. This was also evident in our first quarter results, with lower total operating expenses and improved Adjusted EBITDA. We expect to emphasize these themes throughout 2024, as we remain focused on driving revenue growth and profitability, innovating our product offering, and delivering exceptional value to our stakeholders."

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

(Unaudited, in thousands of Canadian dollars)

	Three months ended	
	March 31, 2024	March 31, 2023
Net loss for the period	\$ (1,138)	\$ (3,562)
Adjustments:		
Finance income, net	(506)	(717)

Foreign exchange loss (gain)	(1,386)	54
Depreciation and amortization	1,365	1,491
Income tax expense	378	70
Share-based compensation	699	1,342
Severance expenses	90	43
Nasdaq-related costs ¹	423	513
Other expenses	89	-
Total adjustments	1,152	2,796
Adjusted EBITDA	\$ 14	\$ (766)

(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. The prior period has also been adjusted appropriately.

Conference Call Details:

Date: Thursday, May 9, 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 Accounting Standard Measures

This press release makes reference to certain non-IFRS Accounting Standard measures. These measures are not recognized measures under IFRS Accounting Standards, do not have a standardized meaning prescribed by IFRS Accounting Standards, 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 Accounting Standard 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 Accounting Standards. We use non-IFRS Accounting Standard 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 other non-recurring expenses. 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 Accounting Standard 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 Accounting Standard measures. We believe that securities analysts, investors, and other interested parties frequently use non-IFRS Accounting Standard measures in the evaluation of issuers, and that these non-IFRS Accounting Standard 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, illumin 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 months ended March 31, 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+ and EDGAR.*

illumin Holdings Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited; Expressed in thousands of Canadian dollars)
For the three months ended March 31, 2024 and 2023

	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 55,540	\$ 55,455
Accounts receivable	22,011	32,136
Income tax receivable	3,517	3,301
Prepaid expenses and other	4,569	4,123
	85,637	95,015
Non-current assets		
Other assets	64	63
Property and equipment	8,590	9,329
Intangible assets	8,024	7,618
Goodwill	4,870	4,870
	107,185	116,895
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	19,251	26,488
Income tax payable	1,116	717
Borrowings	131	131
Lease obligations	1,733	1,726
	22,231	29,062
Non-current liabilities		
Borrowings	14	47
Deferred tax liability	1,092	1,001
Lease obligations	5,661	6,087

	28,998	36,197
Shareholders' equity	78,187	80,698
	107,185	116,895

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Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited; Expressed in thousands of Canadian dollars)

For the three months ended March 31, 2024 and 2023

	2024	2023
Revenue		
Managed service	\$ 11,760	\$ 16,950
Self-service illumin	8,379	2,173
Programmatic	4,813	7,373
	24,952	26,496
Media-related costs	13,327	14,018
Gross profit	11,625	12,478
Operating expenses		
Sales and marketing	5,313	6,097
Technology	4,526	4,951
General and administrative	2,374	2,752
Share-based compensation	699	1,342
Depreciation and amortization	1,365	1,491
	14,277	16,633
Loss from operations	(2,652)	(4,155)
Finance income, net	(506)	(717)
Foreign exchange loss (gain)	(1,386)	54
	(1,892)	(663)
Net loss before income taxes	(760)	(3,492)
Income tax expense	378	70
Net loss for the period	(1,138)	(3,562)
Basic and diluted net loss per share	(0.02)	(0.06)
Other Comprehensive Loss		
Items that may be subsequently reclassified to net loss:		
Exchange loss on translating foreign operations	(164)	(300)
Comprehensive loss for the period	(1,302)	(3,862)

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Condensed Interim Consolidated Statements of Cash Flows

(Unaudited; Expressed in thousands of Canadian dollars)
For the three months ended March 31, 2024 and 2023

	2024	2023
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (1,138)	\$ (3,562)
Adjustments to reconcile net loss to net cash flows		
Depreciation and amortization	1,365	1,491
Finance income, net	(506)	(717)
Share-based compensation	699	1,342
Foreign exchange loss (gain)	(1,386)	54
Severance expense	90	-
Income tax expense	378	70
Change in non-cash operating working capital		
Accounts receivable	10,447	6,684
Prepaid expenses and other	427	(875)
Other assets	(1)	10
Accounts payable and accrued liabilities	(6,151)	(7,611)
Income taxes paid, net	(52)	(27)
Interest received, net	495	751
	<u>4,667</u>	<u>(2,390)</u>
Investing activities		
Additions to property and equipment	(775)	(294)
Additions to intangible assets	<u>(1,761)</u>	<u>(1,206)</u>
	<u>(2,536)</u>	<u>(1,500)</u>
Financing activities		
Repayment of term loans	-	(653)
Proceeds from international loans	-	13
Repayment of international loans	(33)	(99)
Payment of leases	(510)	(820)
Repurchase of common shares for cancellation	(1,912)	-
Proceeds from the exercise of stock options	4	-
	<u>(2,451)</u>	<u>(1,559)</u>
Decrease in cash and cash equivalents	(320)	(5,449)
Impact of foreign exchange on cash and cash equivalents	405	(341)
Cash and cash equivalents – beginning of period	<u>55,455</u>	<u>85,941</u>
Cash and cash equivalents – end of period	<u>55,540</u>	<u>80,151</u>
Supplemental disclosure of non-cash transactions		
Additions to property and equipment under leases	-	45
Reversal of prior year non-cash additions to property and equipment	(734)	-