

Sabio Secures 2024 Revenue Commitments of over US\$27 million; Announces Fourth Quarter and Full Year 2023 Financial Results

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- Q4/2023 revenues of US\$12.7 million, adjusted EBITDA¹ of US\$2.1 million and gross profit margin of 61%.
- Renewal rate of 90% for top customers in 2023.
- Annual 2024 upfront revenue commitments and political & advocacy insertion orders (on campaigns between the Q2/2024 and Q4/2024) from major brands and agencies of over US\$27 million, compared to US\$4.3 million for fiscal 2023.
- Recently announced multi-year renewal with Pivot Marketing Group to leverage App Science™ AI capabilities for continued support of top brands, including Toyota.
- Execution on Q3/2023 cost cutting initiatives continue to improve operational efficiencies; still expected to drive ~US\$4 million in annualized cost savings and a path to profitability by end of 2024.

TORONTO, April 24, 2024 /PRNewswire/ -- [Sabio Holdings Inc.](#) (TSXV: SBIO) (OTCQX: SABOF) (the "Company" or "Sabio"), a California-based ad-tech company that specializes in delivering highly targeted ads, insights, and services in ad-supported streaming to top Fortune 100 brands, is pleased to announce upfront commitments and executed insertion orders totaling over US\$27 million for 2024, its audited consolidated annual results, and results for the fiscal fourth quarter ended December 31, 2023. *Unless otherwise indicated, all amounts are expressed in U.S. dollars.*

"Despite being a challenging comparable with our success from the 2022 U.S. election cycle and industry-specific events, such as the auto workers strike affecting our number one revenue vertical, Sabio's resolve to return to meaningful profitability drove over US\$2 million in adjusted EBITDA¹ and improvements in gross margins and operating leverage in comparison to the prior year's quarter," said Aziz Rahimtoola, Chief Executive Officer. "Moreover, our 90% renewal rate for top customers and record upfront commitments so far in 2024 speak volumes to how Sabio continues to position itself as a leader within the ad-supported streaming space. Consumer brands continue to face challenges reaching, engaging, and validating audiences in a fragmented media ecosystem. With traditional pay TV households in the U.S. [forecasted to fall 23.5% by 2028](#)², Sabio is well-equipped to resolve these challenges through our ability to reach increasingly diverse cord-cutters with authenticity wherever they stream content. We've been able to successfully segment ourselves in the market by leveraging proprietary data to generate valuable marketable insights within consumer audiences that conform to a non-cookie-based platform. These insights drive a more powerful connection to target audiences in both brand and political advertising within the ad-supported streaming space. It's this refined execution approach that delivers measurable ROI spend to our customers."

He continued, "It's this segmentation that also explains *why* Sabio continues to win new business with nameplate clients, like [McDonald's](#), and retain and expand on existing customer relationships, as illustrated by our recently announced multi-year renewal with Pivot and Toyota — one that comes off more than a year and a half of working closely with them and key clients to provide more efficiency — that utilizes our App Science™ AI capabilities.

As brands and agencies continue to become more aware of and familiar with the versatility of our product offerings, we are witnessing larger deal sizes, larger upfront commitments, higher retention rates, and more predictability in our sales pipeline over time. Additionally, with the U.S. election year in full swing, and the return of political and advocacy spending in 2024, we are already observing higher seasonally adjusted revenue growth that we expect will provide a springboard to profitability by the end of the year. Overall, this will be a transformative year for Sabio, and I'm excited for the opportunities that lie ahead."

Sajid Premji, Sabio's Chief Financial Officer, noted that "similar to Olympic versus non-Olympic years in traditional broadcasting, our business continues to witness seasonal revenue growth associated with the political election cycle in the United States. Although this seasonally adjusted growth is becoming less varied as the company matures, we do typically witness a pronounced revenue acceleration entering these political election periods. In a continuation of these trends, Sabio enters the 2024 U.S. election year with annual branded-campaign commitments and signed political & advocacy insertion orders (between Q2 and Q4 2024) of over US\$27 million, which already represents close to 75% of 2023's consolidated revenues. At no point in our company's history has Sabio had more visibility into our second-half revenue pipeline. In combination with fiscal discipline, management strongly believes that 2024's revenue growth and operating leverage are expected to generate record top-line and bottom-line numbers."

He continued, "Management responded to macro and category-specific challenges in 2023 [by implementing US\\$4 million in annualized cost savings](#) during the third quarter. We believe these measures, which culminated in over US\$2 million in fourth quarter Adjusted EBITDA¹ and a year-over-year expansion in quarterly Adjusted EBITDA¹ margins, will ensure that a larger portion of top-line sales growth will fall to the bottom line, significantly improving operating leverage and driving a return to full-year Adjusted EBITDA¹ profitability. Further bolstered by higher sales predictability through our strong customer renewal rates — 76% in 2023 — and the continuation of ad-supported streaming revenue growth within our core media business, management will use these improved cash flows to transform our future balance sheet position over the year. We expect to enter 2025 with lower debt, improved cash reserves, and the greatest level of balance sheet flexibility in our company's history."

¹ See "Use of Non-IFRS Measures" below.

² [eMarketer, Pay TV Households & Viewers, US Forecast, February 2024](#)

Fiscal 2023 Annual Financial Highlights

- Consolidated revenues of US\$35.9 million, down 15% from FY2022. The 15% decrease in sales was primarily driven by pronounced declines in political and advocacy spending compared with the prior year's period, which benefited from the U.S. mid-term election cycle.
- CTV/OTT streaming generated revenues of US\$24.1 million in FY2023 down 3% from US\$24.8 million in FY2022. The year-over-year growth in the Company's branded media business was offset by a decline in political and advocacy spending. Excluding political and advocacy, Connected TV/OTT sales grew 18% from the prior period, driven by increased spending across several verticals, including CPG, Entertainment, Finance, Lotto, Retail, and Quick-service Restaurants.
- Mobile generated revenues of US\$11 million, down 35% from US\$16.9 million in FY2022. Legacy mobile display campaigns continued to shift their spend with Sabio from mobile display to higher-margin mobile OTT streaming, recognized under the Company's Connected TV/OTT revenue category. Additionally, category-specific events, such as the auto workers and Screen Actors Guild strikes, contributed to the decline.
- Gross profit of US\$21.8 million, down 14% over FY2022 with gross margin of 61% in 2023, up from 60% in the previous period. Competitive pricing pressures were countered through Sabio's expanded use of Vidillion CTV supply, the Company's ability to continue to shift legacy mobile customers into CTV/OTT, and direct sales generated by its App Science business, which included a recurring revenue contract with an agency representing a top 10 automotive brand.
- Adjusted EBITDA loss of US\$1.82 million compared to positive Adjusted EBITDA of US\$1.3 million in FY2022. The year-over-year decrease was primarily driven by a 15% decrease in revenues, the full cost impact of the Company's investments in its sales and marketing apparatus made in the prior year, and costs associated with transitioning its workforce back to the office. As of December 31, 2023, the Company's cash position was US\$2.6 million, as compared to US\$4 million on December 31, 2022.

Fourth Quarter 2023 Financial Highlights

- Consolidated revenues of US\$12.7 million in Q4/2023, a decrease of 28% compared to US\$17.6 million in Q4/2022. The decrease in sales was primarily driven by pronounced declines in political and advocacy spending compared with the prior year, which benefited from the U.S. mid-term election cycle. Fourth quarter revenues were also impacted by category-specific events, such as the auto workers strike, that impacted short-term advertising budgets before reaching a resolution.

- CTV/OTT generated revenues of US\$9.2 million in Q4/2023 compared to US\$12.7 million in Q4/2022 — a decrease of 27% over the prior year's quarter. The decrease was primarily driven by pronounced declines in political and advocacy spending compared with the prior year's quarter. CTV/OTT sales accounted for 73% of the Company's sales mix, compared to 72% for Q4/2022.
- Mobile generated revenues of US\$3.1 million in Q4/2023, a 36% decrease compared to US\$4.8 million in Q4/2022, as more mobile campaigns shifted from mobile display to mobile video, recognized under the Company's CTV/OTT revenue category.
- Gross Profit of US\$7.7 million in Q4/2023, compared to US\$10.4 million in Q4/2022. Gross Margin was 61% in Q4/2023, up from Gross Margin of 59% in Q4/2022 as Sabio continued to leverage its differentiated end-to-end technology stack, including the use of Vidillion CTV supply.
- Positive Adjusted EBITDA of US\$2.1 million in Q4/2023, compared to US\$2.4 million in Q4/2022. The quarter-over-quarter decrease in profit was primarily driven by a decrease in consolidated revenues, that was substantially offset through several cost and operational efficiency initiatives implemented during the second and third quarters of 2023. As of December 2023, the Company had US\$7.1 million outstanding under its credit facility with Avidbank.

Fourth Quarter 2023 Business Highlights

- On October 10, 2023, the [Company entered into a strategic partnership with Mediahub U.S.](#), an award-winning global media agency, across both companies' portfolio of brands.
- On October 11, 2023, [the Company launched SabioTV](#), a free, creator-first content streaming platform built to promote diverse voices and increase representation among the greater streaming industry.
- On October 20, 2023, [87,500 share options of the Company were granted to certain officers and employees](#), at an exercise price of CAD \$0.40 and [272,000 restricted stock units \("RSUs"\) of the Company were granted to certain independent directors of the Company](#) at the grant-date fair-value of the Company's common shares of CAD \$0.40.
- To manage the applicable requirements relating to foreign private issuer status under United States securities law, on October 23, 2023, the Company entered into a share exchange agreement with certain shareholders (the "participating shareholders") whereby the Company agreed to purchase from the participating shareholder for fair market value, on the terms and conditions contained in the Share Exchange Agreement, 1,271,127 exchanged shares. The Company satisfied the purchase price for the exchange shares by issuing to the participating shareholder an equivalent number of convertible restricted voting shares in the capital of the Company.
- On October 30, 2023, the [Company disclosed that it won over US\\$9.0 million in upfront commitments for 2024](#) from major agencies and was continuing to negotiate further commitments. Subsequent to the release, the Company has won over US\$3 million in additional, branded-campaign upfront commitments and has signed close to over US\$13M in additional political & advocacy insertion orders, for an aggregate of over US\$27 million.
- During the quarter, arrangements were agreed to between the Company and certain Canadian, arms-length parties, pursuant to which, and subject to any applicable TSX Venture Exchange approvals, would affect the exercise of an aggregate of 2,804,702 share purchase warrants at an exercise price of CAD\$0.21 previously issued by the Company on January 11, 2021. These arrangements include the provision of promissory notes (the "Notes") between the Company and warrant holders. The principal amount outstanding under the three-year term would bear interest at the Prime Rate and mature on December 31, 2026, subject to the terms of the Note which provide, in certain limited circumstances, accommodations including potential forgiveness and/or share cancellation qualifications, should the exercise price exceed public market values at the date of maturity. The exercise is expected to benefit the Company's compliance with the applicable requirements relating to foreign private issuer status under United States securities law.

Events Subsequent to December 31, 2023

- On February 6, 2024, the Company appointed President of GroupM Multicultural Gonzalo Del Fa as an independent member of the Board of Directors. As President of GroupM Multicultural, Del Fa plays a key role in all aspects of multicultural marketing, diverse media, and inclusive investment efforts across GroupM, WPP's media investment group. In addition to his role at GroupM, he is the Past-Chairman of the Hispanic Marketing Council. Prior to joining GroupM, Del Fa worked at American Express Argentina, BBVA, Hachette Filipacchi, and Editorial Televisa.
- On February 15, 2024, the legal entity name of Vidillion Corp. was changed to FWD Tech Inc.
- On February 29, 2024, the Company announced a strategic collaboration with McDonald's USA, through a partnership with Publicis Groupe. McDonald's will leverage Sabio's CTV/OTT inventory, customized audience segments and App Science's proprietary, 55 million household graph data, to effectively connect with and reach the growing U.S. multicultural audience.
- On March 26, 2024, the TSX Venture Exchange accepted a notice filed by the Company to implement a Normal Course Issuer Bid, whereupon the Company may, during the 12-month period commencing April 02, 2024 and ending April 01, 2025, purchase, for cancellation, up to 852,184 Shares in total, being 5% of the total number of 17,043,687 common shares outstanding as at March 19, 2024. The Company also had 33,026,891 issued and outstanding convertible restricted voting shares as of this date.
- On April 22, 2024, Sabio's App Science™ subsidiary announced a multi-year renewal with Pivot Marketing Group to support clients including Toyota Motor North America. App Science's cross-platform measurement solutions will empower Pivot to reach, engage, and validate their audiences and their behaviors at a deeper level, and will leverage the platform's AI capabilities.
- On April 23, 2024, the Company and Avidbank agreed on terms for a 90-day extension until August 21, 2024 for the bank's credit facility. The facility, which will be assessed for a longer term renewal during the extension period, and is based on certain factors including the adequacy of cash reserves, is secured against assets of the Company including, but not limited to, its Accounts Receivable and continues to provide for an Accounts Receivable Line of Credit, with \$6,500,000 maximum loans outstanding, at an interest rate of the greater of the Wall Street Journal prime rate plus 1.00% to 4%, with a floor between 9.5% and 12.5%.

2024 Outlook

In a precursor to management's expectations for 2024, the cost and efficiency initiatives implemented by management during the second and third quarters of 2023 drove a 23% decrease in fourth quarter OPEX — normalized for sales commissions and bonuses — compared with the prior year's period, while consolidated revenues grew sequentially. This culminated in Adjusted EBITDA of \$2.1 million¹ for the fourth quarter of 2023, with Adjusted EBITDA margins improving to 16%, compared to 13% in the fourth quarter of 2022. Furthermore, our sales model continues to become increasingly predictable. Sabio entered 2024 armed with record upfront, branded-campaign commitments of over \$12 million and over \$15 million in additional signed political & advocacy insertion orders (on campaigns between Q2 and Q4), for an aggregate of over \$27 million in committed revenues. The commitments under these endeavors already represents close to 75% of 2023's consolidated revenues. In addition, the Company boasts high rates of reoccurring revenue (approximately 76% of consolidated 2023 revenues came from repeat customers), the most diversified vertical mix in our Company's history and continuing gains in CTV/OTT market share. Management expects a return to double-digit consolidated revenue growth in 2024 over both 2023 and our record 2022 mid-term election year, and with a reduced operating infrastructure, improvements in operating leverage with a return to Adjusted EBITDA¹ profitability. Management expects to allocate material improvements in cash flows to bolster its working capital, through both debt repayment and improved cash reserves, which in combination with the continuation of our credit facility, will provide greater balance sheet flexibility as we drive towards continued growth on both the top and bottom-lines.

¹ See "Use of Non-IFRS Measures" below.

Selected Financials

The tables below set out selected financial information relating to Sabio and should be read in conjunction with the Company's audited consolidated financial statements, including the notes thereto, and MD&A for the three months and twelve months ended December 31, 2023, and December 31, 2022, copies of which can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

For the three months ended		For the twelve months ended	
December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
\$	\$	\$	\$

Revenue	12,671,038	17,606,761	35,954,934	42,305,732
Gross profit	7,749,748	10,358,531	21,780,302	25,350,591
Gross margin	61 %	59 %	61 %	60 %
Adjusted EBITDA ¹	2,060,212	2,363,541	(1,816,631)	1,326,107
Net increase in cash and cash equivalents during the period	411,023	388,783	(1,387,290)	719,067
Cash and cash equivalents - end of the period	2,612,112	3,999,402	2,612,112	3,999,402

	For the three months ended		For the twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	\$	\$	\$	\$
Income (Loss) for the period	1,132,414	2,016,200	(4,764,536)	(846,765)
Finance Costs	343,207	(35,968)	1,049,140	417,362
Interest earned	(7,514)	-	(7,514)	-
Transaction Costs	-	-	-	156,752
Amortization of intangible Assets	47,127	55,651	162,261	378,043
Stock-based compensation	253,071	97,041	721,285	667,722
Amortization of lease	162,479	114,215	605,899	338,489
Income taxes	(24,896)	35,966	(8,445)	38,640
Foreign exchange differences	12,433	-	16,588	-
State and local taxes	16,498	12,510	59,340	48,716
Loss on disposal of intangibles	6,612	17,926	6,612	24,148
Severance expenses	118,771	50,000	342,739	103,000
Adjusted EBITDA¹	2,060,212	2,363,541	(1,816,631)	1,326,107

¹ See "Use of Non-IFRS Measures" below.

The financial disclosures in this news release are subject to a number of cautionary statements, assumptions, contingencies, and risks as set forth in this news release. The foregoing outlook and expectations constitute forward-looking statements and financial outlook and are qualified in their entirety by the "Forward-Looking Statements" cautionary statement below. Readers are cautioned that this release is for information purposes only and may not be appropriate for other purposes.

Conference Call:

The Company will release its financial results for the fourth quarter and full year in a press release prior to the investor conference call.

The webinar details are below:

Webinar Details

Date: Thursday, April 25, 2024

Time: 9:00 a.m. ET (6:00 a.m. PT)

Webinar Registration:

<https://bit.ly/3xytOqg>

Or dial:

For higher quality, dial a number based on your current location.

Canada: +1 647 374 4685 (Toronto local)

+1 778 907 2071 (Vancouver local)

Webinar ID: 8400 2574 6451

International numbers available: <https://us02web.zoom.us/j/kbmWagiHz6>

Please connect five minutes prior to the conference call to ensure time for any software download that may be required.

About Sabio

Sabio Holdings (TSXV: SBIO, OTCQX: SABOF) is a technology and services leader in the fast-growing ad-supported streaming space. Its cloud-based, end-to-end technology stack works with top blue chip, global brands and the agencies that represent them to reach, engage and validate streaming audiences. Sabio Holdings' companies consist of Sabio – a demand-side platform (DSP) powered through our proprietary ad-serving technology; App Science™ – a non-cookie based software as a service (SAAS) analytics and insights platform with AI natural language capabilities; and Vidillion – ad-supported streaming supply side platform (SSP) that includes server-side ad-insertion (SSAI) technology.

For more information, visit: sabioholding.com

Use of Non-IFRS Measures

This press release makes reference to certain non-IFRS (International Financial Reporting Standards) measures including, but not limited to, Adjusted EBITDA. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other companies and should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS. Rather, these non-IFRS measures are provided as additional information to complement IFRS measures by providing a further understanding of operations from management's perspective.

Management uses adjusted earnings before interest, income taxes, depreciation, and amortization ("**Adjusted EBITDA**") as a key financial metric to evaluate Sabio's operating performance as a complement to results provided in accordance with IFRS. The term "Adjusted EBITDA", as defined by management, refers to net income (loss) before adjusting earnings for finance costs, income taxes, stock-based compensation, amortization, non-recurring items, and severance costs. Refer to reconciliation to Adjusted EBITDA in the Company's MD&A for the three and twelve months ended December 31, 2023 and December 31, 2022, copies of which can be found under Sabio Holdings Inc.'s profile on SEDAR Plus at www.sedarplus.ca

Management believes that the items excluded from Adjusted EBITDA are not connected to and do not represent the operating performance of Sabio. Management believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by Sabio's main business activities prior to taking into consideration how those activities are financed and taxed as well as expenses related to stock-based compensation, depreciation, amortization, restructuring costs, other expense (income), and foreign exchange (gain) loss. Accordingly, management believes that this measure may also be useful to investors in enhancing their understanding of Sabio's operating performance. It is a key measure used by Sabio's management and board of directors to understand and evaluate Sabio's operating performance, to prepare annual budgets and to help develop operating plans.

Forward-Looking Statements

*This press release may contain certain forward-looking information and statements ("**forward-looking information**") within the meaning of applicable Canadian securities legislation, which is often, but not always, identified by the use of words such as "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" or the negative thereof and other similar expressions. All statements herein other than statements of historical fact constitute forward-looking information including, but not limited to, statements in respect of: the Company's operations, growth and sales expectations and business plans; the Company's outlook for the*

full-year fiscal 2024; balance sheet and cash flow management; renewal rate for top customers and achievement of record upfront commitments in 2024; Sabio's ability to obtain nameplate clients and retain and expand existing customer relationships; results from the partnership with McDonald's; Sabio's ability to deliver measurable ROI to its customers; Sabio's ability to generate valuable marketable insights within consumer audiences; the exercise of 2,804,702 share purchase warrants of the Company at an exercise price of CAD\$0.21 and expected associated benefits to the Company's compliance with United States securities law; TSX Venture Exchange approval; the Company's purchase for cancellation of common shares of the Company pursuant to its normal course issuer bid; Sabio's ability to drive powerful connections to target audiences; consumer brands continuing to face challenges reaching, engaging, and validating audiences and Sabio's ability to resolve these challenges; Sabio's position as a leader in the ad-supported streaming space; expectations regarding improved cash flows and use of cash flows to bolster working capital, through both debt repayment and improved cash reserves; the continuation of Sabio's credit facility; expectations regarding greater balance sheet flexibility and improved balance sheet position in 2024; expectations regarding entering 2025 with lower debt, improved cash reserves, and the greatest balance sheet flexibility in the Company's history; cost cutting initiatives continuing to improve operational efficiencies, Sabio's bottom line, operating leverage and driving full-year Adjusted EBITDA profitability; expected annualized cost savings of US\$4 million in annualized cost savings; brands and agencies becoming aware of and familiar with the versatility of Sabio's product offerings; Sabio's ability to achieve larger deal sizes, larger upfront commitments, higher retention rates, and more predictability in its sales pipeline; higher seasonally adjusted revenue growth; 2024 being a transformative year for Sabio; expectations regarding a return to double-digit consolidated revenue growth in 2024 and reduced operating infrastructure; revenue acceleration from political election periods; achievement of record top and bottom line numbers; and achieving profitability by the end of 2024. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. The Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, its securities, or financial or operating results (as applicable). Although the Company believes that the expectations reflected in forward-looking information in this press release are reasonable, such forward-looking information has been based on expectations, factors and assumptions concerning future events that may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond the Company's control, including the effect of the macro-economic environment adversely impacting the Company's business more than anticipated, unexpected funding and cash flow management difficulties, and the other risk factors disclosed in the Company's filing statement and management's discussion and analysis (MD&A), which are publicly available on SEDAR Plus at www.sedarplus.ca. The Company has assumed that the material factors referred to herein will not cause such forward-looking statements and information to differ materially from actual results or events. However, there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. The forward-looking information contained in this press release is expressly qualified by this cautionary statement and is made as of the date hereof. The Company disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction.

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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