Adcore Reports Third Quarter 2022 Operating Results

- Highlighted by a Record Third Quarter Gross Profit of CAD$3.4 million, a 45% YoY Growth -

TORONTO, ONTARIO – November 14, 2022 – Adcore Inc. (the "**Company**" or "**Adcore**") (TSX:ADCO) (OTCQX:ADCOF) (FSE:ADQ) (TSX:ADCO-WT), a leading e-commerce advertising management and automation platform to leverage digital marketing in an effortless and accessible way ("**Effortless Marketing"**), today announced its financial results for the three and nine months ended September 30, 2022.

"We reported a very strong third quarter highlighted by improved results across all our key metrics including substantially improved gross profit performance, consistent with our strategy of pursuing a higher margin revenue model," Omri Brill, CEO of Adcore, commented. "Our ability to provide innovative and efficient marketing solutions is a key driver in our success securing valuable advertising contracts, as demonstrated by the six significant contracts we secured in the third quarter. This represents a total potential annual advertising budget of up to CAD$40 million, the largest potential ad spend ever secured by Adcore in a single quarter."

"With our visibility at the close of the second quarter 2022, we felt confident in providing guidance on revenue, gross profit, and gross margin for third quarter 2022. I'm thrilled to report that we exceeded expectations, overdelivering on our projected revenue for the third quarter by 11%, surpassing projected gross profit by 6%, and delivering gross margin slightly higher than anticipated. These results reflect our growing global brand recognition as a leader in digital marketing solutions, and we expect our visibility in the marketplace to further expand as we continue to strategically invest in our growth and secure valuable global advertising contracts. We are energized by our third quarter results and look forward to carrying this momentum through the end of 2022 and beyond."

Third Quarter Highlights and Year-to-Date Highlights

- Improved operational results across all key metrics including North American revenues, direct advertiser revenues, gross margin, and gross profit.

- Total revenue for the three months ended September 30, 2022 was CAD$7.5 million compared to CAD$10.4 million for the same period in 2021. Total revenue for the nine months ended September 30, 2022 was CAD$17.4 million compared to CAD$26 million in the same period in 2021.

- Gross profit for the three months ended September 30, 2022 was CAD$3.4 million, or 46% of revenue compared to CAD$2.4 million, or 23% of revenue for the same period in 2021. Gross profit for the nine months ended September 30, 2022 was CAD$7.5 million, or 43% of revenue compared to CAD$7.6 million, or 29% of revenue in the first nine months of 2021.

- Operating profit for the three months ended September 30, 2022 was CAD$428 thousand compared to an operating profit of CAD$27 thousand for the same period in 2021. Operating loss for the nine months ended September 30, 2022 was CAD$605 thousand compared to an operating profit of CAD$316 thousand in the same period in 2021.

- Adjusted EBITDA for the three months ended September 30, 2022 was CAD$734 thousand compared to Adjusted EBITDA of CAD$585 thousand for the same period in 2021. For the nine months ended September 30, 2022, Adjusted EBITDA was CAD$789 thousand compared to CAD$2.7 million for the first nine months of 2021.

- Working capital as of September 30, 2022 amounted to CAD$10 million compared to CAD$13 million as of September 30, 2021, a decrease of CAD$3 million and 19%. Sequentially working capital increased by 0.4 million or 4% from the second quarter this year.

- Secured six new contracts for up to CAD$40 million in annual advertising budget representing the largest potential ad spend ever added by the Company in one quarter.

- Officially launched new Alerter app for easy-to-use 24/7 digital asset monitoring, which assures customers that their digital assets are being monitored, while helping them maximize revenue and minimize unnecessary costs.

* Additional information concerning Adcore's consolidated financial statements and related management's discussion and analysis for the three and nine months ended September 30, 2022 can be found below and on the Company's profile at www.sedar.com.

Fourth Quarter Guidance

Due to the expected high volume this holiday season, the Company will post fourth quarter guidance after the end of Black Friday and Cyber Monday.

Conference Call and Webcast Information

Adcore will host a conference call to discuss its third quarter 2022 financial results at 10:00 a.m. ET on Tuesday, November 15, 2022.

To register for the conference call please click here or visit: https://click.adcore.com/q3-conference-call

The conference call will include a brief statement by management and will focus on answering questions about Adcore's results during the third quarter, which can be sent in advance to invest@adcore.com.

USE OF NON-IFRS MEASURES

Management uses Adjusted earnings before interest, income taxes, depreciation, and amortization ("**Adjusted EBITDA**") as a key financial metric to evaluate Adcore's operating performance and for planning and forecasting future business operations. Adjusted EBITDA excludes significant items that are non-operating in nature in order to evaluate Adcore's core operating performance against prior periods. Adjusted EBITDA is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for net earnings, overall change in cash or liquidity of the business as a whole. Management believes the use of Adjusted EBITDA allows investors and analysts to understand the results of the continuing operations of the Company and its subsidiary, by excluding certain items that have a disproportionate impact on Adcore's results for a particular period. Management's method of determining non-GAAP financial measures is evaluated periodically and may differ from other companies' methods and therefore may not be comparable to those used by other companies.

The following table reconciles the non-IFRS measure to the most comparable IFRS measure for the three months ended September 30, 2022 and 2021. This measure does not have any standardized meaning under IFRS and is not a measure of financial performance under IFRS, and therefore, may not be comparable to similar measures presented by other companies.

	Three months ended September 30, 2022	Three months ended September 30, 2021
	CAD$ in thousands	
Operating profit	**428**	**27**
Depreciation and amortization	230	217
Share-based payments	76	318
Offering, listing & global expansion	-	12
Other non operational items	-	11
Total Adjustments	**306**	**558**
Adjusted EBITDA	**734**	**585**

All amounts are in CAD and are based on Adcore's condensed consolidated interim financial statements for the three months ended September 30, 2022, and related notes prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise noted.

Amounts in this press release are in CAD based on the following USD to CAD average exchange rates for each of the relevant periods: For the three months ended September 30, 2022, and September 30, 2021, 1.3752 and 1.27 respectively.

ABOUT ADCORE

Adcore is empowering entrepreneurs, advertisers, and the future of e-commerce through its advertising management and automation platform. By combining extensive industry knowledge and experience with its proprietary artificial intelligence engine, Adcore offers a unique digital marketing solution that empowers entrepreneurs and advertisers by managing and automating their e-commerce store advertising and monitoring and analyzing the performance of their advertising budget to ensure maximum Return on Investment. In addition to being named numerous times on Deloitte's Fast 50 Technology list, Adcore is a certified Google Premier Partner, Elite Tier Microsoft Partner, Facebook Partner and TikTok Partner.

Established in 2006, the Company employs over fifty people in its headquarters in Tel Aviv, Israel and satellite offices in Toronto, Canada, Melbourne, Australia, Hong Kong and Shanghai, China.

For more information about Adcore, please visit https://www.adcore.com/investors/, https://www.adcore.com/blog or follow us on LinkedIn.

ABOUT AMPHY

Founded in 2021 in the midst of the pandemic, Amphy is the world's most diverse 24/7 live online learning marketplace. With Amphy, learners can choose from thousands of classes across hundreds of categories to grow their passions and skills, expand their children's learning opportunities, and much more. Instructors on the Amphy platform join a vibrant virtual teacher community that promotes and supports their success through enrichment seminars, marketing and advertising, and a suite of tools that allow them to run their classes hassle-free and focus on their students. Amphy students gain access to high-quality, personalized classes accessible from 24/7, as well as join a growing community of lifelong learners.

For more on Amphy please visit – https://www.amphy.com/ and https://blog.amphy.com/ or follow us on LinkedIn, Facebook, Instagram and YouTube.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements, including statements about the Company, the expected term and value of the contracts and the meeting of milestones under the contracts. The yearly ad spend estimation is calculated based on the current average monthly ad spend multiplied by 12 months. Multiple factors may impact the projection including, but not limited to, the company's (in)ability to achieve certain milestones, changes in budget plan and/or budget roadmap of client(s), and the client(s) not renewing the post-pilot contract period or additional contract term. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

For further information please contact:

ADCORE INC.

https://www.adcore.com/investors/

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ADCORE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Three months ended September 30, 2022	Year ended December 31, 2021
	CAD$ in thousands	
CURRENT ASSETS		
Cash and cash equivalents	8,159	14,088
Trade accounts receivable, net	6,551	3,708
Other accounts receivable	946	789
Total current assets	**15,656**	**18,585**
Long term deposit	36	37
Property, plant and equipment, net	345	334
Intangible assets, net	3,365	2,519
Lease asset, net	327	547
Total non-current assets	**4,073**	**3,437**
	-	
Total assets	**19,729**	**22,022**
CURRENT LIABILITIES		
Trade accounts payable	2,830	4,458
Other accounts payable	1,986	858
Deferred revenues	-	-
Lease liability	260	282
Total current liabilities	**5,076**	**5,598**
NON-CURRENT LIABILITIES		
Accrued severance pay, net	22	23
Deferred tax liability, net	353	335
Derivative liability - warrants	3	257
Lease liability	63	271
Long term loan	-	-
Total non-current liabilities	**441**	**886**
SHAREHOLDERS' EQUITY:		
Share capital	11,231	10,239
Additional paid in capital	3,428	2,692
Treasury stocks	(620)	-
Actuarial reserve	(110)	(102)
Retained earnings	2,640	3,098
(Profit) loss for the period	**(2,357)**	**(389)**
Total shareholders' equity	**14,212**	**15,538**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**19,729**	**22,022**

ADCORE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OFCOMPREHENSIVE INCOME

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
		CAD $ in thousands		
Revenue	7,498	10,411	17,367	25,999
Cost of revenues	4,077	8,055	9,824	18,412
Gross profit	**3,421**	**2,356**	**7,543**	**7,587**
Research and development, net	465	346	1,218	1,135
Selling, general and administrative expenses	2,528	1,983	6,930	6,136
Operating profit (loss)	**428**	**27**	**(605)**	**316**
Finance expense	706	236	2,020	917
Finance income		-	(304)	(150)
Taxes on income	17	114	36	632
Net Profit (Loss)	**(295)**	**(323)**	**(2,357)**	**(1,083)**
Basic loss per share attributable to shareholders	(0.005)	(0.005)	(0.037)	(0.018)
Diluted loss per share attributable to shareholders	(0.005)	(0.005)	(0.037)	(0.018)