

Ionik Announces Continued Growth in First Quarter 2024

Revenue increased 10% over prior quarter and 30% over prior year to \$42.3 million

Adjusted EBITDA¹ increased 37% over prior year to \$3.4 million

Reduced Senior Debt by \$2.8 million utilizing Q1 operating cash flow

(All figures in US dollars, unless otherwise indicated)

Toronto, Ontario--(Newsfile Corp. - May 30, 2024) - PopReach Corporation (TSXV: INIK) (OTCQX: INIKF) (dba "**Ionik**", or the "**Company**"), a data-driven performance marketing technology company, announced its financial results for the first quarter ended March 31, 2024.

Financial Highlights for the First Quarter 2024

- Revenue of \$42.3 million, an increase of 30% over the same period of the prior year ("**Q1 2023**"), and 10% over the prior quarter, attributable to revenue generated from 2023 acquisitions including Schiefer Media, Inc. (SCS), OpenMoves, LLC and S44 LLC (SHIFT44).
- Gross profit increased 28% to \$14.4 million (34% margin), compared to \$11.3 million (35% margin) in Q1 2023, reflecting top line revenue growth.
- Adjusted EBITDA¹ of \$3.4 million, an increase of 37% over Q1 2023, with growth derived mainly from 2023 acquisitions.
- Cash flow from operating activities of \$5.0 million, a 230% increase compared to Q1 2023. Cash generated from operations was predominantly utilized to pay down and service senior debt obligations.
- Adjusted Free Cash Flow¹ of \$1.4 million (43% Adjusted Free Cash Flow conversion rate¹), compared to \$2.3 million (93% Adjusted Free Cash Flow conversion rate¹) for Q1 2023. Adjusted Free Cash Flow¹ reported in the first quarter of 2024 was affected by income taxes paid totalling \$1.9 million. Excluding these tax payments Adjusted Free Cash Flow¹ was \$3.3 million (97% Adjusted Free Cash Flow conversion rate¹).
- Net loss after tax from continuing operations of \$3.3 million versus a net loss of \$4.3 million for Q1 2023.
- Cash as at March 31, 2024 was \$8.4 million, compared to \$7.4 million at December 31, 2023 and \$4.7 million at March 31, 2023. At March 31, 2024, the Company had not drawn on its revolving facility of \$10.0 million and had available to it \$30.8 million of its \$105.0 million term loan facility. Management believes that its current capital position is sufficient to execute its current business and operational strategies.
- Total undiscounted debt as at March 31, 2024 was \$95.2 million, including \$67.2 million of senior lender debt, \$26.5 million of convertible debt, and \$1.5 million in a vendor take-back loan, compared to \$98.0 million in total debt as at December 31, 2023. The decrease resulted from principal payments of \$2.8 million on the senior debt term facility in the quarter. Senior debt net of cash was \$58.8 million at March 31, 2024, compared to \$62.6 million at December 31, 2023.
- Ionik announced the sale of substantially all of its mobile games portfolio on April 29, 2024 (see

significant developments below), which has been recorded as discontinued operations, consistent with Q4 2023.

¹Please refer to "Non-IFRS Measures" section of this press release

Ted Hastings, Ionik's CEO commented, "Overall it was a strong financial and strategic start to 2024. In Q1 we grew revenues, Adjusted EBITDA and improved our net debt position. Within the quarter we made combined principal and interest payments of \$4.6 million, reducing our net debt from \$62.6 million to \$58.8 million while managing through the sale of our PopReach Games assets that closed in Q2. It was another quarter where we demonstrated the ability to manage our existing operations as well as executing on longer term objectives. We remain confident in our ability to execute on our targets in 2024 and expect sequential growth throughout the rest of the year."

Significant Developments Subsequent to Quarter End

On [April 29, 2024](#), the Company announced the sale of substantially all of its mobile games portfolio including its subsidiary, PopReach Technologies Private Limited, a live operations games studio located in Bangalore, India to Phoenix Games Holdings UK Ltd. for a total aggregate purchase price of up to \$9.8 million.

Non-IFRS Measures

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, the Company considers certain non-IFRS financial measures as useful additional information to assess its financial performance. These measures, which it believes are widely used by investors, securities analysts and other interested parties to evaluate its performance, do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-IFRS measures include "Adjusted EBITDA" and "Adjusted Free Cash Flow".

Adjusted EBITDA and Adjusted Free Cash Flow

Consolidated adjusted earnings before interest, taxes, depreciation, and amortization ("**Adjusted EBITDA**") is a non-IFRS measure of financial performance. Company management defines Adjusted EBITDA as IFRS Net income (loss) adding back finance costs, income taxes, depreciation and amortization, gain/loss on disposal of assets and extinguishment of loans, fair value gain/loss on financial liabilities and modification/extinguishment on loans, and excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, foreign exchange gains/losses, and other extraordinary one-time expenses, such as transaction costs and other severance and restructuring costs. See reconciliation of Adjusted EBITDA in the table below.

Company management defines "**Adjusted Free Cash Flow**" as Adjusted EBITDA less capital expenditures, such as acquisition of property and equipment and additions to intangibles for capitalized development costs, and income taxes paid during the period. Similarly, Company management defines "**Adjusted Free Cash Flow conversion rate**" as Adjusted Free Cash Flow divided by Adjusted EBITDA. See reconciliation of Adjusted Free Cash Flow in the table below.

The presentation of these non-IFRS financial measures are not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS and may be different from non-IFRS financial measures used by other companies.

Management believes Adjusted EBITDA and Adjusted Free Cash Flow are useful financial metrics to assess its operating performance on a cash basis before the impact of non-cash and extraordinary one-

time items.

The following tables presents the Company's calculation of Adjusted EBITDA and Adjusted Free Cash Flow for each period:

	For the three months ended			
	March 31 2024	December 31, 2023	September 30, 2023	June 30, 2023
Net loss	\$ (3,254)	\$ (44,743)	\$ (2,333)	\$ (4,849)
Add:				
Finance costs	2,554	2,332	2,024	3,329
Income tax expense (recovery)	88	(499)	105	40
Depreciation and amortization	3,636	3,589	3,328	3,176
Impairment loss on intangibles and goodwill	-	41,270	-	-
Loss (gain) on disposal of assets	-	8	(8)	-
Loss on modification/extinguishment of loan	-	1,691	-	1,129
Share-based compensation expense	221	494	242	296
Extraordinary one-time expenses	61	823	280	410
Foreign exchange loss	157	75	100	92
Non-recurring income	(72)	-	-	-
Adjusted EBITDA	\$ 3,391	\$ 5,040	\$ 3,738	\$ 3,623
Less:				
Acquisition of property and equipment	(17)	(2)	(19)	(36)
Additions to intangible assets	(70)	(251)	(456)	(150)
Taxes paid	(1,858)	(21)	(1,334)	(19)
Adjusted Free Cash Flow	\$ 1,446	\$ 4,766	\$ 1,929	\$ 3,418

	For the three months ended			
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Net loss	\$ (4,270)	\$ (14,748)	\$ (1,049)	\$ (922)
Add:				
Finance costs	1,239	1,246	666	614
Income tax expense (recovery)	78	564	254	(330)
Depreciation and amortization	2,827	2,518	1,982	1,670
Impairment loss on intangibles and goodwill	-	14,345	-	-
Fair value loss (gain) on financial liabilities	-	217	(33)	(5)
Loss on extinguishment of loan	1,782	-	-	1,039
Share-based compensation expense	400	386	353	131
Extraordinary one-time expenses	173	187	245	469
Foreign exchange gains	240	(130)	(100)	(141)
Loan forgiveness	-	(617)	-	-
Non-recurring income	-	(2)	-	-
Adjusted EBITDA	\$ 2,469	\$ 3,966	\$ 2,318	\$ 2,525
Less:				
Acquisition of property and equipment	(22)	(6)	(10)	(7)
Additions to intangible assets	(151)	(149)	(124)	-
Taxes paid	-	(44)	-	(484)
Adjusted Free Cash Flow	\$ 2,296	\$ 3,767	\$ 2,184	\$ 2,034

Financial Statements and MD&A

Ionik's Financial Statements for the three months ended March 31, 2024, and Management's Discussion and Analysis for the same period, are posted on its corporate website at www.ionikgroup.com and available on the Company's profile on SEDAR+ at www.sedarplus.ca.

The Company also announced that it has granted an aggregate of 4,000,000 restricted share units ("RSUs") and options to acquire an aggregate of 1,500,000 common shares of the Company ("Options", and together with the RSUs, collectively, the "Equity Grants"), to officers of the Company, pursuant to the Company's Omnibus Equity Incentive Plan adopted on April 28, 2022, as amended and restated on April 24, 2023. The Equity Grants vest as to 25% on the one-year anniversary of grant and 6.25% quarterly thereafter. The Options are exercisable at C\$0.25 and have a five-year term.

About Ionik

Ionik, a Tier 1 Issuer on the TSX Venture Exchange, with shares also trading on the OTCQX Best Market, is a data-driven performance marketing technology company focused on assembling the most effective and complete suite of advertising, marketing and monetization solutions for brands, advertisers and publishers while building an extensive proprietary repository of opted-in first party data.

Additional information about the Company is available at www.sedarplus.ca.

PopReach Corporation (dba Ionik)

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Cautionary Statement Regarding Forward-Looking Information

Certain information in this news release constitutes forward-looking statements and forward-looking information under applicable Canadian securities legislation (collectively, "forward-looking information"). Forward-looking information includes, but is not limited to, statements with respect to and the business, financials and operations of the Company. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events. Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by the Company as of the date of this news release, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements and future events to be materially different from those expressed or implied by such forward-looking information, including but not limited to the factors described in greater detail in the public documents of the Company available at www.sedarplus.ca. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Investors are cautioned that undue reliance should not be placed on any such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the Company. The Company does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.



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