# Ionik Reports Strong Q1 2025 Results Led by 62% Adjusted EBITDA Growth

***Gross Profit for Q1 2025 increased 21% over Q1 2024 to $17.4 million***

***Adjusted EBITDA[1] for Q1 2025 increased 62% over Q1 2024 to $6.3 million***

***Generated Adjusted Free Cash Flow[1] of $6.1 million and reduced Senior Debt by $3.9 million***

*(All figures in US dollars, unless otherwise indicated)*

Toronto, Ontario--(Newsfile Corp. - June 2, 2025) - Ionik Corporation (TSXV: INIK) (OTCQB: INIKF) (the "**Company**" or "**Ionik**"), a data and technology-driven marketing and advertising solutions company, announced its financial results for the first quarter ended March 31, 2025.

## Financial Highlights for the First Quarter 2025

- Revenue of $41.8 million, a decrease of 1% compared to $42.1 million in the same period of the prior year ("**Q1 2024**"), and 14% over the prior quarter ("**Q4 2024**"). The change versus the prior year was mainly attributable to: i) modest deferrals in activation of advertising budgets from our customer base related to general economic uncertainty, ii) a strategic prioritization of higher-margin internal monetization sources over some external monetization options resulting in an increase in intercompany revenue (and corresponding cost of sales) eliminations upon consolidation, and iii) typical first quarter seasonality as compared to Q4 2024.

- Gross profit increased 21% to $17.4 million (42% gross profit margin), compared to $14.4 million (34% gross profit margin) in Q1 2024. The increase in gross profit is predominantly attributable to growth driven by the acquisitions of Nimble5, LLC in September 2024 and Rise4 Inc. in November 2024, while the increase in margin percentage is mainly due to the increase in higher-margin internally generated revenue noted above.

- Adjusted EBITDA[1] of $6.3 million increased 62% over Q1 2024, with growth derived mainly from the 2024 acquisitions.

- Adjusted Free Cash Flow[1] of $6.1 million (96% Adjusted Free Cash Flow conversion rate[1]), compared to $2.0 million (50% Adjusted Free Cash Flow conversion rate[1]) for Q1 2024. Adjusted Free Cash Flow[1] reported in Q1 2024 was affected by income taxes paid totalling $1.9 million. Excluding these tax payments Adjusted Free Cash Flow[1] was $3.3 million (97% Adjusted Free Cash Flow conversion rate[1]) for Q1 2024.

- Net loss after tax from continuing operations of $3.6 million versus a net loss of $2.7 million for Q1 2024.

- Cash as at March 31, 2025 was $12.7 million, compared to $14.6 million at December 31, 2024 and $8.4 million at March 31, 2024. As at March 31, 2025, the Company had not drawn on its revolving facility of $10.0 million. Management believes that its current capital position is sufficient to execute its current business and operational strategies.

- Total undiscounted debt as at March 31, 2025 was $122.5 million, including $84.1 million of senior lender debt, $28.8 million of convertible debt, and $6.8 million in a vendor take-back loan and $3.0 million in working capital note compared to $126.5 million in total debt as at December 31, 2024. The decrease resulted from principal payments of $3.9 million on the senior debt term facility in the quarter. Senior debt net of cash was $71.4 million at March 31, 2025, compared to $73.4 million at

December 31, 2024.

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

Ted Hastings, Ionik's CEO, commented, "Overall, we delivered a strong start to 2025 given the macroeconomic uncertainty. Our resilient and diversified platform combined with our experienced team to drive improved gross profit margins and manage operating expenses to deliver another strong EBITDA and free cash flow quarter. We paid down $3.9 million in principal on our senior debt within the quarter and continue to make meaningful progress on the integration of our marketing platform, which is driving continued margin improvements and operating cost efficiencies. We remain confident in our ability to deliver sequential growth throughout 2025."

### Significant developments for the three months ended March 31, 2025 and subsequent to quarter end:

- On May 29, 2025, the Company was notified by its senior lender of a technical breach of a financial covenant under credit agreement of its syndicate debt facility (the "**Syndicate Debt Facility**") as at March 31, 2025. In accordance with the terms of the Syndicate Debt Facility, this breach provides the lenders the contractual right to accelerate repayment of the outstanding balance. The Company is actively engaged in discussions regarding obtaining a formal waiver. Management believes these discussions are progressing positively and anticipates a favourable resolution based on the ongoing constructive dialogue with the lender, although no formal waiver has been finalized as of the date of this release. The Company has reclassified the outstanding debt under the Syndicate Debt Facility from non-current liabilities to current liabilities in its Q1 2025 financial statements. Updates regarding the covenant negotiations will be provided in due course.

## 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", "Adjusted Free Cash Flow" and "Adjusted Free Cash Flow conversion rate".

### 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, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| Net loss (income) | $(3,581) | $(16,869) | $(2,941) | $147 |
| Add: | | | | |
| Finance costs | 4,546 | 4,483 | 3,092 | 2,651 |
| Income tax (recovery) expense | 523 | (3,012) | 1,112 | 1,440 |
| Depreciation and amortization | 4,729 | 6,119 | 3,936 | 3,565 |
| Impairment loss on intangibles and goodwill | — | 14,052 | — | — |
| Gain on disposal of games | — | — | (110) | (2,772) |
| Fair value loss (gain) on financial liabilities | (478) | 1,651 | (33) | — |
| Gain on modification/extinguishment of loan | — | (16) | — | — |
| Share-based compensation expense | 163 | 30 | 202 | 186 |
| Extraordinary one-time expenses | 326 | 995 | 615 | 576 |
| Foreign exchange (gain) loss | 134 | (43) | 135 | 99 |
| Non-recurring income | (33) | (50) | (45) | (12) |
| **Adjusted EBITDA[1]** | **$6,329** | **$7,340** | **$5,963** | **$5,880** |
| Less: | | | | |
| Acquisition of property and equipment | (13) | (12) | (6) | (12) |
| Additions to intangible assets | (76) | (75) | (70) | (69) |
| Taxes paid | (144) | (2,447) | (406) | (1,865) |
| **Adjusted Free Cash Flow[1]** | **$6,096** | **$4,806** | **$5,481** | **$3,934** |

**Table 1**

To view an enhanced version of this graphic, please visit:
https://images.newsfilecorp.com/files/6563/254136_inik_table1.jpg

| | For the three months ended | | | |
|---|---|---|---|---|
| | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 |
| Net loss | $(2,678) | $(44,719) | $(1,703) | $(4,243) |
| Add: | | | | |
| Finance costs | 2,554 | 2,332 | 2,024 | 3,329 |
| Income tax (recovery) expense | 88 | (10) | 105 | 40 |
| Depreciation and amortization | 3,572 | 3,589 | 3,328 | 3,176 |
| Impairment loss on intangibles and goodwill | — | 41,270 | — | — |
| Gain (loss) 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[1]** | $3,903 | $5,553 | $4,368 | $4,229 |
| 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]** | $1,958 | $5,279 | $2,559 | $4,024 |

**Table 2**

To view an enhanced version of this graphic, please visit:
https://images.newsfilecorp.com/files/6563/254136_inik_table_2.jpg

## Financial Statements and MD&A

Ionik's Financial Statements for the three months ended March 31, 2025, and Management's Discussion and Analysis for the same period, are posted on its corporate website at www.ir.ionikgroup.com and available on the Company's profile on SEDAR+ at www.sedarplus.ca.

## About Ionik

Ionik, a Tier 1 Issuer on the TSX Venture Exchange, with shares also trading on the OTCQB Venture Market, is a technology-driven marketing and advertising solutions company that helps brands, advertisers, and publishers connect with their audiences through data-driven insights and advanced automation. By leveraging its extensive suite of technology, creative expertise, and proprietary first-party data, Ionik optimizes the entire customer acquisition and retention journey.

Ionik's platform unifies marketing automation, media activation, and data management to create a seamless advertising ecosystem, helping businesses efficiently source, retain, and monetize their customers

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

***Ionik Corporation***
Sean Peasgood
Investor Relations
(647) 777-7564
Sean@SophicCapital.com

Jeff Collins
CFO/COO
(416) 583-5918
invest@popreach.com

***Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined***

***in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***

***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 is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. Forward-looking information includes, but is not limited to, statements with respect to the business, financials and operations of the Company, statements with respect to the Company's sufficiency of its capital position to execute on business and operational strategies, statements relating to the status of the Syndicate Debt Facility, the default thereof and the resolution of such default, successful integration of acquisitions, operational and financial growth strategy, ability to make debt repayments, expected Adjusted Free Cash Flow and anticipated success in customer adoption of the Company's products and services. 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 assumptions relating to continued customer support for the Company's products and services, the Company being able to resolve the default under the Syndicate Debt Facility with the lenders thereunder, competition, the ability of the Company to innovate and advance its product and service offerings, general market conditions, exchange rate, global financial conditions, the ability of the Company to meet its liabilities as they become due, the ability of the Company to integrate and successfully capitalize on acquisitions, and 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.*

IONIK™