

**ADCORE INC.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2024**

**UNAUDITED**

**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF  
MARCH 31, 2024**

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**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	As at March 31, 2024	As at December 31, 2023
		US \$ in thousands	
		Unaudited	
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	3	5,915	6,106
Trade accounts receivable, net		3,297	4,616
Other accounts receivable		413	415
<b>Total current assets</b>		<b>9,625</b>	<b>11,137</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment, net		187	200
Intangible assets, net		3,038	3,091
<b>Total non-current assets</b>		<b>3,225</b>	<b>3,291</b>
<b>TOTAL ASSETS</b>		<b>12,850</b>	<b>14,428</b>
<b>CURRENT LIABILITIES:</b>			
Trade accounts payable		3,056	3,773
Other accounts payable		1,036	1,630
<b>Total current liabilities</b>		<b>4,092</b>	<b>5,403</b>
<b>NON-CURRENT LIABILITIES:</b>			
Accrued severance pay, net		8	8
Deferred tax liability, net		167	144
Derivative liability - warrants	4	-	-
<b>Total non-current liabilities</b>		<b>175</b>	<b>152</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	4	*	*
Additional paid in capital		10,923	10,905
Treasury shares		(714)	(701)
Actuarial reserve		(72)	(72)
Retained earnings (loss)		(1,554)	(1,259)
<b>Total Equity</b>		<b>8,583</b>	<b>8,873</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,850</b>	<b>14,428</b>

\* Represents an amount lower than \$ 1 thousand.

<i>“Omri Brill”</i>	<i>“Roy Nevo”</i>	May 15, 2024
Omri Brill	Roy Nevo	Date of approval of the
Director	Director	financial statements

ADCORE INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE  
INCOME

	<u>Note</u>	<u>Three months period ended March 31, 2024</u>	<u>Three months period ended March 31, 2023</u>
		<u>US \$ in thousands</u>	
Revenues	5,6	5,071	5,044
Cost of revenues		<u>2,777</u>	<u>3,016</u>
<b>Gross profit</b>		<b>2,294</b>	<b>2,028</b>
Research and development expenses		452	310
Selling, general and administrative expenses		<u>1,966</u>	<u>1,899</u>
<b>Operating profit (Loss)</b>		<b>(124)</b>	<b>(181)</b>
Finance expenses		170	277
Finance income		<u>(22)</u>	<u>(18)</u>
<b>Loss before taxes on income</b>		<b>(272)</b>	<b>(440)</b>
Tax expenses		<u>23</u>	<u>10</u>
<b>Total comprehensive profit (loss) for the period</b>		<b><u>(295)</u></b>	<b><u>(450)</u></b>
<b>Basic profit (loss) per share attributable to shareholders</b>		(0.005)	(0.007)
<b>Diluted profit (loss) per share attributable to shareholders</b>		(0.005)	(0.007)
Weighted average number of ordinary shares		60,324,211	60,442,184
Weighted average number of dilutive ordinary shares		60,324,211	60,442,184

**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN  
SHAREHOLDERS' EQUITY**

For the three months period ended March 31, 2024:

	Number of Shares	Share capital	Additional paid in capital	Treasury shares	Actuarial reserve	Retained earnings	Total Shareholders' equity
	\$ In thousands						
<b>Balance at January 1, 2024</b>	60,176,710	*	10,905	(701)	(72)	(1,259)	8,873
Changes during the period:							
Share-based compensation	-	-	18	-	-	-	18
Exercise of RSUs	161,959	-	-	-	-	-	-
Repurchase of shares	(79,500)	-	-	(13)	-	-	(13)
Total Comprehensive loss for the period	-	-	-	-	-	(295)	(295)
<b>Balance at March 31, 2024</b>	<u>60,259,169</u>	<u>*</u>	<u>10,923</u>	<u>(714)</u>	<u>(72)</u>	<u>(1,554)</u>	<u>8,583</u>

For the three months period ended March 31, 2023:

	Number of Shares	Share capital	Additional paid in capital	Treasury shares	Actuarial reserve	Retained earnings	Total Shareholders' equity
	\$ In thousands						
<b>Balance at January 1, 2023</b>	60,443,699	*	10,728	(607)	(72)	(315)	9,734
Changes during the period:							
Share-based compensation	-	-	62	-	-	-	62
Exercise of RSUs	42,975	-	-	-	-	-	-
Repurchase of shares	(102,500)	-	-	(20)	-	-	(20)
Total Comprehensive loss for the period	-	-	-	-	-	(450)	(450)
<b>Balance at March 31, 2023</b>	<u>60,384,174</u>	<u>*</u>	<u>10,790</u>	<u>(627)</u>	<u>(72)</u>	<u>(765)</u>	<u>9,326</u>

\* Represents an amount lower than \$ 1 thousand.

**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months period ended March 31, 2024</b>	<b>Three months period ended March 31, 2023</b>
	<b>US \$ In thousands</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss for the period	(295)	(450)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	254	169
Share based compensation	18	62
Decrease in trade accounts receivable	1,319	903
Decrease in other accounts receivable	2	186
Increase in deferred tax liability, net	23	2
decrease in trade accounts payable	(717)	(1,690)
Increase (decrease) in other accounts payable	(594)	41
<b>Net cash provided by operating activities</b>	<b>10</b>	<b>(777)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(2)	(2)
Capitalized development cost	(186)	(266)
<b>Net cash used in investing activities</b>	<b>(188)</b>	<b>(268)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Purchase of treasury shares	(13)	(20)
Payments and interest of lease liabilities	-	(51)
<b>Net cash used in financing activities</b>	<b>(13)</b>	<b>(71)</b>
Exchange rate differences on cash and cash equivalents	-	-
<b>decrease in cash and cash equivalents</b>	(191)	(1,116)
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,106</b>	<b>6,525</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,915</b>	<b>5,409</b>

**ADCORE INC.**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**APPENDIX A - AMOUNT PAID DURING THE PERIOD FOR:**

	<b>Three months period ended March 31, 2024</b>	<b>Three months period ended March 31, 2023</b>
	<b>Unaudited</b>	
	<b>US \$ In thousands</b>	
Interest on lease liabilities	-	1

**ADCORE INC.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**(US \$ in thousands)**

**NOTE 1 - GENERAL:**

Adcore Inc. (the “Company” or “**Adcore**”), a reporting issuer listed on the TSX Venture Exchange trading under the symbol ADCO.TO, The Company’s registered address and principal place of business is 100 King Street West, Suite 1600, Toronto, ON M5X 1G5, Canada. Adcore is the parent company of Podium Advertising Technologies Ltd., (“**Podium**”) which her registered address and principal place of business is 105 Allenby St, Tel Aviv-Yafo, 52536, Israel, Adcore Australia Pty., (“**Adcore AU**”) which her registered address and principal place of business is Level 5/111 Cecil St, South Melbourne VIC 3205, Australia, Adcore US Inc. (“**Adcore US**”) which her registered address and principal place of business is 691 S. Milpitas Blvd, Ste 212, Milpitas, CA 95035, Amphy EdTech Ltd., (“**Amphy**”) which her registered address and principal place of business is 105 Allenby St, Tel Aviv-Yafo, 52536, Israel, and Adcore East Limited (“**Adcore East**”) 50 Bonham Strand, Sheung Wan, Hong Kong 3806 Central Plaza, 18 Harbour Rd, Wanchai, Hong Kong, which holds Adcore China (“**Adcore CH**”), which her registered address and principal place of business is 22/F Tomson Commercial Building, 710 Dongfang Road, Shanghai, PRC, 200122. Podium was established and commenced its operations in July 2006, and is a leading provider of machine-learning powered advertising technologies used by digital advertisers to enhance and maximize their Search Engine Marketing (“SEM”).

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Corporate is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Corporate continues to assess the effects of the state of war on its financial statements and business.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies followed in the preparation of the condensed interim financial statements, on a consistent basis, are:

**Basis of preparation**

These unaudited interim condensed consolidated financial statements of the Company are for the three months ended March 31, 2024 are presented in US dollar, which is the presentation and functional currency of the Company. These unaudited interim condensed consolidated financial statements have been prepared in accordance with the requirements of International Accounting Standard IAS 34 "Interim Financial Reporting". They do not include all the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2023.



**ADCORE INC.****NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(US \$ in thousands)****NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):**

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the last annual financial statements of the Company for the year ended December 31, 2023.

**Basis of consolidation**

The Financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intercompany balances and transactions and any unrealized income and expenses arising from such transactions are eliminated upon consolidation.

**Estimates and assumptions**

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the condensed interim financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities are discussed below.

**NOTE 3 – CASH AND CASH EQUIVALENTS:**

The following tables presents cash and cash equivalents by region as of 31.03.2024 and 31.12.2023:

**Cash and cash equivalents as of 31.03.2024**

	APAC	EMEA	North America	<b>Total</b>
Cash	1,187	1,945	130	<b>3,262</b>
Deposits	-	1,403	1,250	<b>2,653</b>
<b>Total</b>	<b>1,187</b>	<b>3,348</b>	<b>1,380</b>	<b>5,915</b>

**Cash and cash equivalents as of 31.12.2023**

	APAC	EMEA	North America	<b>Total</b>
Cash	1,483	1,741	252	<b>3,476</b>
Deposits	-	1,380	1,250	<b>2,630</b>
<b>Total</b>	<b>1,483</b>	<b>3,121</b>	<b>1,502</b>	<b>6,106</b>

(\*) APAC – Asia pacific

(\*\*) EMEA – Europe, the Middle East and Africa

**ADCORE INC.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
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**(US \$ in thousands)**

**NOTE 4 – SHAREHOLDERS' EQUITY:**

A. On May 17, 2023, Adcore Inc. announced that the Toronto Stock Exchange has accepted its notice of intention to proceed with the NCIB. Pursuant to the notice, Adcore may purchase up to 3,024,452 of its common shares (“Shares”), representing approximately 5% of its issued and outstanding Shares of 60,489,043. The NCIB will be conducted during the twelve month period commencing May 19, 2023 and ending May 18, 2024. Under the NCIB, other than purchases made under block purchase exemptions, Adcore may purchase up to 2,160 Shares on the TSX during any trading day, which represents approximately 25% of 8,640, which represents the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX’s acceptance of the notice of the NCIB. Any Shares purchased under the normal course issuer bid will be cancelled.

On May 12, 2022, Adcore Inc. announced that the Toronto Stock Exchange has accepted its notice of intention to proceed with the Normal-Course Issuer Bid (the “NCIB”). Pursuant to the notice, Adcore may purchase up to 3,188,475 of its common shares (“Shares”), representing approximately 5% of its issued and outstanding Shares of 63,769,494. The NCIB will be conducted during the twelve month period commencing May 18, 2022 and ending May 17, 2023. Under the NCIB, other than purchases made under block purchase exemptions, Adcore may purchase up to 13,593 Shares on the TSX during any trading day, which represents approximately 25% of 54,370, which represents the average daily trading volume on the TSX for the most recently completed six calendar months prior to the TSX’s acceptance of the notice of the NCIB. Any Shares purchased under the normal course issuer bid will be returned to the Company’s treasury for cancellation by no later than the end of the calendar month in which the purchase of such Common shares is completed. For the three months ended March 31, 2023 the company purchased 102,500 shares in an aggregate amount of \$20.

During the three month period ended March 31, 2024 the Corporate purchased 79,500 shares as part of the NCIB programs in the amount of \$13.

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**B. Share based compensation:**

Options

During the three-month period, ended March 31, 2024, the Company granted 610,473 options with a CAD\$0.185 exercise price per share to its directors, officers, employees and consultants. the options will vest between 0 and 24 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 3.80%, expected volatility: 46%, expected term: 4 years, expected dividend yield: 0%, p.a.

During the three-month period, ended March 31, 2023, the Company granted 330,000 options with a CAD\$0.25-CAD\$0.27 exercise price per share to its directors, officers, employees and consultants. the options will vest between 0 and 24 months and will expire within 4 years from the issuance. The Company has applied a Black-Scholes option-pricing model to determine the fair value of options. Under the following inputs: Risk free rate: 0.81%, expected volatility: 82%, expected term: 4 years, expected dividend yield: 0%, p.a.

The following table reflects the activity with respect to options of the Company for the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

**B. Share based compensation (Cont.):**

	<b>Three months ended March 31, 2024</b>		<b>Three months ended March 31, 2023</b>	
	<b>Number of options</b>	<b>Weighted average Exercise price</b>	<b>Number of options</b>	<b>Weighted average Exercise price</b>
Outstanding at beginning of year	6,910,081	CAD 0.32	8,049,081	CAD 0.37
Granted	610,473	CAD 0.185	330,000	CAD 0.26
Exercised	-	-	-	-
Forfeited and cancelled	(70,000)	CAD 0.55	(20,000)	CAD 0.98
Outstanding at end of period	<u>7,450,554</u>	<u>CAD 0.31</u>	<u>8,359,081</u>	<u>CAD 0.37</u>
Exercisable options	<u>6,779,954</u>	<u>CAD 0.30</u>	<u>7,452,331</u>	<u>CAD 0.346</u>

During the three months ended March 31, 2024, and 2023, the Company recorded expenses in the amount of \$13 and \$18, respectively.

**ADCORE INC.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
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**(US \$ in thousands)**

Restricted Share Units

During the three-month period, ended March 31, 2024, the Company approved an aggregate grant of 309,459 Restricted Share Units (“RSUs”) to its directors, employees and senior officers. The RSUs will vest between 0 and 24 months. Each vested RSU entitles the holder to receive one common share of the Company for period of 4 years.

During the three-month period, ended March 31, 2023, the Company approved an aggregate grant of 399,091 Restricted Share Units (“RSUs”) to its directors, employees and senior officers. The RSUs will vest between 0 and 24 months. Each vested RSU entitles the holder to receive one common share of the Company for period of 4 years.

**B. Share based compensation (Cont.):**

The following table reflects the activity with respect to RSUs of the Company for the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

	<b>Three months ended March 31, 2024</b>	<b>Three months ended March 31, 2023</b>
	<b>Number of RSUs</b>	<b>Number of RSUs</b>
Outstanding at beginning of year	489,922	335,675
Granted	309,459	399,091
Exercised	(161,959)	(42,975)
Forfeited and cancelled	(182,222)	-
	<hr/>	<hr/>
Outstanding at end of period	455,200	691,791
	<hr/>	<hr/>
Exercisable RSUs	370,000	261,313
	<hr/>	<hr/>

During the three months ended March 31, 2024, and 2023, the Company recorded expenses in the amount of \$5 and \$44, respectively.

**ADCORE INC.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
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**(US \$ in thousands)**

**NOTE 4 – SHAREHOLDERS' EQUITY (CONT.):**

**C. Warrants**

The following table reflects the activity with respect to warrants of the Company for the three months ended March 31, 2024, compared to the three months ended March 31, 2023:

	<b>Three months ended March 31, 2024</b>		<b>Three months ended March 31, 2023</b>	
	<b>Number of Warrants</b>	<b>Weighted average Exercise price</b>	<b>Number of Warrants</b>	<b>Weighted average Exercise price</b>
Outstanding at beginning of year	-	-	1,767,000	*
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited and cancelled	-	-	-	-
Outstanding at end of period	-	-	1,767,000	*
Exercisable Warrants	-	-	1,767,000	*

\* Represents an amount lower than \$ 1 thousand.

As of June 16, 2023, the warrants have expired. During the three months ended March 31, 2023 no warrants were exercised.

**ADCORE INC.**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
(US \$ in thousands)

**NOTE 5 - REVENUES:**

**A. Geographic Areas Information:**

The following present the total revenues for the three months ended March 31, 2024, and 2023:

	<b>For the three months period ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
APAC	1,554	1,433
EMEA	2,026	2,468
North America	1,491	1,143
	<b>5,071</b>	<b>5,044</b>

**B. Major customers (as percentage of total revenues):**

	<b>For the three months period ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Customer A	19%	20%
Customer B	15%	6%
Customer C	8%	12%
Customer D	-	18%
	<b>42%</b>	<b>56%</b>

**NOTE 6 - RELATED PARTIES AND SHAREHOLDERS:**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personal.

**The following transactions arose with related parties:**

<b>Transaction</b>	<b>For the three months period ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Management fee to CEO and controlling shareholder	128	110
Share Based Compensation to CEO and controlling shareholder	1	2

**Liabilities to related parties:**

<b>Transaction</b>	<b>As of March 31, 2024</b>	<b>As of March 31, 2023</b>
Controlling shareholder	134	133