

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) November 8, 2024

INUVO, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

001-32442

(Commission File Number)

87-0450450

(IRS Employer Identification No.)

500 President Clinton Ave., Ste. 300, Little Rock, AR

(Address of principal executive offices)

72201

(Zip Code)

Registrant's telephone number, including area code (501) 205-8508

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 8, 2024, Inuvo, Inc. issued a press release regarding financial performance for Q3 2024. A copy of the earnings release is being furnished herewith as Exhibit 99.1.

The information in this Current Report on Form 8-K under this caption and accompanying exhibits are being furnished under Item 2.02 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The Company made reference to non-GAAP financial information in the press release and a reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the press release.

ITEM 7.01 REGULATION FD DISCLOSURE

On November 8, 2024, the Company held a management conference call to discuss the Company's financial results for Q3 2024, the outlook of the Company and certain other matters.

A copy of the script for the conference call is attached as Exhibit 99.2 and is incorporated by reference into this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and accompanying exhibit is being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release for Q3 2024 financial results.
99.2	Conference Call Script.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INUVO, INC.

Date: November 8, 2024

By: /s/ John B. Pisis

John B. Pisis, General Counsel

EXHIBIT INDEX

<u>99.1</u>	<u>Press Release for Q3 2024 financial results.</u>
<u>99.2</u>	<u>Conference Call Script.</u>

**Operator Comments:**

Good morning, and welcome to INUVO's 2024 Third Quarter Conference Call. Today's conference is being recorded. Ms. Natalya Rudman of Crescendo Communications, please go ahead.

Natalya Rudman (Investor Relations) Comments:

Thank you, operator, and good morning.

I'd like to thank everyone for joining us today for the INUVO third quarter 2024 shareholder update call. Today, INUVO's Chief Executive Officer Richard Howe and Chief Financial Officer Wally Ruiz will be your presenters on the call.

We would also like to remind our shareholders that we plan to file our 10-Q with the Securities and Exchange Commission this morning.

Before we begin, I'm going to review the Company's Safe Harbor statement. The statements in this conference call that are not descriptions of historical facts are forward-looking statements relating to future events and, as such, all forward-looking statements are made pursuant to the Securities Litigation Reform Act of 1995.

These forward-looking statements are subject to risks and uncertainties and actual results may differ materially. When used in this call, the words anticipate, could, enable, estimate, intend, expect, believe, potential, will, should, project, and similar expressions as they relate to INUVO, Inc., are, as such, a forward-looking statement.

Investors are cautioned that all forward-looking statements involve risks and uncertainties which may cause actual results to differ from those anticipated by INUVO at this time. In addition, other risks are more fully described in INUVO's public filings with the US Securities and Exchange Commission, which can be reviewed at www.sec.gov.

The Company makes no commitment to disclose any revisions to forward-looking statements, or any facts, events, or circumstances after the date hereof that bear upon forward-looking statements.

In addition, today's discussion will include references to non-GAAP measures. The Company believes that such information provides an additional measurement and consistent historical comparison of its performance. A reconciliation of the non-GAAP measures to the most directly comparable GAAP measures is available in today's news release on our website.

With that, I'll now turn the call over to CEO Richard Howe.

Richard Howe (CEO) Comments:

Thank you Natalya and thanks to everyone for joining us today.

We are pleased to report that for the quarter ended September 30, 2024, we delivered 23% sequential growth. We were down roughly 9% year-over-year having had the strongest quarter in our history in the 3rd quarter of fiscal year 2023, that was driven in large part by our largest platform client. For the 9-months ended September 30, we are up approximately 9% year-over-year.

The fourth quarter is shaping up nicely, with the first 5-days of November having averaged roughly \$290 thousand dollars per day in revenue. We are currently estimating double digit year-over-year growth in the fourth quarter.

Adjusted EBITDA improved \$310 thousand sequentially at a loss of \$357 thousand dollars in the third quarter. We expect Adjusted EBITDA to be near break even in the fourth quarter. We had no outstanding debt at the end of September, with cash and availability from our \$10 million receivables facility sufficient to meet our working capital needs.

In the second quarter, I had mentioned that we were in the process of completing a master services agreement with a large retailer. I am pleased to report that we signed that agreement.

We have consistently delivered exceptional results for this client and consequently we expect this relationship will continue to thrive well into the future. As we have discussed in prior calls, the process for approval by this client was extensive, having taken approximately 1.5 years from the initial interest.

Let me now provide some information about our industry, clients and products.

Let's begin with the industry we serve. Our platform products and services are focused on a specific component of the advertising ecosystem. This market is roughly \$6 billion dollars annually and typically designed to extend the reach of the platforms to niche websites they do not themselves own.

Over the past year and a half, this large market has experienced changes that have been the driver of growth within our platform clients. These platform companies we work with have had a concerted effort to improve the return on advertising spend resulting from this marketplace on behalf of their advertisers.

To accomplish this goal, these platform companies have reduced the number of companies they work with, choosing instead to focus with a finite set of partners on improving quality through better technology, content and compliance. Inuvo is one of those partners.

This shift towards prioritizing quality over quantity along with the finite nature of the players in this marketplace, gives us confidence that this component of our revenue has significant potential to scale.

Among our agency and brand clients, the major shifts continue to center around consumer privacy, the browsers that enable that privacy and an advertising industry that has long relied on a business model dependent on the exchange and sale of a consumer's information.

As a reminder, our AI was designed to find audiences without using this consumer data. The debate within the industry on this issue is probably best summarized by a statement that goes something like - one person's consumer "tracking" is another person's consumer "personalization."

Regardless, the movement towards a digital advertising marketplace where tracking consumers is no longer possible continues to accelerate both legislatively and technologically. Apple, with their Safari browser is already there and as I've mentioned previously, they control over 50% of mobile browser market share.

Google, with their Chrome browser has been slow to change. In August they announced a shift in their approach to consumer privacy, stating their intention to empower consumers to make their own choices. They have yet to announce exactly how they plan to do that.

Moving now to our clients and marketing. Across our platform, agency and brand clients, we are now actively working with over 100 small and medium sized agencies. As it relates to the agencies and brands we serve as part of our AI Intentkey products, we signed 4 new agencies and 2 new direct clients within the quarter, while also adding 6 new brands with existing agencies. These new clients were in sectors that included healthcare, entertainment, education, non-profit and technology.

Across those agency & brand clients, we outperformed KPI's on average by 43% in the third quarter growing this component of our revenue by 15% year-over-year. One of our larger clients, an auto manufacturer, is currently forecasted to be up roughly \$1.3 million dollars this year. The large retail client I mentioned earlier, will be up tenfold in the fourth quarter as compared to the first quarter of 2024, which was when we first started working with them. Based on our current booked business, we are forecasting this agency & brand component of our revenue to be up sequentially in Q4.

Platform relationships remain a strong driver of growth and working capital for our company. While revenue from these clients was down 12% this quarter compared to last year's strong performance, this part of the business is scaling well as we head into Q4 and is also forecasted to be up sequentially in the fourth quarter.

We also made progress selling our Intentkey self-service product during the third quarter. This aspect of our product strategy allows clients to generate and target audiences within their own campaign platforms. While this remains a small component of our overall revenue today, in the quarter we secured a number of notable brands within hospitality, technology and the auto sectors.

As we have mentioned in prior calls, along with growth, this self-serve product is an important component of our drive towards being cash flow positive because the margins in this part of our business are significantly higher than when we deliver our technology along with campaign services.

Let me turn now to our products. In Q1 2025, we plan to announce and launch enhanced capabilities within our self-serve AI product, offering media buyers unprecedented tools and ease of use in advertising. These new capabilities should allow INUVO to scale more easily across both the large and small ends of the AdTech market.

As I have discussed on prior calls, our AI is a disruptive technology within advertising, an intelligence that has and continues to capture the wisdom of humanity as represented in the billions of pages of content available across the internet. Consequently, it already knows things about any product, service or brand - however, to implement this technology, the AI also needs to be "seeded" with information that guides, but does not define, it's audience choices.

Prior to this new launch, which is being tested now, when a self-serve client signed up, Inuvo itself would have to "seed" the AI with information captured as part of the client discussions. This, not surprisingly, caused some bottlenecks.

In this latest version of the self-serve product, clients will now be able to themselves either describe the audience they wish to target verbally and/or provide the AI with a series of URLs with content about the product, the competition, or any other contextual information related to their target markets.

With this information, which is captured in an easy-to-use interface, the Intentkey will now immediately generate an audience for the product, service or brand and be instantly able to action that audience within the client's platform of choice. There is simply no other AdTech competitor even close to providing this level of efficiency, ease of use and performance. We will talk more about this on our year end call.

At this time, I would now like to turn the call over to Wally for a more detailed assessment of our financial performance within the quarter.

Ruiz (CFO) Comments:

Thank you, Rich, and good morning. I will recap the financial results for our third quarter of 2024.

Inuvo reported revenue of \$22.4 million for the third quarter of 2024, down from \$24.6 million for the same period last year; a 9% decrease year-over-year. However, revenue in the current quarter is 23% higher than the previous sequential quarter. Through the first 9-months of 2024, we are up 8.5% year-over-year.

The higher revenue in the third quarter last year was due to a new product launch with our largest Platform client, which experienced rapid growth during the third quarter last year before being scaled back in the fourth quarter in an effort to improve advertiser performance.

We continue to focus on scaling revenue from Platform clients as well as signing new mid-size Agencies and Brands. In the third quarter of 2024, 83% of our revenue came from Platform clients, with the remaining 17% from Agencies and Brands. This represents a slight shift from third quarter of 2023 where 87% of revenue was from Platform clients and 13% from Agencies and Brands. We expect revenue from Agencies and Brands to increase as a percentage of the total for the remainder of the year.

Cost of revenue was \$2.6 million in the third quarter of 2024, compared to \$2.3 million for the same period last year. Cost of revenue is primarily composed of media payments made on behalf of our Agency and Brand clients and to a lesser extent includes payments made to website publishers and app developers that host our advertisements.

We reported a gross profit of \$19.8 million, compared to \$22.3 million for the same quarter last year. The gross profit margin for the third quarter of 2024 was 88.4% compared to 90.7% for the same period last year. The decrease in gross profit this year was due mainly to lower revenue. We anticipate a slight decline in gross margin in the fourth quarter of this year due to a higher proportion of revenue from Agencies & Brands.

Operating expenses for the third quarter of 2024 totaled \$21.7 million, compared to \$23.5 million for the same period last year. All components of operating expenses were lower this year.

Marketing costs were \$17 million in the third quarter of 2024 compared to \$17.6 million in the same quarter last year. Marketing costs were lower primarily because of lower revenue from Platform clients. This quarter's marketing expenses included a one-time, non-cash \$600 thousand impairment charge related to a 2021 referral and support services agreement no longer in use.

Compensation expense for the third quarter of 2024 was \$3.1 million compared to \$3.5 million in the same quarter of the prior year. Compensation expense was lower in the third quarter of 2024 compared to the same period in 2023 due primarily to lower stock-based compensation, incentive expense, and commission expense.

At the end of the second quarter, we eliminated 13 positions in an effort to reduce expenses through the elimination of redundant roles. Our total employment, both full- and part-time, was 82 for the third quarter of 2024 compared to 86 in the same quarter of the prior year. We plan to add three sales people by year-end.

General and administrative expense for the third quarter of 2024 was \$1.6 million compared to \$2.3 million in the prior year. The reduction reflects improved collections, resulting in lower doubtful accounts expense, along with lower professional fees and amortization expense.

Net interest expense was approximately \$101 thousand in the third quarter of 2024 compared to a net interest income of approximately \$20 thousand in the same quarter last year.

Net loss in the third quarter of 2024 was \$2 million, or 0.01¢ per basic and diluted share, compared to a net loss of \$1.2 million, or 0.01¢ per basic and diluted share, for the same period last year. The net loss includes \$1.6 million of non-cash expenses. For the first nine-months of 2024 compared to the prior year, net loss has improved by \$2.1 million.

Adjusted EBITDA loss in the third quarter of 2024 was \$357 thousand, compared to an income of \$32 thousand for the same period last year. For the first nine-months of 2024 compared to the prior year, adjusted EBITDA has improved by \$2.4 million.

As of September 30, 2024, we had cash and cash equivalents of \$2.6 million. In July, we secured a \$10 million asset-based working capital line of credit, and as of September 30, there was no debt outstanding.

Our capital structure is composed of 140 million common shares outstanding and 12 million employee restricted stock units outstanding.

The company has reduced its cash burn during the nine months of 2024 compared to the same period last year by \$227 thousand and expects further improvement in the fourth quarter.

Now, I'd like to turn the call back to Rich for closing remarks.

Richard Howe (CEO) Closing Comments:

Thanks, Wally. We grew roughly 9% in the first three quarters of 2024 compared to the prior year and while we were down year-over-year in the third quarter coming off a strong prior year comp, we expect to be back up year-over-year at double digits in the fourth quarter. Over the first 5-days of November, we have averaged over \$290 thousand dollars per day.

We continue to execute on a multi-faceted strategy that includes the expansion of our markets, which as noted in my earlier remarks we are achieving by offering both self- and full-service offerings. We continue to lean into our market advantage, which is the ability to quickly identify and target audiences without using a consumer's personal information.

Additionally, we continue to enhance our sales and service teams by upgrading the former and better organizing the latter in a manner that incentivizes both growth and retention. We have strengthened our enablement and marketing functions, putting ourselves in a stronger position to support sales and better communicate our value proposition. Furthermore, we have refined our messaging to clearly highlight our strengths and value proposition to clients and investors alike.

I will now turn the call over to the operator for questions. Operator?

Richard Howe Final Comments:

I would like to thank everyone who joined us on today's call. We appreciate your continued interest in our company.



Inuvo Reports 23% Sequential Revenue Growth to \$22.4 million for the Third Quarter of 2024

Announces strong start to Q4 2024 and projecting double-digit revenue growth

Inuvo management to host conference call today at 8:30 AM EST

LITTLE ROCK, AR, November 8, 2024 – Inuvo, Inc. (NYSE American: INUV), provider of the first generative artificial intelligence (AI) advertiser solution made specifically for brands and agencies, today provided a business update, and announced its financial results for the third quarter ended September 30, 2024.

Third Quarter 2024 Financial and Business Highlights:

- Revenue for the three months ended September 30, 2024 was \$22.4 million, a 23% sequential increase in revenue for Q3 2024 compared to Q2 2024
- Revenue from Agencies & Brands for the three months ended September 30, 2024 was up 15%, Platforms was down 12%, compared to the same quarter last year. Sequentially, revenue from Agencies & Brands was up 16% and Platforms was up 24%, respectively over the second quarter of 2024
- Adjusted EBITDA loss was \$357 thousand for the three months ended September 30, 2024, a \$310 thousand improvement over the second quarter 2024
- Net loss was \$2 million for the three months ended September 30, 2024, which included a one-time \$600 thousand non-cash impairment charge
- The Company secured a \$10.0 million credit line in July
- The Company closed a significant new retail client agreement

Nine-Month 2024 Financial and Business Highlights:

- Revenue increased 8.5% to \$57.6 million for the nine months ended September 30, 2024 over the same period last year
- Adjusted EBITDA loss improved \$2.4 million for the nine months ended September 30, 2024 over the same period last year
- Net loss reduced by \$2.1 million for the nine months ended September 30, 2024 over the same period last year

Richard Howe, CEO of Inuvo, stated, "We're pleased to report 23% sequential growth for Q3 2024. Although revenue was down about 9% year-over-year in Q3 2024 due to an exceptionally strong quarter recorded in Q3 2023, revenue increased approximately 9% year-over-year for the nine months ended September 30, 2024. Our continued growth is a key element of our strategy to achieve positive cash flow in the near term. Towards that end, our adjusted EBITDA improved by approximately \$2.4 million for the nine months ended September 30, 2024. Moreover, with a strong start to Q4 2024, we are forecasting double-digit year-over-year growth for the quarter."

IntentKey is the first large-language generative AI that identifies and targets audiences without consumer data, tracking, or cookies, outperforming competitors. This advanced AI empowers marketers with Inuvo's audience discovery and targeting in managed and self-service formats.

Mr. Howe continued, "We are preparing for the launch of an exciting update to our self-service IntentKey product, which we expect to announce early in Q1 2025. This update will take AI driven audience curation and targeting to an entirely new level never before achieved within marketing."

Financial Results for the Three Months Ended September 30, 2024

Net revenue for the third quarter of 2024 totaled \$22.4 million, compared to \$24.6 million for the same period last year.

Cost of revenue for the third quarter of 2024 totaled \$2.6 million, compared to \$2.3 million for the same period last year. The increase in the cost of revenue for the three months ended September 30, 2024, as compared to the same period last year, was related to the change in revenue mix.

Gross profit for the three months ended September 30, 2024, totaled \$19.8 million as compared to \$22.3 million, for the same period last year. Gross profit margin for the three months ended September 30, 2024, was 88.4% as compared to 90.7% for the same period last year.

Total operating expenses for the three months ended September 30, 2024, totaled \$21.7 million compared to \$23.5 million for the same period last year. Marketing costs this year include a non-cash impairment charge of \$600 thousand related to a referral and support services agreement that is no longer active.

Net Interest expense was approximately \$101 thousand in the third quarter of 2024 compared to a net interest income of approximately \$20 thousand in the same quarter last year.

Net loss for the third quarter of 2024 totaled \$2.0 million, or \$0.01 per basic and diluted share, as compared to net loss of \$1.2 million, or \$0.01 per basic and diluted share, for the same period last year. Net loss includes \$1.6 million of non-cash expenses; depreciation, amortization, stock-based compensation and a one-time impairment charge.

Adjusted EBITDA *[see reconciliation table below]* was a loss of approximately \$357 thousand in the third quarter of 2024, compared to an income of approximately \$32 thousand for the same period last year.

Liquidity and Capital Resources:

As of September 30, 2024, Inuvo had \$2.6 million in cash and cash equivalents and an unused working capital facility of \$10.0 million and no debt.

As of November 1, 2024, Inuvo had 140,499,799 common shares issued and outstanding.

Conference Call Details:

Date: Friday, November 8, 2024

Time: 8:30 a.m. Eastern Standard Time

Toll-free Dial-in Number: 1-800-717-1738

International Dial-in Number: 1- 646-307-1865

Conference ID: 1131160

Webcast Link: [HERE](#)

A telephone replay will be available through Friday, November 22, 2024. To access the replay, please dial 1- 844-512-2921 (domestic) or 1- 412-317-6671 (international). At the system prompt, please enter the code 1131160 followed by the # sign. You will then be prompted for your name, company, and phone number. Playback will then automatically begin.

About Inuvo

Inuvo®, Inc. (NYSE American: INUV) is a market leader in Artificial Intelligence built for advertising. Its IntentKey AI solution is a first-of-its-kind proprietary and patented technology capable of identifying and actioning to the reasons why consumers are interested in products, services, or brands, not who those consumers are. To learn more, visit www.inuvo.com

Safe Harbor / Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Inuvo's quarter-end financial close process and preparation of financial statements for the quarter that are subject to risks and uncertainties that could cause results to be materially different than expectations. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including, without limitation risks detailed from time to time in our filings with the Securities and Exchange Commission (the "SEC"), and represent our views only as of the date they are made and should not be relied upon as representing our views as of any subsequent date. You are urged to carefully review and consider any cautionary statements and other disclosures, including the statements made under the heading "Risk Factors" in Inuvo, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 as filed on February 29, 2024, and our other filings with the SEC. Additionally, forward looking statements are subject to certain risks, trends, and uncertainties including the continued impact of Covid-19 on Inuvo's business and operations. Inuvo cannot provide assurances that the assumptions upon which these forward-looking statements are based will prove to have been correct. Should one of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied in any forward-looking statements, and investors are cautioned not to place undue reliance on these forward-looking statements, which are current only as of this date. Inuvo does not intend to update or revise any forward-looking statements made herein or any other forward-looking statements as a result of new information, future events or otherwise. Inuvo further expressly disclaims any written or oral statements made by a third party regarding the subject matter of this press release. The information which appears on our websites and our social media platforms is not part of this press release.

Inuvo Company Contact:

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(Tables follow)

INUVO, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Nine Months Ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Net revenue	\$ 22,371,153	\$ 24,570,588	\$ 57,603,935	\$ 53,069,433
Cost of revenue	2,594,642	2,274,626	7,599,872	7,833,729
Gross profit	19,776,511	22,295,962	50,004,063	45,235,704
Operating expenses	88.4%	90.7%	86.8%	85.2%
Marketing costs	17,006,131	17,625,806	42,540,355	36,769,972
Compensation	3,106,384	3,525,943	9,362,474	10,202,200
Selling, general and administrative	1,607,258	2,335,295	3,835,162	6,229,069
Total operating expenses	21,719,773	23,487,044	55,737,991	53,201,241
Operating loss	(1,943,262)	(1,191,082)	(5,733,928)	(7,965,537)
Interest expense (income), net	101,031	(19,852)	163,862	37,454
Other income	-	250	-	14,668
Income tax expense (income)	-	-	5,352	-
Net loss	(2,044,293)	(1,170,980)	(5,903,142)	(7,988,323)
Other comprehensive income				
Unrealized loss on marketable securities	-	-	-	84,868
Comprehensive loss	(2,044,293)	(1,170,980)	(5,903,142)	(7,903,455)
Earnings per share, basic and diluted				
Net loss income	(\$0.01)	(\$0.01)	(\$0.04)	(\$0.06)
Weighted average shares outstanding				
Basic	140,454,840	127,381,051	139,791,180	128,793,522
Diluted	140,454,840	127,381,051	139,791,180	128,793,522

INUVO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30 2024	December 31 2023
Assets		
Cash and cash equivalent	\$ 2,586,821	\$ 4,440,454
Accounts receivable, net	8,782,460	9,226,956
Prepaid expenses and other current assets	882,550	1,076,121
Total current assets	12,251,831	14,743,531
Property and equipment, net	1,791,896	1,680,788
Goodwill	9,853,342	9,853,342
Intangible assets, net of accumulated amortization	4,012,249	4,664,791
Other assets	1,074,407	1,431,692
Total assets	<u>\$ 28,983,725</u>	<u>\$ 32,374,144</u>
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	\$ 7,088,597	\$ 6,432,120
Accrued expenses and other current liabilities	8,590,948	8,100,354
Total current liabilities	15,679,545	14,532,474
Long-term liabilities	901,244	859,484
Total stockholders' equity	12,402,936	16,982,186
Total liabilities and stockholders' equity	<u>\$ 28,983,725</u>	<u>\$ 32,374,144</u>

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30 2024	September 30 2023	September 30 2024	September 30 2023
Net loss	(2,044,293)	(1,170,980)	\$ (5,903,142)	\$ (7,988,323)
Interest expense (income), net	101,031	(19,852)	163,862	37,454
Income tax expense	-	-	5,352	-
Depreciation	440,899	420,808	1,298,653	1,245,762
Amortization	172,495	265,904	700,860	816,167
EBITDA	(1,329,868)	(504,120)	(3,734,415)	(5,888,940)
Stock-based compensation	372,540	536,538	1,087,533	1,471,683
Non recurring items:				
Impairment and amortization of referral and support services agreement advance	600,000		600,000	
Adjusted EBITDA	<u>(357,328)</u>	<u>32,418</u>	<u>(2,046,882)</u>	<u>(4,417,257)</u>

Reconciliation of Operating Loss to EBITDA and Adjusted EBITDA

We present EBITDA and Adjusted EBITDA as a supplemental measure of our performance. We defined EBITDA as Net loss plus (i) interest expense, (ii) income tax expense, (iii) depreciation, and (iv) amortization. We further define Adjusted EBITDA as EBITDA plus (v) stock-based compensation and (vi) certain identified expenses that are not expected to recur or be representative of future ongoing operation of the business. These adjustments are itemized above. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same or similar to some of the adjustments in the presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.