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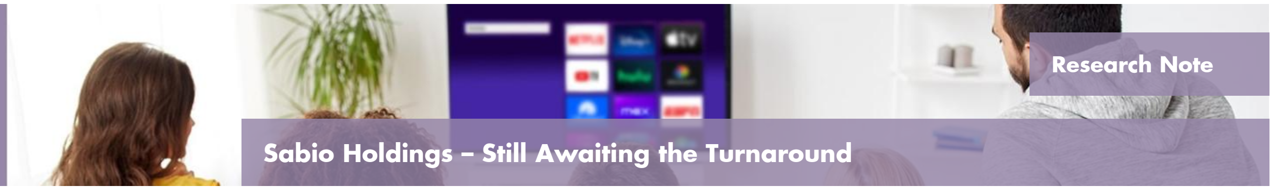

Research Note

Sabio Holdings – Still Awaiting the Turnaround

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Rating	Target Price
BUY	**C$0.30**
Unchanged	*Prev. C$0.50*

August 20, 2026

Disseminated on Behalf of Sabio Holdings

All figures in USD unless otherwise stated

Sabio Holdings Inc.	**SBIO:TSXV**
Rating	BUY
Target Price	C$0.30
Return to Target	186%

Market Data	
Share Price	C$0.105
Average Daily TSXV Volume (K)	10.0
FD ITM Shares (M)	55.8
Market Cap ($M)	$4.2
Cash & Marketable Securities ($M)	$1.5
Debt ($M)	$9.0
Enterprise Value ($M)	$11.7

FYE Dec 31	**2025A**	**2026E**	**2027E**
Revenue ($M)	$38.2	$46.7	$47.0
Gross Margin (%)	60%	59%	61%
Adj. EBITDA ($M)	($7.1)	($2.0)	$1.4
Adj. EBITDA Margin (%)	(19%)	(4%)	3%
Net Income ($M)	($9.8)	($5.7)	($1.7)
FCFF ($M)	($6.5)	($4.8)	($1.4)

Valuation	**2025A**	**2026E**	**2027E**
EV/EBITDA	N/A	N/A	8.3x
EV/Sales	0.3x	0.3x	0.2x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents

Sabio Holdings is a Los Angeles-based ad-tech company specializing in helping top 100 global brands reach, engage, and validate streaming TV audiences in a highly fragmented media ecosystem. Sabio leverages its complete end-to-end ad-supported streaming tech stack, which features App Science, a non-cookie-based SaaS analytics and insights platform with a proprietary 80M household graph and AI capabilities alongside its ad-serving technology and direct supply.

What you need to know:

- SBIO reported Q2 financials that came in below our expectations, with revenue of $8.2M (-26% YoY) compared to our estimate of $12.8M.
- Gross margin improved to 61% from 53% in Q1 and beat our 55% estimate, but Adjusted EBITDA was ($2.7M) vs. our estimate of ($0.6M).
- Management expects adjusted EBITDA to return to profitability in H2, supported by over $5M of political and advocacy commitments already secured and the second-half seasonality.

Yesterday, after market close, Sabio Holdings Inc. (SBIO:TSXV, SABOF:OTCQB) reported its Q2 financial results that came in below our expectations, as the ad-tech market continues to see struggles against the stronger comparable period. We are still awaiting the turnaround to begin for Sabio in H2 as political spending returns. **We are maintaining our BUY rating and lowering our target price to C$0.30/share from C$0.50/share.**

Key Highlights

- Q2 revenue was $8.2M (-26% YoY, +15% QoQ), below our $12.8M estimate. Gross revenue was up 6% YoY if you exclude political revenue.
- Q2 was comprised of $5.4M in ad-supported streaming revenue (-26% YoY), $2.7M in mobile display revenue (-23% YoY), and $0.1M in other revenue.
- U.S. programmatic revenue was $2.9M compared to $0.8M in Q2/25, with the number of customers increasing by 116% YoY and 90% in quarterly renewals. EMEA sales were $5.0M in H1, matching full-year 2025 EMEA sales. Reoccuring revenue represented 82% of revenues, 92% in the U.S.
- SBIO has over $5M in political and advocacy commitments secured for H2.
- Gross margin was 61% for the quarter, above our estimate of 55% and improving from the 53% reported in Q1.
- Adjusted EBITDA for the quarter came in at ($2.7M), below our estimate of ($0.6M) but improving QoQ. S&M was flat YoY, G&A declined by 10% YoY, and cloud hosting costs increased 42%.
- Cost reduction initiatives should save $1.2M in 2026 and $2.0M annualized.
- SBIO generated $0.2M in OCF, as A/R decreased and A/P increased QoQ.
- Net income was ($3.9M) for the quarter, vs. our estimates of ($1.2M).
- Sabio ended the quarter with $1.5M in cash and $9.0M in debt (up slightly QoQ). The balance sheet remains troubled, with $21.3M in A/P.

	Q2/26A	Atrium Est.	YoY
Revenue ($M)	**$8.2**	$12.8	-26%
Gross Margin (%)	**61%**	55%	-790 bps
Adj. EBITDA ($M)	**($2.7)**	($0.6)	N/A
Net Income ($M)	**($3.9)**	($1.2)	N/A

Figure 1: Q2 Financials Summary

Outlook

Management stated that SBIO is positioned for positive adjusted EBITDA in H2. The team believes that its early investments in its EMEA market are proving strong across customers, retention, and margins. U.S. programmatic and EMEA sales combined for 49% of gross revenue, compared to 10% in Q2/25, resulting in a more diversified approach. SBIO began testing AI automation functions for its demand-side platform and began monetizing its new digital out-of-home offering. In 2025, 88% of EMEA revenue and 82% of U.S. programmatic revenue was generated in the second half, while in 2024 (political year), 69% of total revenue came in the second half; as such, Sabio is gearing up for larger revenues in the quarters to come.

For Q3, we are now expecting $14.2M in revenue (+73% YoY), 60% gross margin, and $1.5M in adjusted EBITDA (10% margin). If we assume 70% of revenue comes in H2, this equates to ~$51M in 2026 revenue, ahead of our forecast.

Conference Call Takeaways

- Focusing on 3 things: 1) Ad-supported streaming, 2) Programmatic sales, and 3) Global sales.
- Utilizing AI efficiencies to become leaner. Not focusing too much on margin (comfortable with ~60% gross), still trying to optimize for topline growth. Expecting strong growth in H2.
- Will utilize cashflow from H2 to paydown A/P and debt. Believes this is a normal pattern for them with working capital. Cleaned it up after 2024 and plans to do the same, business is much more sustainable going into 2027 given the new segments.
- Cash balance is currently at similar levels to quarter-end.
- G&A included some one-time costs this quarter from the corporate reorganization.
- Automotive still struggling due to tariffs. QSR, healthcare, and technology doing well. Q4 should be the largest quarter of the year.

Valuation

Given that Sabio is struggling with profitability, we have decided to shift our valuation to a sales-based methodology, as we believe its value now comes from the ability of a strategic acquiror taking over the Company. The stock is being priced for bankruptcy, despite posting nearly $50M in expected sales this year; something that would attract a competitor to take advantage of and optimize costs. Our ad-tech peer group trades well ~2x sales vs. Sabio at 0.2x, marking for a strong multiple arbitrage opportunity. We will now value SBIO based on 0.4x 2027E sales, resulting in our new C$0.30/share target price.

Other Updates

Term Loan Facility

On August 6th, Sabio announced that it entered into a facility letter and loan agreement through its wholly owned subsidiary, Sabio London Limited, with an arm's-length private credit provider for a non-revolving term loan facility of US$1.5M. Proceeds will be used to fund short-term working capital requirements, ordinary-course operating expenses, and general corporate purposes. The Facility will be advanced in a single drawing and matures nine months after the funding date, bearing interest at 25% per annum calculated daily and generally accrued on a payment-in-kind basis, with three months' accrued interest payable in cash three months after funding. The Company will also pay an origination fee and an exit fee, each equal to 2% of the original principal amount.

Creator Pickleball Tour Lineup

On June 15th, Sabio announced the first wave of the creator lineup for the Creator Pickleball Tour, a 16-player tournament produced by Creator TV Sports in partnership with Rob Ryan and set to take place at VidCon Anaheim from June 25-27, 2026. So far, seven creators have been announced, each having over 10M followers between platforms and up to 100M+. VidCon Anaheim is now in its 15th year, drawing 55,000+ attendees and 250+ creators annually. The television portion of the tour, produced by Harry Cicma, will be distributed as an episodic series across CreatorTV's FAST network, which reaches 149.6M households across platforms.

Why We Like SBIO

- Streaming TV ad spend in the U.S. is growing at a 15% CAGR as users shift from linear to streaming TV, providing a major tailwind for SBIO. Sabio has a household graph of 80M households based on mobile and CTV app data, providing it with proprietary data and analytics.
- SBIO is gearing up for a strong 2026 with multiple political events occurring, supporting a return to revenue growth and cashflow generation.
- Sabio is trusted by a customer base made up of Fortune 500 brand partners, with nearly 65% of the Company's top 2024 customers increasing spend in 2025.
- Sabio is led by CEO & Co-Founder Aziz Rahimtoola, who brings over two decades of experience in the TV and digital advertising sectors at major firms. Mr. Rahimtoola owns 43% of the Company, with the remaining management team and board owning 9%.

Catalysts

- Quarterly Financial Results – Ongoing
- Strategic Partnerships & Contracts – Ongoing
- Global Expansion – Ongoing

Tear Sheet

Market Data	
Ticker	SBIO:TSXV
Stock Price	C$0.105
Rating	BUY
Target Price	C$0.30
Upside	186%
Market Cap ($M)	$4.2
Cash ($M)	$1.5
Debt ($M)	$9.0
EV ($M)	$11.7

Capital Structure	
Basic Shares Outstanding (M)	55.0
Warrants (M)	0.0
Options (M)	2.8
FD Shares (M)	57.7
FD ITM Shares (M)	55.8

Ownership	
Aziz Rahimtoola (CEO)	42%
Management & Board	9%
Retail & Institutions	49%

Financial Estimates	2024A	Q1/25A	Q2/25A	Q3/25A	Q4/25A	2025A	Q1/26A	Q2/26A	Q3/26E	Q4/26E	2026E	2027E
Revenue ($M)	**49.6**	**9.1**	**11.2**	**8.2**	**9.8**	**38.2**	**7.2**	**8.2**	**14.2**	**17.1**	**46.7**	**47.0**
% YoY	*38%*	*43%*	*25%*	*-49%*	*-47%*	*-23%*	*-21%*	*-26%*	*73%*	*75%*	*22%*	*1%*
Gross Profit ($M)	**30.6**	**5.6**	**6.8**	**4.8**	**5.6**	**22.8**	**3.8**	**5.0**	**8.5**	**10.2**	**27.6**	**28.7**
Gross Margin	*62%*	*61%*	*61%*	*59%*	*57%*	*60%*	*53%*	*61%*	*60%*	*60%*	*59%*	*61%*
Adj. EBITDA ($M)	**3.8**	**(1.6)**	**(1.2)**	**(2.2)**	**(2.1)**	**(7.1)**	**(3.4)**	**(2.7)**	**1.5**	**2.6**	**(2.0)**	**1.4**
Adj. EBITDA Margin	*8%*	*-18%*	*-11%*	*-27%*	*-21%*	*-19%*	*-48%*	*-33%*	*10%*	*15%*	*-4%*	*3%*
Net Income ($M)	(0.1)	(2.3)	(1.4)	(3.3)	(2.8)	(9.8)	(4.4)	(3.9)	0.7	1.8	(5.7)	(1.7)
EPS (Basic)	0.00	(0.05)	(0.03)	(0.07)	(0.05)	(0.19)	(0.08)	(0.07)	0.01	0.03	(0.10)	(0.03)
FCFF ($M)	3.7	1.0	(3.0)	1.2	(5.6)	(6.5)	2.8	0.2	(10.0)	2.1	(4.8)	(1.4)

Figure 2: Tear Sheet

Estimate Revisions

	Q3/26E		Q4/26E		2026E		2027E	
	New	Previous	New	Previous	New	Previous	New	Previous
Revenue ($M)	**$14.2**	$16.9	**$17.1**	$19.4	**$46.7**	$56.3	**$47.0**	$58.4
Gross Margin (%)	**60.0%**	60.0%	**60.0%**	60.0%	**59.2%**	58.0%	**61.0%**	60.0%
Adj. EBITDA ($M)	**$1.5**	$2.3	**$2.6**	$2.7	**($2.0)**	$0.9	**$1.4**	$4.1
Net Income ($M)	**$0.7**	$1.8	**$1.8**	$2.0	**($5.7)**	($1.9)	**($1.7)**	$1.7

Figure 3: Estimate Revisions

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