



Argo Corporation Reports Second Quarter 2024 Financial Results

August 29, 2024

TORONTO, Aug. 29, 2024 /CNW/ - **Argo Corporation** (TSXV: [ARGH](#)), (OTCQX: ARGHF) ("**Argo**" or the "**Company**") today announced and filed its financial results for the quarter ended June 30, 2024 ("**Q2 2024**"). During the second quarter of 2024, Argo officially began operations, taking over with a new management team, board of directors and a strategic focus on building the world's first vertically and publicly integrated city transit solution, as announced on June 11.

The Company's Q2 results included revenue of \$413,758, with a gross margin of 14.6%. During the quarter, the Company restructured operations, downsizing the EV subscription business by 91% while significantly ramping up R&D investment by 327% compared to Q2 2023 in preparation for its proprietary transit software and hardware solutions launch. The Company recorded a 103% increase in revenue from On-Demand Services compared to Q2 2023. Year-over-year, Sales & Marketing expenses were reduced by 64%, G&A expenses by 45%, and Operations by 39%. These reductions were driven by adjustments in customer acquisition costs, the wind down of underperforming business units, and improved back-office efficiencies through the use of technology. Quarter-over-quarter, these actions resulted in a 39% decrease in net loss, positioning the Company for accretive growth as it prepares to deploy and scale its new business units.

Since the first quarter of this year, the Company has restructured its business units, established a new high-calibre board and management team, and built a top-tier technology talent team that has returned to Canada from Silicon Valley to build Argo. The foundational Argo technology solution is also now ready for near-term deployment.

Earlier this month, Argo announced its plans to create the world's first vertically and publicly integrated city transit system powered through partnerships with cities, transit agencies and governments. The ultimate goal is to increase access to and ridership of transit systems by making public transit the most convenient way to move within and across cities while putting people in control of their mobility.

The Company noted it will soon launch within the Greater Toronto Area, offering first- and last-mile rides that will move commuters between their homes, workplaces and train stations, alongside several programs for schools. These initial deployments will showcase Argo's vehicle tracking and coordination technology and the transparency and usability of its app in collaboration with partners and city governments.

FoodsUp Developments

FoodsUp, one of Canada's leading restaurant supply platforms, continues to demonstrate exceptional growth and value as part of the Company's portfolio. In fiscal 2023, FoodsUp achieved \$72.58M in annual revenue. In Q2 2024, the Company saw a 72% year-over-year revenue growth, rising from \$15.26M to \$26.2M, while expanding its active customer base by 24%, from 3,043 to 3,781.

With the Company holding a 59.95% stake, there remains a strategic plan to divest a majority of its indirect equity interest to shareholders. This would allow shareholders to directly benefit from FoodsUp's rapid expansion and increasing market presence. While the divestment is not guaranteed, it represents a significant opportunity for shareholders to capitalize on the Company's continued success.

Second Quarter Highlights

- **Revenue Growth:** The Company's On-Demand Services revenue grew by 103% year-over-year in Q2 2024, driven by the continued expansion of the DAAS business division, which provides last-mile delivery services to large retailers.
- **R&D Investment:** R&D investment increased by 327% yearly as the Company developed its proprietary transit software and hardware solutions, preparing for post-launch demand.
- **Cost Optimization:** Sales & Marketing expenses decreased by 64%, and G&A expenses were reduced by 45% year-over-year, reflecting strategic cost management initiatives and efficiency improvements.
- **Asset Divestment:** The Company retains a 59.95% indirect equity interest in FoodsUp on its balance sheet for its shareholders. Further to previous public disclosure, the Company remains committed to implementing a divestment of most of its FoodsUp equity interest to shareholders.

Second Quarter Results Compared to Q2 2023

For the three months ended June 30	2024	2023
REVENUE	413,758	1,006,817

Cost of revenue	361,031	1,818,078
General and administration	759,560	1,372,608
Provision for bad debt	10,257	NA
Operational support	508,855	833,625
Research and development	618,560	145,031
Sales and marketing	92,875	259,016
Amortization	34,752	196,865
Depreciation	673	90,471
Total operating expenses	2,386,563	4,715,694
OPERATING LOSS	(1,972,805)	(3,708,877)
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss)	40,897	143,436
Interest expenses	(608,130)	(391,558)
Interest income	1,095	7,060
Loss from sale of equipment	NA	NA
Gain (Loss) on termination	2,659,307	NA
Gain (Loss) on investment	(159,063)	NA
Penalties and settlements	(29,974)	NA
Share of loss of an associate	(856,924)	NA
PROFIT/(LOSS) BEFORE INCOME TAXES	(935,782)	(3,949,939)
NET PROFIT	(935,782)	(3,949,939)
Cumulative translation adjustment	(123,959)	35,172
NET PROFIT AND COMPREHENSIVE PROFIT	(1,059,741)	(3,914,767)

(Loss) profit per share

(0.01)

(0.03)

– Basic and diluted

Weighted average shares outstanding - Basic and diluted 132,944,615 123,909,409

Omnibus Incentive Plan

Following the approval of the Company's new omnibus long-term incentive plan and the appointment of new board members at its July 24, 2024, annual general and special meeting of shareholders, the Company has granted restricted share units ("**RSUs**") as part of a strategic four-year retention program. The Company made the first grants of this long-term program on August 29, 2024, of 470,846 RSUs to Daniel Habashi, 235,423 RSUs to Colette Bridgman, and 3,323,616 RSUs to each of Qamar Qureshi and Praveen Arichandran, all of which will vest in one year. This long-term incentive plan is designed to align top executive talent with the Company's growth trajectory, reinforcing a commitment to long-term shareholder value creation while incentivizing these key leaders to remain fully engaged in driving the Company's future success. In accordance with such goal, the vesting schedule of the aforementioned RSU grants was set by the Company with the intention that the anticipated FoodsUp divestment will be completed within one year of the grant date although there is no guarantee of its completion within such time period.

About Argo

Argo is a new technology venture that delivers the first-ever vertically and publicly integrated city transit system. It is designed to augment public transportation and create a network of intelligently routed vehicles that work together to serve and scale to the needs of entire cities, putting people in control of their mobility. You can learn more at www.rideargo.com.

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Forward-Looking Information

This news release includes certain forward-looking statements as well as management's objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as "may", "will", "plan", "expect", "anticipate," "estimate," and "intend," and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All forward-looking information is inherently uncertain and subject to a variety of assumptions, risks and uncertainties, as described in more detail in the Company's securities filings available at www.sedarplus.ca. Actual events or results may differ materially from those projected in the forward-looking statements and we caution against placing undue reliance thereon. We assume no obligation to revise or update these forward-looking statements except as required by applicable law. See "Forward-Looking Information" and "Risk Factors" in the Company's Annual Management Discussion & Analysis (MD&A) for the year ended December 31, 2023 (filed on SEDAR+ on May 8, 2024) and its interim MD&A for the periods ended September 30, 2023, March 31, 2024, and June 30, 2024, for a discussion of the uncertainties, risks and assumptions associated with these statements and other risks. Readers are urged to consider the uncertainties, risks, and assumptions carefully when evaluating forward-looking information and are cautioned not to place undue reliance on such information. We have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities legislation and regulatory requirements.

1 All figures are accurate to the hundreds.

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