



**Wishpond Technologies Ltd.  
Condensed Interim Consolidated Financial Statements**

**Three and Nine Months Ended September 30, 2023**

Expressed in Canadian Dollars

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of Wishpond Technologies Ltd. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed an audit or review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants of Canada for a review of interim consolidated financial statements by the entity's auditor.

Vancouver, British Columbia

November 15, 2023

**Wishpond Technologies Ltd.****Consolidated Statements of Income or Loss and Comprehensive Income**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	For the three months ended		For the nine months ended	
	September	September	September	September
	30, 2023	30, 2022	30, 2023	30, 2022
	\$	\$	\$	\$
Revenue (Note 7)	5,763,847	5,483,256	17,027,081	14,568,916
Cost of sales	1,938,026	1,854,145	5,831,531	5,042,895
<b>Gross profit</b>	<b>3,825,821</b>	<b>3,629,111</b>	<b>11,195,550</b>	<b>9,526,021</b>
<b>Operating expenses</b>				
General and administrative expenses (Note 8)	2,680,284	2,345,958	8,096,023	7,353,824
Depreciation and amortization	390,353	341,681	1,139,504	937,651
Sales and marketing	826,536	690,106	2,355,527	2,211,865
Stock-based compensation (Note 13 & 14)	(521,260)	267,727	350,553	762,015
Total operating expenses	<b>3,375,913</b>	<b>3,645,472</b>	<b>11,941,607</b>	<b>11,265,355</b>
<b>Operating income (loss)</b>	<b>449,908</b>	<b>(16,361)</b>	<b>(746,057)</b>	<b>(1,739,334)</b>
Interest income	-	(234)	(2,728)	(3,690)
Interest expense	8,990	-	8,990	-
Other expenses (Note 9)	111,764	178,127	376,009	453,889
Remeasurement of contingent consideration liability	-	(49,127)	(22,232)	(40,612)
<b>Income (loss) before income taxes</b>	<b>329,154</b>	<b>(145,127)</b>	<b>(1,106,096)</b>	<b>(2,148,921)</b>
Current income tax expense	-	-	-	-
Deferred income tax recovery	-	(473)	-	(31,687)
<b>Net income (loss) for the period</b>	<b>329,154</b>	<b>(144,654)</b>	<b>(1,106,096)</b>	<b>(2,117,234)</b>
<b>Other comprehensive loss (income)</b>				
Exchange difference on translation of foreign operations	7,265	(22,923)	4,969	88,057
<b>Total comprehensive income (loss) for the period</b>	<b>321,889</b>	<b>(121,731)</b>	<b>(1,111,065)</b>	<b>(2,205,291)</b>
<b>Weighted average number of common shares outstanding</b>				
Basic	53,768,620	52,813,864	53,763,388	52,208,915
Diluted	54,447,206	52,813,864	53,763,388	52,208,915
<b>Earnings (loss) per share</b>				
Basic and diluted	<b>\$0.01</b>	<b>\$0.00</b>	<b>\$(0.02)</b>	<b>\$(0.04)</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Wishpond Technologies Ltd.**  
**Consolidated Statements of Financial Position**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	<b>As at September 30, 2023</b>	<b>As at December 31, 2022</b>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	909,796	2,692,644
Short-term investments	-	271,899
Accounts and other receivables (Note 10)	246,526	178,332
Prepaid expenses	194,657	241,279
Current income tax asset	72,164	72,164
<b>Total current assets</b>	<b>1,423,143</b>	<b>3,456,318</b>
Property and equipment	21,374	27,086
Intangible assets (Note 12)	8,661,287	8,731,093
Goodwill (Note 12)	3,916,669	3,916,669
Other assets	1,418	-
Deferred tax asset	146,930	146,930
<b>Total assets</b>	<b>14,170,821</b>	<b>16,278,096</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 11)	2,179,574	2,275,165
Deferred revenue	1,939,395	2,413,095
Contingent consideration liability (Note 5)	203,295	977,782
<b>Total current liabilities</b>	<b>4,322,264</b>	<b>5,666,042</b>
Other liabilities	-	22,259
<b>Total liabilities</b>	<b>4,322,264</b>	<b>5,688,301</b>
<b>Shareholders' equity</b>		
Share capital (Note 13)	21,265,798	20,948,815
Contributed surplus	4,042,173	3,962,085
Accumulated other comprehensive income	31,389	36,358
Accumulated deficit	(15,490,803)	(14,357,463)
<b>Total shareholders' equity</b>	<b>9,848,557</b>	<b>10,589,795</b>
<b>Total shareholders' equity and liabilities</b>	<b>14,170,821</b>	<b>16,278,096</b>

Nature of operations and going concern (Note 1)  
Events after the reporting period (Note 19)

Approved by the Directors:

*"Ali Tajskandar"*  
Director

*"Olivier Vincent"*  
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Wishpond Technologies Ltd.****Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Accumulated other comprehensive income (loss)</b>	<b>Accumulated deficit</b>	<b>Contributed surplus</b>	<b>Total Shareholders' equity</b>
	#	\$	\$	\$	\$	\$
<b>Balance at January 1, 2022</b>	<b>51,766,291</b>	<b>19,250,845</b>	<b>-</b>	<b>(12,445,344)</b>	<b>2,866,510</b>	<b>9,672,011</b>
Stock-based compensation	-	-	-	-	762,015	762,015
Common shares issued from exercise of options	29,100	9,012	-	-	(633)	8,379
Common shares purchased and cancelled (Note 13)	(152,600)	(13,130)	-	(161,990)	-	(175,120)
Foreign currency translations of subsidiaries	-	-	(88,057)	-	-	(88,057)
Common shares issued from earn-out payments	1,977,423	1,597,085	-	-	-	1,597,085
Net loss for the period	-	-	-	(2,117,234)	-	(2,117,234)
<b>Balance at September 30, 2022</b>	<b>53,620,214</b>	<b>20,843,812</b>	<b>(88,057)</b>	<b>(14,724,568)</b>	<b>3,627,892</b>	<b>9,659,079</b>
Balance at January 1, 2023	53,705,324	20,948,815	36,358	(14,357,463)	3,962,085	10,589,795
Stock-based compensation (Note 13)	-	-	-	-	350,553	350,553
Expiration of warrants (Note 13)	-	268,526	-	-	(268,526)	-
Common shares issued from exercise of options	95,296	39,741	-	-	(1,939)	37,802
Common shares purchased and cancelled	(32,000)	8,716	-	(27,244)	-	(18,528)
Foreign currency translation of subsidiary	-	-	(4,969)	-	-	(4,969)
Net loss for the period	-	-	-	(1,106,096)	-	(1,106,096)
<b>Balance at September 30, 2023</b>	<b>53,768,620</b>	<b>21,265,798</b>	<b>31,389</b>	<b>(15,490,803)</b>	<b>4,042,173</b>	<b>9,848,557</b>

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**Wishpond Technologies Ltd.**  
**Consolidated Statements of Cash Flows**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
<b>Cash flows provided by (used in)</b>				
<b>Operating activities</b>				
Net income (loss) for the period	329,154	(144,654)	(1,106,096)	(2,117,234)
<i>Adjustments to net income (loss) for non-cash items:</i>				
Depreciation and amortization	390,353	341,681	1,139,504	937,651
Stock-based compensation	(521,260)	267,727	350,553	762,015
Remeasurement of contingent consideration liability	-	(49,127)	(22,232)	(40,612)
Unrealized foreign exchange and others	9,779	99,820	(22,909)	55,454
<i>Change in non-cash operating items:</i>				
Accounts and other receivables	(12,548)	102,010	(68,194)	(24,625)
Prepaid expenses	50,989	59,561	46,622	89,944
Investment tax credit recoverable	-	-	-	209,372
Other assets	-	83,174	-	117,159
Accounts payable and accrued liabilities	(173,470)	135,539	(51,602)	966,059
Deferred revenue	152,370	(75,783)	(473,700)	(545,818)
Income taxes payable	-	(133,746)	-	(133,746)
Deferred tax liability	-	(15,607)	-	(46,821)
<b>Net cash provided by (used in) operating activities</b>	<b>225,367</b>	<b>670,595</b>	<b>(208,054)</b>	<b>228,798</b>
<b>Investing activities</b>				
Acquisition transactions, net of cash acquired	-	-	(44,871)	(1,726,656)
Cash paid for earn-out consideration	(101,150)	(269,595)	(796,244)	(1,084,976)
Cash paid for purchases of short-term investments	-	(274,140)	-	(274,140)
Cash receipt from maturity of short-term investments	-	-	271,899	-
Cash receipt from interest income	-	7,145	2,728	9,871
Additions to equipment	-	-	-	(5,841)
Additions to intangible assets	(303,716)	(351,338)	(1,018,590)	(963,450)
<b>Net cash used in investing activities</b>	<b>(404,866)</b>	<b>(887,928)</b>	<b>(1,585,078)</b>	<b>(4,045,192)</b>
<b>Financing activities</b>				
Exercise of stock options	-	7,739	37,802	8,379
Cash paid for common shares purchased and cancelled	-	(17,855)	(18,528)	(175,120)
Cash paid for interest expense	(8,990)	-	(8,990)	-
Cash paid for setup of credit facility	-	(302)	-	(2,191)
<b>Net cash provided by (used in) financing activities</b>	<b>(8,990)</b>	<b>(10,418)</b>	<b>10,284</b>	<b>(168,932)</b>
<b>Net decrease in cash</b>	<b>(188,489)</b>	<b>(227,751)</b>	<b>(1,782,848)</b>	<b>(3,985,326)</b>
<b>Cash - beginning of the period</b>	<b>1,098,285</b>	<b>2,484,878</b>	<b>2,692,644</b>	<b>6,242,453</b>
<b>Cash - end of the period</b>	<b>909,796</b>	<b>2,257,127</b>	<b>909,796</b>	<b>2,257,127</b>
<b>Cash paid for:</b>				
Withholding taxes	-	-	67,470	-
Income taxes	-	133,746	-	133,746

The accompanying notes are an integral part of these condensed interim consolidated financial statements

## **Wishpond Technologies Ltd.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

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#### **1. Nature of operations and going concern**

Wishpond Technologies Ltd. ("Wishpond" or the "Company") is a provider of marketing focused online business solutions.

The Company was incorporated under the British Columbia Business Corporations Act on June 20, 2018. The Company's common shares trade on the TSX Venture Exchange (the "Exchange") under the symbol "WISH" as a Tier 1 technology issuer.

On January 7, 2021, the Company completed its acquisition of Invigo Media Corp. and its affiliates, EverGenius LLC, and Invigo Media LLC (collectively referred to as "Invigo"). Invigo is a Software-as-a-Service ("SaaS") platform that provides digital marketing solutions to medical clinics.

On February 26, 2021, the Company completed its acquisition of all of the equity interests in PersistIQ, Inc. ("PersistIQ") through the Company's wholly owned subsidiary, Wishpond Technology Group Ltd. Based out of San Mateo, California, PersistIQ is a SaaS company which provides sales engagement technologies to salespeople and entrepreneurs.

On August 31, 2021, the Company completed its acquisition of certain assets and specific liabilities from AtlasMind Inc. (doing business as "Brax.io") through the Company's wholly owned indirect subsidiary, Brax Technologies Inc. ("Brax"). Brax.io is a SaaS platform that offers a robust advertising platform for the management of a company's digital ads across multiple sources.

On December 31, 2021, the Company completed its acquisition of certain assets from AtlasMind Inc. (doing business as "Winback.chat") through the Company's wholly owned indirect subsidiary, Winback Technologies Inc. ("Winback"). Winback.chat is a SaaS platform that offers a SMS platform for small-medium sized businesses with a focus on providing cart abandonment solutions.

On April 1, 2022, the Company completed its acquisition of certain assets from Viral Loops Limited. ("Viral Ltd.") through the Company's wholly owned indirect subsidiary, Viral Loops Technologies Inc. ("Viral Loops"). Viral Ltd. is a SaaS platform which offers a referral marketing software platform that helps companies acquire new customers and increase sales through word-of-mouth and referral marketing.

On January 1, 2023, the Company's wholly owned Canadian subsidiaries, being Wishpond Solutions Ltd., Wishpond Marketing Group Ltd., Invigo Media Ltd., Wishpond Technology Group Ltd., Winback Technologies Inc., Brax Technologies Inc., and Viral Loops Technologies Inc. (collectively the "Wishpond Canadian Subsidiaries") amalgamated as one company under the name Wishpond Technology Group Ltd. ("WTGL"), a wholly owned subsidiary of the Company, pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") (the "Amalgamation"). As a result of the Amalgamation, WTGL acquired all of the assets and liabilities of the Wishpond Canadian Subsidiaries immediately before the Amalgamation.

Subsequently, on January 3, 2023, WTGL was dissolved by way of voluntary dissolution under the BCBCA, and the Company acquired all of WTGL's assets and liabilities.

As of September 30, 2023, the Company had no debt service obligations, had cash of \$909,796 and a credit facility that allows the Company to borrow up to \$6,000,000 (Note 15). The Company incurred an operating loss of \$746,057 for the nine months ended September 30, 2023, compared to an operating loss of \$1,739,334 for the nine months ended September 30, 2022. Net cash used in operating activities was \$208,054 for the nine months ended September 30, 2023, compared to net cash provided by operating activities of \$228,798 for the nine months ended September 30, 2022.

## **Wishpond Technologies Ltd.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

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As a result, after considering all relevant information, including its actions completed to date, future plans, and access to available cash on hand and credit facility, management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern for a period of 12 months from the date of approval of these condensed interim consolidated financial statements.

The estimates used by management in reaching this conclusion are based on information available as of the date these condensed interim consolidated financial statements were authorized for issuance and include internally generated cash flow forecasts. Accordingly, actual results could differ from these estimates and resulting variances may be material to management's assessment.

The accompanying condensed interim consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The accompanying condensed interim consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

## **2. Basis of presentation**

### Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") using the accounting policies disclosed below.

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") as issued and outstanding as at December 31, 2022.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2022 annual consolidated financial statements. The policies set out below are consistently applied to all the periods presented.

The Company's Board of Directors approved these condensed interim consolidated financial statements on November 15, 2023.

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 6.

## Wishpond Technologies Ltd.

### Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

#### Basis of consolidation

The condensed interim consolidated financial statements of Wishpond include the accounts of the Company and entity controlled by the Company. Control is achieved when the Company has power over the investee, is exposed or has right to variable returns from its involvements with the investee and has the ability to use its power to affect its returns. The Company reassesses whether it controls any investee if facts and circumstances indicate that there are changes in one or more of the three elements of control listed above.

As of September 30, 2023 the following entity is controlled by the Company:

<b>Entity</b>	<b>Parent</b>	<b>Country of incorporation</b>	<b>Effective interest</b>
PersistIQ Inc.	Wishpond Technologies Ltd.	USA	100%

All significant intercompany balances, transactions and any unrealized gains and losses arising from intercompany transactions have been eliminated.

### **3. Significant accounting policies**

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the December 31, 2022 annual consolidated financial statements.

#### **a) Basis of measurement**

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

#### **b) Foreign currency translation**

##### Functional and presentation currency:

The Company's condensed interim consolidated financial statements are presented in Canadian dollars.

Each entity of the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The determination of functional currency is based on the primary economic environment in which an entity operates. The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity.

The functional currency of PersistIQ Inc. is the US dollar. The functional currency of Wishpond Technologies Ltd. before and after the Amalgamation is the Canadian dollar.

##### Transactions and balances:

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statements of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Exchange differences on translation of foreign operations are recognized as a translation gain or loss in Shareholders' Equity. Realized and unrealized exchange gains and losses are recognised through profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**c) Cash and short-term investments**

Cash in the statements of financial position and statements of cash flows comprises of cash in banks.

Short-term investments in the statements of financial position and statements of cash flows comprises of Guaranteed Investment Certificates ("GIC") that mature within twelve months.

**d) Financial instruments**

Financial instruments are recognised when the Company becomes a party to the contractual provisions of a financial instrument. The Company is required to initially recognise all of its financial assets and liabilities, including derivatives and embedded derivatives in certain contracts, at fair value.

Subsequent to initial recognition, the Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management choices and intentions related thereto for the purpose of ongoing measurements.

**e) Stock-based compensation**

The Company has an incentive share option plan as described in Note 13.

Stock-based compensation includes expenses related to the vesting of stock options as well as equity settled restricted share units ("RSUs") and performance share units ("PSUs").

Stock options

For employees, the Company measures the fair value of equity settled share options on the grant date and each tranche is recognised on a graded vesting basis over the period during which the options vest. For non-employees, the compensation expense is measured at the fair value of goods and services received except where the fair value cannot be reliably estimated in which case it is measured at the fair value of the equity settled share option granted. Consideration paid by employee and non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from contributed surplus to share capital.

The fair value of the options granted is measured using the Black-Scholes option pricing model ("BSM") taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The BSM requires management to estimate the expected volatility, term of the equity instrument, the risk-free rate of return over the term, expected dividends, and the number of equity instruments expected to ultimately vest. In estimating expected volatility, the Company considers the historical share price volatility of similar publicly listed entities. Forfeitures are adjusted for on an actual basis.

The fair value of stock options is charged to income or loss and comprehensive income with a corresponding increase in contributed surplus within equity. Previously recognised expenses are not subsequently reversed for options that vest but are not exercised.

RSUs and PSUs

The fair value of equity settled RSUs and PSUs that contain performance conditions is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the RSUs/PSUs vest. The fair value of the RSUs/PSUs is measured based on the closing price of the Company's common shares on the

date of grant. The fair value of RSUs/PSUs is charged to profit or loss with a corresponding increase in contributed surplus within equity. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon vesting of equity settled RSUs/PSUs, the related contributed surplus associated with the RSU/PSU is reclassified into share capital.

#### **f) Revenue recognition**

Revenue represents the amount that the Company expects to receive for services in its contracts with customers, net of discounts and sales taxes.

The core principle of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

IFRS 15 provides a principles-based five step model for revenue recognition to be applied to all customer contracts. The five steps are:

- Identify the contract with a customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenues generated by the Company consist of subscription revenues and email delivery services.

Subscription agreements provide customers the right to access the Company's suite of cloud-based marketing software and marketing specialists on a subscription basis. Subscriptions are priced based on a tiered system driven by features accessed, leads generated, user seats, ad spend, SMS credits, and customized marketing including landing pages, contest campaigns, ad campaigns, outbound sales, SEO, customer relationship management services, and managed media buying among others. Customers have the option to subscribe on a monthly or annual basis. The majority of subscription agreements are annual with a monthly billing cycle. Subscription revenues are recognized over the term of the related contracts which is akin to when the performance obligations are delivered.

Email delivery services are recognized in the period that the emails are delivered which is akin to when the performance obligations are delivered.

Incremental costs of obtaining a contract include sales commissions. Given that the Company's contracts have terms of twelve (12) months or less, the Company employs the practical expedient which allows for expensing the sales commission costs as incurred.

#### **g) Deferred revenue**

Deferred revenue is initially recognized as a contract liability and consists of cash received in advance of the Company providing the subscribed services. Deferred revenue is recognised in income over the estimated life of the subscription agreement.

#### **h) Income taxes**

The income tax recovery for the period comprises of current and deferred tax. Tax is recognised in the consolidated statements of income or loss and comprehensive income, except to the extent it relates to items

recognised in other comprehensive loss or directly in equity. In this case, the tax is recognised in other comprehensive income, or equity, respectively.

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted, at the end of the period, and any adjustments to tax payable in respect to previous periods.

Deferred taxes are calculated using the asset and liability method on temporary differences between the carrying amount of assets and liabilities and their related tax bases. Deferred income taxes are measured using substantively enacted tax rates that will be in effect when the amounts are expected to be settled. Deferred tax assets are only recognizable to the extent it is probable that they will be utilised against future taxable income.

The assessment of probability of future taxable Income which deferred tax assets can be utilised is based on the Company's latest approved forecast, which is adjusted for significant non-taxable income and expenses. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, the deferred tax asset is generally recognised to the extent it is recoverable.

Deferred tax assets and liabilities are only offset when the Company has the right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets and liabilities are recognised as a component of income or expense in net earnings or loss, except where they relate to items that are recognised in other comprehensive income, or equity.

#### **i) Share capital**

Common shares are classified as equity. Costs directly attributable to the issuance of shares are recognised as a deduction from equity. Share issuance costs consist of compensation options, legal and other costs relating to raising capital.

#### **j) Business combinations**

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is initially measured as the excess of the consideration paid over the fair value of the net identifiable assets and liabilities. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in the consolidated statements of income or loss and comprehensive income.

The Company recognizes contingent consideration relating to its business acquisitions at fair value at the date the transaction closes and revalues the component of contingent consideration recognized as a liability at each subsequent reporting date and on settlement through earnings.

Acquisition related costs are expensed as incurred, except if they relate to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

#### **k) Asset acquisitions**

Asset acquisitions are accounted for at cost. The acquisition cost includes directly related acquisition costs and transaction costs. The cost of the acquisition is allocated to the net assets acquired on a relative fair value basis. Contingent consideration, where the arrangement is not a derivative, is recognized when it is probable and estimable and is included as part of the cost of the acquisition. After the initial acquisition accounting, changes in the fair value of contingent consideration are recognized in profit or loss.

## **l) Research and development**

The Company is engaged in research and development activities. Research costs are expensed as incurred.

Development costs are expensed, unless all of the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditures attributable to the intangible asset during its development.

Development costs that meet the above criteria are capitalised as deferred development costs.

## **m) Intangible assets**

The Company's intangible assets consist of capitalized deferred development costs and customer relationships, software technology, and goodwill that arose from business combinations and asset acquisitions (Note 5). Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets other than goodwill are amortized over the following periods:

- Customer relationships 7 months – 6 years
- Deferred development costs 7 – 10 years
- Software technology 7 – 10 years

Goodwill is measured at cost less accumulated impairment losses.

## **n) Impairment**

Tangible and intangible assets with finite lives are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite lives are tested annually for impairment regardless of whether any indicators of impairment are present.

An impairment loss is recognised when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in the statements of income or loss and comprehensive income for the period.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating unit.

The Company uses the expected credit loss model for assessing impairment of financial assets and recognises expected credit losses as loss allowances for assets measured at amortized cost. For accounts receivable, the Company maintains an allowance for doubtful accounts for the estimated expected credit losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company

considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

#### **o) Earnings per share**

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the period.

Diluted earnings (loss) per share is calculated in a manner similar to basic earnings (loss) per share. However, the calculation includes an adjustment to the weighted average shares outstanding, reflecting the potential impact of the assumed exercise of stock options, RSUs, PSUs, and warrants, if such securities are dilutive. The number of additional shares is computed by assuming that outstanding stock options, RSUs, PSUs, and warrants, if dilutive, are exercised, and the proceeds from these exercises are used to acquire common stock at the average market price during the reporting periods.

#### **4. Change in accounting policy**

During the nine months ended September 30, 2023, the Company changed the presentation method of its statement of cash flows from the direct method to the indirect method. The change was made to enhance the comparability of the financial statements with industry practices.

The change in the presentation method of the statement of cash flows from the direct method to the indirect method has resulted in certain presentation changes to the reported amounts. The effects of this change on the financial statements for the three and nine months ended September 30, 2023, are summarized below:

- The net cash provided by (used in) operating, investing, and financing activities remains unchanged.
- The presentation and classification of cash flows from operating, investing, and financing activities have been adjusted in accordance with the indirect method.
- Comparative periods have been restated to reflect the change in presentation method for consistency and comparability.

The above change in accounting policy has been applied retrospectively in accordance with IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*. Comparative periods have been restated to reflect the new presentation method.

#### **5. Acquisitions**

##### **a) Viral Loops Technologies Inc.**

On April 1 2022, the Company, through its wholly-owned indirect subsidiary, Viral Loops Technologies Inc. ("Viral Loops"), acquired substantially all the assets and certain specified liabilities of Viral Loops Ltd. The acquisition was pursuant to the terms and conditions of an Asset Purchase Agreement ("APA") executed on April 1, 2022 between the Company, Viral Loops, and Viral Loops Ltd. The assets acquired constituted a business as defined by IFRS 3 and the acquisition was accounted for as a business combination using the acquisition method. In consideration for the acquisition of Viral Loops Ltd, Wishpond paid US\$1,380,000 in cash and granted the vendors a one-year earn-out valued at \$1,293,344 on the acquisition date based on the

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

projected revenues of Viral Loops (the "Viral Loops Earn-out Payments"). The Viral Loops Earn-out Payments are payable on a quarterly basis in cash, Wishpond Shares, or a combination thereof, at the Company's discretion.

The following table shows the allocation of the purchase price to assets acquired and liabilities assumed, based on estimates of fair value, including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

	\$
<b>Consideration transferred:</b>	
Fair value of cash consideration	1,726,656
Fair value of earn-out consideration	1,293,344
<b>Total consideration transferred</b>	<b>3,020,000</b>
<b>Fair value of assets (liabilities) recognized:</b>	
Computer equipment	6,774
Deferred revenue	(20,439)
Customer relationships	94,000
Software	1,820,000
<b>Fair value of net assets acquired</b>	<b>1,900,335</b>
<b>Goodwill</b>	<b>1,119,665</b>

The intangible assets recognized from the acquisition relate to customer relationships and software technology. The customer relationships and software technology are amortized on a straight-line basis over the estimated useful life of 5 years and 10 years respectively. Goodwill arising from the acquisition is attributable mainly to the skills and technical talent of Viral Loops Ltd's work force and the synergies expected to be achieved from integrating Viral Loops Ltd into the Company's existing business.

In connection with the acquisition of Viral Loops Ltd., the Company recorded \$Nil and \$92,002 in acquisition costs for the nine months ended September 30, 2023 and September 30, 2022 on the consolidated statements of income or loss and comprehensive income.

The Viral Loops Earn-out Payments constituted consideration for the business combination as defined by IFRS 3 and is recorded as a contingent consideration liability. The contingent consideration liability will be remeasured to fair value at each reporting date, until such time as the earn-out period is over, with changes to fair value included in the consolidated statements of income or loss and comprehensive income.

As at September 30, 2023, the remaining contingent consideration liability was remeasured to a fair value of \$203,295. The Company recognized a gain on the changes to the fair value of contingent consideration liability of \$22,232 and \$88,941 in the consolidated statements of income or loss and comprehensive income for the nine months ended September 30, 2023 and September 30, 2022, respectively.

## **6. Critical accounting estimates and judgments**

The Company makes estimates and assumptions concerning its financial future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

### *Stock-based compensation*

Management determines costs for share-based payments using market-based valuation techniques. The fair value of stock option awards is determined at the date of the grant using generally accepted valuation techniques. Assumptions are made and judgements are used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, forfeiture rates, estimated life of options granted, and the expected number of options expected to vest.

### *Determination of functional currency*

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

### *Estimated useful lives of intangible assets*

The estimated useful lives of intangible assets are based on management's intentions, historical experience, internal plans and other factors as determined by management. The useful lives are reviewed on an annual basis and any revisions to the useful lives are accounted for prospectively.

### *Business combinations and asset acquisitions*

Business combinations and asset acquisitions require management to exercise judgment in measuring the fair value of purchase consideration and to identify and estimate the fair values of assets acquired and liabilities and contingent liabilities incurred or assumed. Judgment is also required in estimating the remaining contingent consideration liability at each reporting period, determining what qualifies as part of consideration paid, and whether an acquisition is a business combination or asset acquisition under IFRS 3 *Business Combinations*.

### *Impairment testing of goodwill*

The Company tests at least annually whether goodwill and indefinite lived intangibles have suffered any impairment, in accordance with the requirements of IAS 36 *Impairment of Assets*. The recoverable amounts of cash-generating units ("CGU") are determined based on the greater of their fair value less costs of disposal and value in use which require the use of estimates and judgments.

Assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash inflows that are independent of cash inflows of other assets or group of assets. The determination of these CGUs is based on management's judgement with regards to product type, how management monitors the entity's operations, how management makes decisions about continuing or disposing of the entity's assets and operations, and other relevant factors.

The Company applies the discounted cash flow model for value in use calculations which requires management to make certain assumptions, including significant estimates about forecasted revenue levels and growth rates, operating margins, and discount rates. In arriving at its forecasts, the Company considered historical performance, current industry trends, and market opportunities.

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**7. Geographic information**

Geographic sales based on customer location are detailed as follows:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
United States	4,414,097	3,727,441	12,669,935	10,105,394
Canada	640,206	846,083	1,805,677	2,147,069
Other	709,544	909,732	2,551,469	2,316,453
<b>Total</b>	<b>5,763,847</b>	<b>5,483,256</b>	<b>17,027,081</b>	<b>14,568,916</b>

For the three and nine months ended September 30, 2023, the Company had one customer that accounted for \$338,359 and \$1,283,234 or 6% and 8% of total revenues recognized (\$693,535 and \$2,104,205 or 13% and 14% of total revenues recognized for the three and nine months ended September 30, 2022). Revenues from our major customer consist of marketing email delivery services.

The Company had no other customers that accounted for more than 10% of total revenues for the three and nine months ended September 30, 2023 or September 30, 2022.

**8. General and administrative expenses**

The following shows the details of general and administrative expenses for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Office and general	310,994	192,140	702,931	659,273
Professional fees	129,306	144,826	612,124	580,561
Salaries, wages, employee benefits	1,197,124	1,041,713	3,518,795	3,163,486
Software subscriptions	521,690	414,537	1,510,828	1,126,237
Subcontractor expenses	521,170	552,742	1,751,345	1,824,267
<b>Total</b>	<b>2,680,284</b>	<b>2,345,958</b>	<b>8,096,023</b>	<b>7,353,824</b>

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**9. Other expenses**

The following shows the details of other expenses for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Acquisition related expenses	-	-	-	124,687
Credit facility setup fees	-	834	-	29,565
Filing fees	15,040	19,887	49,989	68,797
Foreign currency losses	71,826	151,516	200,447	201,756
Miscellaneous expenses	24,898	5,890	125,573	29,084
<b>Total</b>	<b>111,764</b>	<b>178,127</b>	<b>376,009</b>	<b>453,889</b>

**10. Accounts and other receivables**

	September 30, 2023	December 31, 2022
	\$	\$
Accounts receivable	397,268	261,657
Provision for expected credit losses	(150,742)	(83,325)
<b>Accounts and other receivables</b>	<b>246,526</b>	<b>178,332</b>

The Company evaluates credit losses on a periodic basis based on the aging and collectability of its receivables. The expected lifetime credit loss provision for accounts receivable is based on historical counterparty default rates and adjusted for relevant forward-looking information as required.

**11. Accounts payable and accrued liabilities**

	September 30, 2023	December 31, 2022
	\$	\$
Trade payables and accrued liabilities	1,044,868	1,116,724
Other payables	986,956	980,783
Sales tax payable	147,750	177,658
<b>Accounts payable and accrued liabilities</b>	<b>2,179,574</b>	<b>2,275,165</b>

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**12. Intangible assets**

	<b>Deferred development costs</b>	<b>Customer relationships</b>	<b>Software technology</b>	<b>Goodwill</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at January 1, 2022	2,382,395	63,000	5,546,429	2,797,004	10,788,828
Additions	1,336,106	-	-	-	1,336,106
Acquired via acquisition transactions	-	94,000	1,820,000	1,119,665	3,033,665
<b>As at December 31, 2022</b>	<b>3,718,501</b>	<b>157,000</b>	<b>7,366,429</b>	<b>3,916,669</b>	<b>15,158,599</b>
Additions	1,018,590	-	-	-	1,018,590
Acquired via acquisition transactions	-	-	44,871	-	44,871
<b>As at September 30, 2023</b>	<b>4,737,091</b>	<b>157,000</b>	<b>7,411,300</b>	<b>3,916,669</b>	<b>16,222,060</b>
<b>Accumulated depreciation</b>					
As at January 1, 2022	804,162	35,488	383,631	-	1,223,281
Depreciation for the period	320,329	20,597	946,630	-	1,287,556
<b>As at December 31, 2022</b>	<b>1,124,491</b>	<b>56,085</b>	<b>1,330,261</b>	<b>-</b>	<b>2,510,837</b>
Depreciation for the period	351,922	19,044	762,301	-	1,133,267
<b>As at September 30, 2023</b>	<b>1,476,413</b>	<b>75,129</b>	<b>2,092,562</b>	<b>-</b>	<b>3,644,104</b>
<b>Net book value</b>					
<b>As at December 31, 2022</b>	<b>2,594,010</b>	<b>100,915</b>	<b>6,036,168</b>	<b>3,916,669</b>	<b>12,647,762</b>
<b>As at September 30, 2023</b>	<b>3,260,678</b>	<b>81,871</b>	<b>5,318,738</b>	<b>3,916,669</b>	<b>12,577,956</b>

**13. Share capital****a) Authorised**

Unlimited common shares without par value.

The Company's common shares are also authorised for issuance under the stock option plan and omnibus equity incentive plan ("Equity Incentive Plan"). The maximum aggregate number of common shares that may be reserved for issuance under the employee stock option plan at any point in time is 10% of the outstanding shares at the time, less any common shares reserved for issuance of share options granted under share compensation arrangements other than the Equity Incentive Plan.

**b) Issued common shares**

As at September 30, 2023, the issued share capital was comprised of 53,768,620 (December 31, 2022 - 53,705,324) common shares.

During the nine months ended September 30, 2023, the Company undertook the following share transactions:

- i. On June 27, 2023, the Company announced that its Notice of Intention it filed to make a Normal Course Issuer Bid ("NCIB") was accepted by the Exchange. Under the NCIB, the Company may, during the 12-month period commencing June 30, 2023 and ending June 29, 2024, purchase up to 2,688,431 Shares in total, being 5% of the total number of 53,768,620 Shares outstanding as at June 12, 2023.

## **Wishpond Technologies Ltd.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

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- ii. During the nine months ended September 30, 2023, 32,000 common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$18,528.
- iii. During the nine months ended September 30, 2023, 95,296 stock options were exercised at an exercise price between \$0.05 and \$0.47 for total cash proceeds of \$37,802.

During the nine months ended September 30, 2022, the Company undertook the following share transactions:

- i. On May 5, 2022, the Company made earn-out payments of \$544,388 and \$189,922 by the issuance of 460,408 and 156,933 common shares in connection with the Company's PersistIQ and Brax acquisitions, respectively.
- ii. On June 15, 2022, the Company announced that the renewal of its Notice of an Intention it filed to make a Normal Course Issuer Bid ("NCIB") was approved by the Exchange. Under the renewed NCIB, the Company may, during the 12-month period commencing June 20, 2022 and ending June 19, 2023, purchase up to 2,613,316 Shares in total, being 5% of the total number of 52,266,332 Shares outstanding as at June 3, 2022. During the nine months ended September 30, 2022, 152,600 common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$175,120.
- iii. On July 27, 2022, the Company announced that its omnibus equity incentive plan (the "Equity Incentive Plan") was approved by the Exchange. The Equity Incentive Plan authorizes the grant of equity-based incentive awards in the form of incentive stock options, restricted share units, performance share units, deferred share units, and stock appreciation rights to eligible directors, officers, employees and consultants of the Company. The Company has implemented a rolling plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the Equity Incentive Plan. At the time of approval, a total of 5,164,899 shares were eligible to be issued under the Equity Incentive Plan.
- iv. On August 24, 2022, the Company made earn-out payments of \$693,420 and \$169,355 by the issuance of 1,076,405 and 283,677 common shares in connection with the Company's PersistIQ and Brax acquisitions, respectively.

#### **c) Options to purchase common shares**

The Company has a stock option plan (the "Plan") which authorises the Board of Directors to grant incentive stock options to directors, officers, employees and consultants. At the grant date, the vesting provisions, term, exercise price and other terms and conditions of grants of options are determined by the Board.

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**d) Warrants**

The changes in warrants during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b> \$	<b>Number of warrants</b>	<b>Weighted average exercise price</b> \$
Balance outstanding, beginning of period	313,766	1.75	460,365	1.43
Antera Warrants exercised	-	-	-	-
Broker Warrants exercised	-	-	(70,110)	0.75
Broker Warrants expired	(313,766)	1.75	(76,489)	0.75
Compensation Options issued	-	-	-	-
<b>Balance outstanding, end of period</b>	<b>-</b>	<b>-</b>	<b>313,766</b>	<b>1.75</b>

**e) Movement in share options**

The changes in share options during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	<b>Number of Options</b>	<b>Weighted average exercise price</b> \$
January 1, 2022	3,727,459	1.86
Granted	437,869	0.99
Exercised	(44,100)	0.21
Forfeited/expired	(619,381)	2.03
<b>December 31, 2022</b>	<b>3,501,847</b>	<b>1.75</b>
Granted	-	-
Exercised	(95,296)	0.40
Forfeited/expired	(439,433)	1.45
<b>September 30, 2023</b>	<b>2,967,118</b>	<b>1.83</b>

During the three months ended September 30, 2023, and September 30, 2022, the Company recognised a net reversal of \$7,347 and expense of \$267,727 respectively, to stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to share options.

During the nine months ended September 30, 2023, and September 30, 2022, the Company recognised \$317,950 and \$762,015 respectively, to stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to share options.

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**f) Fair value of share options granted**

During the nine months ended September 30, 2023, the Company did not grant any new share options.

During the nine months ended September 30, 2022, the Company granted the following options:

<b>Grant date</b>	<b>Number of options granted</b>	<b>Exercise price</b>	<b>Vesting period (in years)</b>	<b>Expiry date</b>
January 19, 2022	200,000	\$1.26	4.0	January 19, 2032
June 14, 2022	12,869	\$0.69	4.0	June 14, 2032
September 30, 2022	75,000	\$0.70	1.0	September 30, 2027

The fair value of each option granted for the nine months ended September 30, 2022 was estimated at the time of grant using the BSM with the following significant inputs:

	<b>Low</b>	<b>High</b>
Exercise price	\$1.26	\$0.69
Share price	\$1.26	\$0.69
Risk-free interest rate	1.61%	3.32%
Expected term	2 years	5 years
Volatility	63%	65%
Expected dividend	\$0	\$0
Grant date fair value	\$0.26	\$0.67

**g) Share options outstanding at the end of the period**

The following table summarises information concerning outstanding and exercisable options of the Company:

<b>Expiry date</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price \$</b>	<b>Avg. remaining contractual length (years)</b>
June 15, 2030	51,904	38,928	0.05	6.71
June 22, 2030	32,440	24,330	0.48	6.73
December 29, 2030	1,881,780	1,273,549	2.18	7.25
January 19, 2031	75,000	46,872	2.05	7.31
May 3, 2031	120,000	71,875	1.92	7.59
June 15, 2031	155,000	87,185	1.52	7.71
December 10, 2031	213,125	100,619	1.26	8.20
January 19, 2032	200,000	75,000	1.26	8.31
June 14, 2032	12,869	3,217	0.69	8.71
September 30, 2027	75,000	75,000	0.70	9.01
November 30, 2032	150,000	-	-	9.18

**Wishpond Technologies Ltd.****Notes to the Condensed Interim Consolidated Financial Statements**

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

**h) Restricted Share Units ("RSUs")**

The changes in RSUs during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>Number of RSUs</b>	<b>Number of RSUs</b>
Balance outstanding, beginning of period	505,000	-
Units granted	150,000	505,000
Units forfeited	(75,000)	-
Units vested	-	-
<b>Balance outstanding, end of period</b>	<b>580,000</b>	<b>505,000</b>

RSUs vest over two years, with 50% of the RSUs vesting on the first anniversary of the grant date and the remaining RSUs vesting in four equal installments over the next four quarters.

During the three months ended September 30, 2023 and September 30, 2022, the Company recognized \$35,682 and \$Nil, respectively, of stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to RSUs.

During the nine months ended September 30, 2023, and September 30, 2022, the Company recognised \$183,007 and \$Nil respectively, to stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to RSUs.

**i) Performance Share Units ("PSUs")**

The changes in PSUs during the nine months ended September 30, 2023 and the year ended December 31, 2022 were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>Number of PSUs</b>	<b>Number of PSUs</b>
Balance outstanding, beginning of period	1,150,000	-
Units granted	-	1,150,000
Units forfeited	-	-
Units vested	-	-
<b>Balance outstanding, end of period</b>	<b>1,150,000</b>	<b>1,150,000</b>

On October 1, 2022, the Company granted 1,150,000 PSUs under the Equity Incentive Plan to certain directors and officers, employees, and contractors of the Company. The PSUs vest on the one-year anniversary of their grant date based on the achievement of certain specific performance metrics approved by the board of directors of the Company.

As of September 30, 2023, it was estimated that 1,075,000 of the PSUs would not meet the performance vesting criteria resulting in a reversal of \$686,336 of stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income for the three months ended September 30, 2023. The 1,075,000 PSUs were forfeited on October 1, 2023.

During the three months ended September 30, 2023 and September 30, 2022, the Company recognized a net reversal of \$549,595 and \$Nil, respectively, of stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to PSUs.

## Wishpond Technologies Ltd.

### Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

During the nine months ended September 30, 2023, and September 30, 2022, the Company recognised a reversal of \$150,404 and \$Nil respectively, to stock-based compensation expense through the condensed interim consolidated statements of income or loss and comprehensive income related to PSUs.

#### 14. Related party transactions

##### Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's Board of Directors, officers, and certain members of the senior executive team.

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	\$	\$	\$	\$
Salaries, wages, and benefits	390,752	320,172	1,104,942	985,983
Subcontractor and director fees	84,978	109,802	272,038	289,262
Stock-based compensation	(532,969)	92,059	281,333	338,658
<b>Total</b>	<b>(57,239)</b>	<b>522,033</b>	<b>1,658,313</b>	<b>1,613,903</b>

#### 15. Credit facility

On September 29, 2021, the Company entered into a new credit facility pursuant to the terms of a credit agreement entered into between the Company and a major Canadian bank that provides for a \$6,000,000 secured revolving operating line based on recurring revenue of the Company. The interest rate on the credit facility is based on the Canadian Prime Rate plus 2.0% per annum and is secured against the assets of the Company.

On August 11, 2023, the Company successfully renewed its credit facility with a major Canadian bank that was originally entered into on September 21, 2021. The renewed credit facility maintains the secured revolving operating line with a borrowing capacity of up to \$6,000,000 based on recurring revenue, an interest rate equal to the Canadian Prime Rate plus 2.0% per annum, and is secured against the Company's assets.

As at September 30, 2023, the credit facility remained undrawn and was fully available to the Company.

#### 16. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure which optimises the costs of capital under acceptable risks. In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to: issue new shares, draw on its credit facility, issue debt, acquire or dispose of assets or adjust the amount of cash and investments. The Company is not subject to any externally imposed capital requirements. Historically, the Company has not paid dividends.

## **17. Financial instruments**

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risks relate to its cash, short-term investments, and accounts receivable. The Company's cash and short-term investments are deposited with a Canadian chartered bank and as a result management believes the risk of loss on these items to be remote. The Company establishes an estimate for expected credit losses on accounts receivable if it is determined that all or part of the outstanding balance is uncollectable. Collectability is reviewed regularly and an estimate is established or adjusted, as necessary.

Furthermore, the Company does not typically extend credit to its customers and customers are required to remit payment when invoices are provisioned. Furthermore, customers are required to provide a pre-authorised method of payment upon entering into a service contract. If the customer fails to remit payment for a period exceeding 14 days, the Company puts services on hold until payment is received.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's management believes its existing working capital coupled with the cash that will be generated from its operations and available credit facility will enable the Company to meet its financial obligations. Furthermore, the Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of September 30, 2023, the Company has no interest-bearing debt outstanding.

### *Foreign currency risk*

As a significant portion of the Company's sales are to customers located in the United States and are thus incurred in US Dollars, the Company is exposed to foreign currency fluctuations. The Company manages its foreign currency risk through the use of foreign exchange contracts. As at September 30, 2023, the Company did not hold any foreign exchange contracts.

## **18. Contingencies**

Management believes that adequate provisions have been recorded on the consolidated statements of financial position and statements of income or loss and comprehensive income where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

## **19. Events after the reporting period**

On October 1, 2023, the Company granted 1,350,000 PSUs under the Company's Equity Incentive Plan to certain officers for an aggregate of up to 1,350,000 shares in the capital of the Company. The PSUs vest on October 1, 2024 based on the achievement of certain specific performance metrics approved by the board of directors of the Company.