# Wishpond Technologies Ltd.
# Audited Annual Consolidated Financial Statements

## December 31, 2020 and 2019

Expressed in Canadian Dollars

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# Independent Auditor's Report

To the Shareholders of Wishpond Technologies Inc.

## Opinion

We have audited the consolidated financial statements of Wishpond Technologies Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders equity (deficiency), and consolidated statements of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 in accordance with International Financial Reporting Standards (IFRS).

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion & Analysis for the year ended December 31, 2020.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Zastre.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2021

**Wishpond Technologies Ltd.**
**Consolidated Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars)

| | For the twelve months ended | |
|---|---|---|
| | **December 31, 2020** | **December 31, 2019** |
| | $ | $ |
| Revenue (Note 17) | 7,882,018 | 6,050,303 |
| Cost of sales | 2,652,919 | 2,149,006 |
| **Gross profit** | **5,229,099** | **3,901,297** |
| **Operating expenses:** | | |
| Salaries, wages, employee benefits (Note 12) | 1,800,542 | 1,588,870 |
| Sales and marketing | 1,217,162 | 706,696 |
| Subcontractor expenses | 731,787 | 640,270 |
| Software subscriptions | 411,321 | 304,916 |
| Depreciation and amortization | 395,898 | 387,603 |
| Office and general | 407,721 | 395,828 |
| Stock-based compensation (Notes 11 & 12) | 100,649 | 93,544 |
| Property tax | 90,876 | 86,592 |
| Professional fees | 74,788 | 74,648 |
| Total operating expenses | **5,230,744** | **4,278,967** |
| **Operating loss** | **(1,645)** | **(377,670)** |
| **Other expenses (income)** | | |
| Reverse takeover listing expense (Note 4) | 2,114,085 | - |
| Acquisition related expenses | 72,594 | - |
| Interest expense | 26,781 | 43,097 |
| Other income/expenditures | 27,895 | 26,345 |
| Foreign currency gains | (27,507) | (18,814) |
| **(Loss) before income taxes** | **(2,215,493)** | **(428,298)** |
| Income tax expense (recovery) | - | - |
| **Net loss and comprehensive loss for the year** | **(2,215,493)** | **(428,298)** |
| Weighted average number of common shares outstanding | | |
| Basic and diluted | 28,986,817 | 25,985,724 |
| **Loss Per Share – Basic and diluted** | **$ (0.08)** | **$ (0.02)** |

**Wishpond Technologies Ltd.**
**Consolidated Statements of Financial Position**
(Expressed in Canadian Dollars)

| | As at December 31, 2020 | As at December 31, 2019 |
|---|---|---|
| | $ | $ |
| **Assets** | | |
| **Current** | | |
| Cash | 7,305,546 | 269,536 |
| Accounts and other receivables (Note 6) | 30,621 | 164,289 |
| Prepaid expenses | 287,783 | 2,088 |
| Investment tax credit recoverable (Note 3) | 234,840 | 329,362 |
| **Total current assets** | **7,858,790** | **765,275** |
| Property and equipment (Note 8) | 272,458 | 515,613 |
| Intangible assets (Note 9) | 893,869 | 760,490 |
| Other assets (Note 16) | 64,462 | 64,462 |
| **Total assets** | **9,089,579** | **2,105,840** |
| | | |
| **Liabilities and shareholders' equity (deficiency)** | | |
| | | |
| **Liabilities** | | |
| | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 7) | 845,779 | 490,042 |
| Contract liability | 3,840,699 | 1,278,106 |
| Loan payable to employee (Note 12) | - | 50,000 |
| Current portion of lease liability (Note 16) | 344,293 | 282,649 |
| Due to shareholder (Note 12) | - | 4,497,969 |
| **Total current liabilities** | **5,030,771** | **6,598,766** |
| Lease liability (Note 16) | - | 267,041 |
| Long-term debt (Note 13) | - | 56,550 |
| **Total liabilities** | **5,030,771** | **6,922,357** |
| | | |
| **Shareholders' equity (deficiency)** | | |
| Share capital (Note 11) | 11,062,775 | 2,600 |
| Deficit | (7,404,719) | (5,189,226) |
| Contributed surplus | 400,752 | 370,109 |
| **Total shareholders' equity (deficiency)** | **4,058,808** | **(4,816,517)** |
| **Total shareholders' equity (deficiency) and liabilities** | **9,089,579** | **2,105,840** |

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

Approved by the Directors:

| "*Ali Tajskandar*" | "*Olivier Vincent*" |
|---|---|
| Director | Director |

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

**Wishpond Technologies Ltd.**
**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**
(Expressed in Canadian Dollars except share amounts or stated otherwise)

| | Number of shares | Share capital | Deficit | Contributed surplus | Total Shareholder's equity (deficiency) |
|---|---|---|---|---|---|
| | # | $ | $ | $ | $ |
| **Balance at January 1, 2019** | 25,951,950 | 600 | (4,760,928) | 304,354 | (4,455,974) |
| Stock-based compensation | - | - | - | 93,544 | 93,544 |
| Stock options exercised | 129,760 | 2,000 | - | - | 2,000 |
| Stock options repurchased | - | - | - | (27,789) | (27,789) |
| Net loss and comprehensive loss for the year | - | - | (428,298) | - | (428,298) |
| **Balance at December 31, 2019** | **26,081,710** | **2,600** | **(5,189,226)** | **370,109** | **(4,816,517)** |
| Stock-based compensation | - | - | - | 100,649 | 100,649 |
| Settlement of shareholder debt | 6,005,301 | 4,503,975 | - | (21,952) | 4,482,023 |
| Wishpond Private Debenture conversion | 285,715 | 150,000 | - | - | 150,000 |
| Common shares issued in brokered private placement | 6,133,000 | 4,599,750 | - | - | 4,599,750 |
| Financing fees | - | (490,256) | - | - | (490,256) |
| Agent broker warrants issued | - | (138,076) | - | 138,076 | - |
| Broker warrant exercise | 36,155 | 16,633 | - | - | 16,633 |
| Common shares issued by Antera | 2,666,667 | 2,000,000 | - | - | 2,000,000 |
| Antera stock options exchanged for Resulting Issuer shares | - | - | - | 94,368 | 94,368 |
| Stock options repurchased | - | - | - | (17,890) | (17,890) |
| Stock options exercised | 4,960,602 | 418,149 | - | (262,608) | 155,541 |
| Net loss and comprehensive loss for the year | - | - | (2,215,493) | - | (2,215,493) |
| **Balance at December 31, 2020** | **46,169,150** | **11,062,775** | **(7,404,719)** | **400,752** | **4,058,808** |

**Wishpond Technologies Ltd.**
**Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars except share amounts or stated otherwise)

| | For the twelve months ended | |
|---|---|---|
| | **December 31, 2020** | **December 31, 2019** |
| | $ | $ |
| **Cash flows provided by (used in)** | | |
| **Operating activities** | | |
| Cash receipt from customers | 10,436,016 | 5,923,325 |
| Cash paid to vendors and employees | (7,559,209) | (5,834,719) |
| Cash paid for bank service fees | (21,451) | (12,204) |
| Proceeds from investment tax credits | 329,363 | 342,068 |
| Realised foreign currency gains | 30,305 | 610 |
| **Net cash generated by operating activities** | **3,215,024** | **419,080** |
| **Investing activities** | | |
| Additions to equipment | (15,799) | - |
| Additions to intangible assets | (270,323) | (188,042) |
| **Net cash used in investing activities** | **(286,122)** | **(188,042)** |
| **Financing activities** | | |
| Exercise and (repurchase) of employee stock options | 154,284 | (25,789) |
| Cash received in reverse takeover, net of cash paid for reverse takeover | 72,330 | - |
| Proceeds from the financing, net of share issuance costs | 4,109,494 | - |
| (Repayment of) proceeds from shareholder loans | (17,975) | 189,558 |
| Cash paid for interest | (26,445) | (42,638) |
| Proceeds from debt financing | 150,000 | 56,550 |
| Cash paid for repayment of debt | (106,550) | - |
| Cash paid for lease | (228,030) | (287,453) |
| **Net cash provided by (used in) financing activities** | **4,107,108** | **(109,772)** |
| **Net increase in cash** | 7,036,010 | 121,266 |
| **Cash - beginning of year** | 269,536 | 148,270 |
| **Cash - end of year** | **7,305,546** | **269,536** |

## 1. Nature of operations and going concern

Wishpond Technologies Ltd. (formerly Antera Ventures I Corp.), (the "Company"), was incorporated under the British Columbia Business Corporations Act on June 20, 2018. The corporate head office of the Company is located at Suite 1000 - 1500 West Georgia St., Vancouver, BC, V6G 2Z6.

On December 8, 2020, the Company completed its reverse takeover transaction with Wishpond Technologies Ltd. ("Wishpond Private") based on which the Company acquired all of the issued and outstanding securities of Wishpond, via a reverse-takeover transaction (the "Transaction"). Upon completion of the Transaction, Wishpond became a wholly owned subsidiary of the Company and the Resulting Issuer and the Company carried on the business previously carried on by Wishpond Private. In connection with the Transaction, the Company consolidated its common shares (the "Shares") on the basis of one (1) post-consolidation Share for every 4.646720625 pre-consolidation Shares and all shares of Wishpond Private were consolidated on the basis of 3.2439938 post-consolidation Shares for each one (1) pre-consolidation Share. The Company changed its name to "Wishpond Technologies Ltd." ("Wishpond") and the Shares commenced trading on the Exchange at opening on December 11, 2020 under the symbol "WISH" as a Tier 1 technology issuer.

See also Note 4 Reverse Takeover Transaction.

The Company was classified as a Capital Pool Corporation as defined in the Policy 2.4 of the TSX Venture Exchange (the "Exchange"). With the acquisition of Wishpond Private, the Company's principal business changed to the provision of technological digital marketing solutions for businesses. Accordingly, these annual consolidated financial statements are presented as a continuation of Wishpond Private.

These annual consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future.

As of December 31, 2020, the Company had no debt service obligations, had cash of $7,305,546 and a credit facility that allows the Company to borrow up to $500,000 (Note 13). The Company incurred an operating loss of $1,645 and $377,670 for the years ended December 31, 2020 and December 31, 2019, respectively. Net cash generated by operating activities was $3,215,024 and $419,080 for the years ended December 31, 2020 and December 31, 2019, respectively.

Due to the unknown magnitude, duration, and outcome of the COVID-19 pandemic, it is not possible to estimate precisely its impact on the Company's future business, operations or financial results; however, as of December 31, 2020, the COVID-19 pandemic has not significantly impacted the Company's customer base or substantially disrupted any aspects of the Company's operations. In response to the uncertainty caused by the COVID-19 pandemic, the Company has taken or plans to take several actions including:

- Significant measures to reduce operating expenses and preserve cash;
- Transitioning to a fully remote model by operating primarily online as of March 2020;
- Not renewing our office space lease currently at a rental cost of $637,220 per year; and
- Closing a bought deal public offering in February 2021 for gross proceeds of $8.05 million.

Based on these actions, its diversified business, and fully remote model, the Company expects to generate sufficient cash flows to fund its operations, working capital requirements and capital program for the next 12 months.

As a result, after considering all relevant information, including its actions completed to date and its future plans, 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 release of these consolidated financial statements.

The estimates used by management in reaching this conclusion are based on information available as of the date these 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 consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying 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 our ability to continue as a going concern.

The Company's Board of Directors approved these annual consolidated financial statements on April 27, 2021.

## 2. Basis of presentation

Statement of compliance

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC").

The preparation of annual 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 annual consolidated financial statements are disclosed in Note 5.

Basis of consolidation

The consolidated financial statements of Wishpond Technologies Inc. include the accounts of the Company and its wholly owed subsidiary Wishpond Solutions Ltd. (formerly Wishpond Private). Intercompany transactions and balances are eliminated upon consolidation.

## 3. Significant accounting policies

The significant accounting policies used in the preparation of these annual consolidated financial statements are described below.

### a) Basis of measurement

These annual 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 functional currency of the Company and its subsidiary is the Canadian Dollar. The determination of functional currency is based on the primary economic environment in which the entities operate.

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

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 statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. 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

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

### 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.

*Measurement of financial instruments:*

- Financial instruments at amortized cost:

Financial instruments are recorded at amortized cost when held with the objective of collecting (or paying) contractual cash flows and those cash flows represent solely payments of principal and interest and are not designated or measured at fair value through profit or loss (FVTPL).

These instruments are measured at amortized cost subsequent to initial recognition using the effective interest method. This method uses an effective interest rate that discounts estimated future cash receipts (or payments) through the expected life of the financial instrument, if any. Interest income (and expense) and impairment losses are recognised through profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Financial instruments at FVTPL:

All other financial instruments are measured at FVTPL.

The Company, at initial recognition, may irrevocably designate a financial instrument as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

Derivative financial instruments are measured at fair value subsequent to initial recognition at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

*Classification of financial instruments:*

The Company's financial assets and liabilities are classified and measured as follows:

| | |
|---|---|
| Cash | Amortised cost |
| Accounts receivable | Amortised cost |
| Accounts payable and accrued liabilities | Amortised cost |
| Bank indebtedness | Amortised cost |
| Lease liability | Amortised cost |
| Loan payable to employees | Amortised cost |
| Long-term debt | Amortised cost |
| Due to shareholders | Amortised cost |
| Foreign exchange forward contracts | FVTPL |

*Fair value hierarchy:*

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. IFRS establishes a fair value hierarchy based on the level of independent and objective evidence surrounding the inputs used to measure fair value. Fair value determination is classified within a three-level hierarchy, based on observability of significant inputs, as follows:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3 -** Unobservable inputs for the asset or liability. Inputs into the determination of the fair value require management judgment or estimation.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Changes to valuation methods may result in transfers into or out of an investment's assigned level.

The Company's forward foreign exchange contract derivatives (Note 15) are measured at fair value through profit or loss using Level 2 inputs.

*Impairment:*

With respect to financial assets measured at amortised cost, the Company assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Company determines that during the period there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, they will then recognise a reduction as an impairment loss in the statements of loss and comprehensive loss. The reversal of a previously recognised impairment loss on a financial asset measured at amortised cost is recognised in the statements of loss and comprehensive loss in the period the reversal occurs.

Under IFRS 9, the loss allowance for trade receivables must be calculated using the expected lifetime credit loss and recorded at the time of initial recognition.

*Derecognition:*

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

**e) Stock-based compensation**

The Company has an incentive share option plan as described in Note 11. 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 expenses is measured at the fair value of goods and services received except where the fair value cannot be 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 loss and comprehensive loss with a corresponding increase in contributed surplus within equity. Previously recognised expenses are not subsequently reversed for options that vest but are not exercised. If, and when, share options are ultimately exercised, the applicable amount of contributed surplus is transferred to 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 include the following:

(i) *Software subscription revenues:* subscription agreements provide customers the right to use the Company's suite of cloud-based marketing software. Pricing is based on a tiered system driven by features accessed and the number of leads generated. Customers have the option to subscribe on a monthly or annual basis. Software subscription revenues are recognised over the term of the related contracts.

(ii) *Marketing subscription revenues:* customised professional marketing services are offered to customers on a subscription basis. Services typically include landing page design, contest campaigns, ad campaigns, and SEO services, among others. The majority of marketing contracts are annual with a monthly billing cycle. Marketing subscription revenues are recognised over the term of the related contracts, 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) Contract liability**

Contract liability consists of cash received in advance of the Company providing the subscribed services and is recognised in income over the estimated life of the subscription agreement.

**h) Income taxes**

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of loss and comprehensive loss, 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 loss, 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 in 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 loss, 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 legal and other costs relating to raising capital.

**j) 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 at cost as deferred development costs. Deferred development costs have finite useful lives and are carried at cost less accumulated amortization and accumulated impairment losses. The deferred development costs are amortised on a straight-line basis over the estimated useful life of 10 years.

**k) Research tax credits**

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified scientific research and experimental development. These investment tax credits were recorded as a reduction in the related expenditures when there is reasonable assurance that such credits will be realised. Investment tax credits that are related to capitalised expenditures such as deferred development costs are recognised in the statement of financial position as a reduction to the asset that the tax credit relates. As of December 8, 2020, the Company lost its Canadian-Controlled Private Corporation ("CCPC") status in connection with the Transaction (Note 4) and no longer receives a refundable research tax credit for qualifying expenditures. Subsequent to December 8, 2020, research tax credits are applied against taxable income as a non-refundable tax credit and will expire in 2030 and forward unless previously utilized.

**l) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

*i) Right-of-use assets:*
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. For the Company's right-of-use office lease, this period is approximately 4 years.

The right-of-use assets are also subject to impairment assessments.

*ii) Lease liabilities:*
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**m) Impairment**

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

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 loss and comprehensive loss 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 asset.

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.

**n) Income (Loss) per share**

Basic income (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted income per share is computed similar to basic income (loss) per share, except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. However, diluted loss per share does not include the increase to weighted average shares, as the effect of including additional shares would be anti-dilutive.

(Expressed in Canadian Dollars)

## 4. Reverse takeover transaction

In connection with the completion of the Transaction (Note 1), the Company acquired all of the issued and outstanding shares of Wishpond Private. As consideration for the acquisition of Wishpond Private, the Company issued 2,666,667 post-consolidation Shares representing $2,000,000 based on the concurrent financing subscription price of $0.75 per Subscription Receipt and exchanged an additional 170,012 post-consolidation shares of Antera valued at $94,368.

As part of the Transaction, the Company also completed a brokered private placement financing on October 15, 2020 (the "Financing"), resulting in the issuance of 6,133,000 subscription receipts (the "Subscription Receipts") of the Company at a purchase price of $0.75 per subscription receipt for gross proceeds of approximately $4,599,750. The Financing was completed by a syndicate of agents led by Beacon Securities Limited ("Beacon") and including PI Financial Corp. (collectively, the "Agents"). On completion of the Transaction, the subscription receipts were automatically converted in accordance with their terms into one (1) Share of the Company and the net proceeds of the Financing were released to the Company from escrow.

The Agents received a cash commission equal to 8% of the gross proceeds of the Financing totaling $355,000, a corporate finance fee of $25,000, and 471,607 broker warrants (the "Broker Warrants") valued at $138,076. Each Broker Warrant entitles the holder thereof to acquire one common share in the capital of the Company at a price of $0.75 per common share for a period of 24 months from the date of issue. The fair value of the Broker Warrants granted were estimated on their dates of issue using the Black-Scholes option pricing model and the following assumptions: volatility rate of 72%, risk-free rate of 0.27%, dividend yield of 0% and weighted average life of 2 years.

The Transaction was considered to be outside the scope of IFRS 3 Business Combinations since Antera Ventures I Corp.'s ("Antera") activities prior to the Transaction were limited to the management of cash resources and the maintenance of its listing and accordingly, did not constitute a business under IFRS 3.

As a result, for accounting purposes, the Transaction is being accounted for as a reverse takeover asset acquisition identifying Wishpond as the acquirer with the net assets of Antera being treated as the acquired assets. The consideration issued in the Transaction is accounted for as a share-based payment under IFRS 2.

The excess of the purchase price over net assets acquired was charged to the statements of loss and comprehensive loss as a reverse takeover ("RTO") listing expense. Antera's share capital, retained earnings, and contributed surplus were eliminated on consolidation.

The following represents the fair value of the net assets acquired as a result of the reverse acquisition:

| **Consideration** | | |
|---|---|---|
| Fair value of 12,391,255 pre-consolidation Shares issued (valued at 2,666,667 post-consolidation Shares at $0.75 per share) to shareholders of Wishpond Private | $ | 2,000,000 |
| Fair value of Antera stock options exchanged for Resulting Issuer's stock options | | 94,368 |
| **Fair value of consideration issued** | **$** | **2,094,368** |
| | | |
| **Net assets acquired (liabilities assumed)** | | |
| Cash | $ | 517,004 |
| Accounts payable and accrued liabilities | | (43,241) |
| **Total net assets acquired** | **$** | **473,763** |
| | | |
| **Reverse takeover listing expense** | **$** | **1,620,605** |

(Expressed in Canadian Dollars)

The fair value of the Wishpond Private stock options was determined using the Black-Scholes option pricing model with the following assumptions: Risk-free rate: 0.64%; Expected stock price: $0.75; Expected life of options: 8.10 years; Expected stock price volatility (based on comparable companies): 66%; Dividend yield: 0%; and Exercise price: $0.46 per share.

In addition to the above Reverse takeover listing expense of $1,620,605, additional listing expenses of $493,480 were incurred and expensed in the period ended December 31, 2020.

## 5. 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 assumptions 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, and the fair value of the Company's common shares.

*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.

*Going concern*
The Company has historically incurred losses and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstance.

*Investment tax credits recoverable*
The Company accrues for investment tax credits expected to be recovered. This requires management's judgement and analysis on past claims, and the eligibility of current development costs as valid SR&ED expenditures.

*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.

## 6. Accounts and other receivables

| | **December 31, 2020** | **December 31, 2019** |
|---|---|---|
| | **$** | **$** |
| Accounts receivable | 118,917 | 164,289 |
| Allowance for doubtful accounts | (88,296) | - |
| **Accounts and other receivables** | **30,621** | **164,289** |

(Expressed in Canadian Dollars)

## 7. Accounts payable and accrued liabilities

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | $ | $ |
| Trade | 534,560 | 209,734 |
| Other Payables | 162,628 | 145,444 |
| Sales Tax Payable | 148,591 | 134,864 |
| **Accounts payable and accrued liabilities** | **845,779** | **490,042** |

## 8. Property and equipment

| | Computer equipment | Furniture and fixtures | Right-of-use assets | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost** | | | | |
| As at January 1, 2020 | 68,907 | 35,899 | 1,287,107 | 1,391,913 |
| Additions | 15,799 | - | - | 15,799 |
| **As at December 31, 2020** | **84,706** | **35,899** | **1,287,107** | **1,407,712** |
| **Accumulated Depreciation** | | | | |
| As at January 1, 2020 | 68,132 | 35,899 | 772,269 | 876,300 |
| Additions | 1,530 | - | 257,424 | 258,954 |
| **As at December 31, 2020** | **69,662** | **35,899** | **1,029,693** | **1,135,254** |
| **Cost** | | | | |
| As at January 1, 2019 | 68,907 | 35,899 | 1,287,107 | 1,391,913 |
| Additions | - | - | - | - |
| **As at December 31, 2019** | **68,907** | **35,899** | **1,287,107** | **1,391,913** |
| **Accumulated Depreciation** | | | | |
| As at January 1, 2019 | 66,774 | 35,899 | 514,845 | 617,518 |
| Additions | 1,358 | - | 257,424 | 258,782 |
| **As at December 31, 2019** | **68,132** | **35,899** | **772,269** | **876,300** |
| **Net Book Value** | | | | |
| **As at December 31, 2019** | **775** | **-** | **514,838** | **515,613** |
| **As at December 31, 2020** | **15,044** | **-** | **257,414** | **272,458** |

(Expressed in Canadian Dollars)

## 9. Intangible assets

| | Deferred development costs $ |
|---|---|
| **Cost** | |
| As at January 1, 2019 | 1,042,439 |
| Additions | 188,042 |
| **As at December 31, 2019** | **1,230,481** |
| Additions | 270,323 |
| **As at December 31, 2020** | **1,500,804** |
| | |
| **Amortization** | |
| As at January 1, 2019 | 346,943 |
| Amortization charge for the year | 123,048 |
| **As at December 31, 2019** | **469,991** |
| Amortization charge for the year | 136,944 |
| **As at December 31, 2020** | **606,935** |

| **Net Book Value** | |
|---|---|
| **As at December 31, 2019** | **760,490** |
| **As at December 31, 2020** | **893,869** |

Additions to deferred development costs are net of investment tax credits.

## 10. Income tax

The tax expense differs from the theoretical amount that would arise using the tax rate applicable to profits of the Company for the twelve months ended December 31, 2020 and December 31, 2019 as follows:

| | December 31, 2020 $ | December 31, 2019 $ |
|---|---|---|
| **Loss for the period before income tax recovery** | (2,215,493) | (428,298) |
| Average statutory rate | 27% | 27% |
| **Recovery of income taxes based on statutory rates** | **(598,183)** | **(115,640)** |
| | | |
| **Increase in income tax recovery resulting from:** | | |
| Permanent differences | 28,250 | 32,803 |
| Change in non-recognized deferred tax assets | 569,933 | 82,837 |
| **Income tax recovery** | **-** | **-** |

(Expressed in Canadian Dollars)

Deferred income tax assets are recorded to the extent that the realization of the related tax benefit is probable based on estimated future earnings. Deferred income tax assets have not been recognized with respect to the following deductible temporary differences:

| | December 31, 2020 $ | December 31, 2019 $ |
|---|---|---|
| **Deferred tax assets** | | |
| Losses carried forward | 4,683,171 | 3,053,212 |
| Research and development deductions and ITC's | - | - |
| Property and Equipment | - | - |
| Other | - | - |
| **Total unrecognized temporary deductible differences** | **4,683,171** | **3,053,212** |

The Company has non-capital losses of approximately $4.683 million (2019 - $3.053 million) which are available to reduce future year's taxable income. The noncapital losses will commence to expire in 2021 if not utilized. Management estimates future income using forecasts based on the best available current information.

The significant components of the company's deferred income tax asset/(liabilities) are comprised of the following:

| | As of December 31, 2019 $ | Recovery/(expense) through earnings $ | As of December 31, 2020 $ |
|---|---|---|---|
| Property and Equipment | 45,369 | (3,852) | 41,517 |
| Intangible Assets | (205,332) | (36,013) | (241,345) |
| Other | 9,410 | 14,047 | 23,457 |
| Non-capital losses/non-operating losses | 225,571 | 21,725 | 247,296 |
| Income Tax Credits | (75,018) | 4,093 | (70,925) |
| **Total** | **-** | **-** | **-** |

## 11. Share capital

### a) Authorised

Unlimited common shares without par value.

The Company's common shares are also authorised for issuance under the employee stock option 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 plan.

### b) Issued Common Shares

As at December 31, 2019, the issued share capital was comprised of 26,081,710 common shares.

| | Number of shares (pre-consolidation) # | Number of shares (post consolidation) # |
|---|---|---|
| Balance at January 1, 2019 | 8,000,000 | 25,951,950 |
| Exercise of options | 40,000 | 129,760 |
| **Balance at December 31, 2019** | **8,040,000** | **26,081,710** |

(Expressed in Canadian Dollars)

As at December 31, 2020, the issued share capital is comprised of 46,169,150 common shares.

| | Number of shares (pre-consolidation) # | Number of shares (post consolidation) # |
|---|---|---|
| Balance at January 1, 2020 | 8,040,000 | 26,081,710 |
| Shares issued as part of concurrent financing | 1,890,571 | 6,133,000 |
| Shareholder debt | 1,851,206 | 6,005,301 |
| Convertible debenture | 88,075 | 285,715 |
| Exercise of options | 1,529,167 | 4,960,602 |
| Shares issued for reverse acquisition | 822,030 | 2,666,667 |
| Broker warrants | 11,145 | 36,155 |
| **Balance at December 31, 2020** | **14,232,194** | **46,169,150** |

During the year ended December 31, 2020, the Company undertook the following share transactions:

i. On October 15, 2020, the Company completed a brokered private placement of 6,133,000 subscription receipts (the "Subscription Receipts") at a price of $0.75 per Subscription Receipt, for gross proceeds of $4.6 million, which included an upsize from the original minimum offering amount of $3.0 million and the full exercise of the over-allotment option. The Agents received a cash commission equal to 8% of the gross proceeds of the Financing totaling $355,000, a corporate finance fee of $25,000, and 471,607 broker warrants (the "Broker Warrants") valued at $138,076. Approximately $110,256 was also incurred for legal and accounting costs related to the financing.
ii. On November 24, 2020, the Debt Conversion Agreement (Note 12) and the Wishpond Private Debenture (Note 13) were converted into 1,851,206 and 88,075 Wishpond common shares respectively (6,005,301 and 285,715 post-consolidation respectively) in accordance with their respective terms.
iii. 1,529,167 (4,960,602 post-consolidation) options were exercised at an exercise price of $0.01 - $1.54, for a total of $155,543.
iv. On December 8, 2020, as a result of the Transaction, the Company issued 2,666,667 post-consolidation shares to shareholders of Wishpond Private (Note 4).
v. On December 31, 2020, 36,155 Broker Warrants (Note 4) were exercised resulting in 36,155 (post-consolidation) shares being issued.

## c) Granted Warrants

As at December 31, 2020, the Company has 474,190 warrants outstanding. 471,607 of the outstanding warrants are Broker Warrants issued in connection with the Financing and each Broker Warrant entitles the holder thereof to acquire one common share in the capital of the Company at an exercise price of $0.75 and expires on December 8, 2022. 2,583 of the outstanding warrants are Antera warrants that were consolidated on the basis of one (1) post-consolidation warrant for every 4.646720625 pre-consolidation warrant in connection with the Transaction on December 8, 2020. The Antera warrants entitled each holder thereof to acquire one common share in the capital of the Company at an exercise price of $0.46 and were fully exercised subsequent to December 31, 2020 before their expiration date of January 15, 2021.

## d) 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.

(Expressed in Canadian Dollars)

### e) Movement in share options

The changes in share options during the year ended December 31, 2020 and 2019 were as follows:

| | # of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| January 1, 2019 | 5,605,621 | $ | 0.05 |
| Granted | 240,056 | | 0.12 |
| Exercised | (129,760) | | 0.02 |
| Forfeited/expired | (311,423) | | 0.09 |
| Repurchased | (25,952) | | 0.01 |
| **December 31, 2019** | **5,378,542** | **$** | **0.05** |
| Granted | 3,061,105 | | 2.04 |
| Exercised | (4,960,602) | | 0.03 |
| Forfeited/expired | (117,864) | | 0.33 |
| Repurchased | (9,733) | | 0.47 |
| Antera options exchanged for Resulting Issuer's stock options | 170,012 | | 0.46 |
| **December 31, 2020** | **3,521,460** | **$** | **1.80** |

During the year ended December 31, 2020 and December 31, 2019, the Company recognised $100,649 and $93,544, respectively, to stock-based compensation expense through to the statement of loss.

### f) Fair value of share options granted

During the year ended December 31, 2020, the Company granted the following options:

| Grant date | Number of options granted | Exercise price | Vesting period (in years) | Expiry date |
|---|---|---|---|---|
| January 6, 2020 | 56,770 | $0.01 | 1.0 | January 6, 2025 |
| January 6, 2020 | 56,770 | $0.05 | 1.0 | January 6, 2025 |
| June 15, 2020 | 51,904 | $0.02 | 5.0 | June 15, 2025 |
| June 22, 2020 | 32,440 | $0.48 | 5.0 | June 22, 2025 |
| December 29, 2020 | 2,720,000 | $2.18 | 4.0 | December 29, 2030 |
| December 29, 2020 | 12,712 | $2.18 | 4.0 | December 29, 2030 |
| December 29, 2020 | 88,136 | $2.18 | 4.0 | December 29, 2030 |
| December 29, 2020 | 42,373 | $2.18 | 1.0 | December 29, 2030 |

(Expressed in Canadian Dollars)

During the year ended December 31, 2019, the Company granted the following options:

| Grant date | Number of options granted | Exercise price | Vesting period (in years) | Expiry date |
|---|---|---|---|---|
| May 7, 2019 | 32,440 | $0.47 | 5.0 | May 7, 2024 |
| April 2, 2019 | 77,856 | $0.02 | 0.5 | April 2, 2024 |
| April 2, 2019 | 38,928 | $0.22 | 0.0 | April 2, 2024 |
| July 9, 2019 | 25,952 | $0.22 | 0.0 | July 9, 2023 |
| August 1, 2019 | 12,976 | $0.22 | 0.0 | August 1, 2024 |
| September 1, 2019 | 51,904 | $0.02 | 0.0 | September 1, 2024 |

The fair value of each option granted for the year ended December 31, 2020 was estimated at the time of grant using the BSM with the following range of significant inputs:

| | Low | High |
|---|---|---|
| Exercise price | $2.18 | $0.01 |
| Share price | $0.44 | $2.18 |
| Risk-free interest rate | 0.30% | 0.43% |
| Expected term | 2 years | 5 years |
| Volatility | 60% | 72% |
| Expected dividend | $0 | $0 |
| Grant date fair value | $0.70 | $1.43 |

The fair value of each option granted for the year ended December 31, 2019 was estimated at the time of grant using the BSM with the following significant inputs:

| | Low | High |
|---|---|---|
| Exercise price | $0.47 | $0.01 |
| Share price | $0.35 | $0.40 |
| Risk-free interest rate | 1.23% | 1.56% |
| Expected term | 5 years | 5 years |
| Volatility | 62% | 68% |
| Expected dividend | $0 | $0 |
| Grant date fair value | $0.22 | $0.39 |

(Expressed in Canadian Dollars)

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

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

| Period ended | Options outstanding | Options exercisable | Weighted avg. exercise price | Avg. exercise price of vested options | Avg. remaining contractual length (years) |
|---|---|---|---|---|---|
| December 31, 2020 | 3,521,460 | 245,029 | $1.80 | $0.33 | 8.92 |
| December 31, 2019 | 5,378,542 | 4,862,695 | $0.05 | $0.03 | 1.99 |

## 12. Related party transactions

Loan payable to employee

In November 2017, Wishpond received a loan from an officer of the Company in the amount of $50,000. The amount due was unsecured and bore interest at 5.5% per year. The loan had no specified repayment terms and was settled in full in January 2020.

Due to shareholder

As at December 31, 2019, the Company had loans payable to a shareholder in the amount of $4,497,969. Included in the loans payable to this shareholder was a loan in the amount of $450,800 USD. The loans due to the shareholder were non-interest bearing, unsecured and had no specified repayment terms. The fair value of the shareholder loans approximated its carrying amount due to the lack of interest and repayment terms associated with the loan.

In July 2020, Wishpond entered into a debt conversion agreement (the "Debt Conversion Agreement") to convert this shareholder loan subject to the successful completion of the Transaction. On November 24, 2020, the shareholder loan was fully converted into 1,851,206 Wishpond common shares (6,005,301 post-consolidation) in accordance with the terms of the Debt Conversion Agreement. A loss on the settlement of the shareholder loan of $21,952 was recognised in Contributed Surplus for the year ended December 31, 2020.

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 and members of the executive team.

| | For the twelve months ended | |
|---|---|---|
| | **December 31, 2020** | **December 31, 2019** |
| | $ | $ |
| Salaries, wages, and benefits | 1,231,532 | 781,999 |
| Consulting fees | 36,855 | - |
| Stock-based compensation | 67,985 | 57,422 |
| **Total** | **1,336,372** | **839,421** |

## 13. Debt

As of December 31, 2019, the Company had a credit facility with a major Canadian bank in the amount of $100,000. The interest rate on the credit facility is based on RBP + 3.01% per annum with the interest payable monthly. Moreover, in April 2020, the Company obtained an additional credit facility from the same Canadian bank in the amount of $500,000 with interest of RBP + 2.53% per annum. The aggregate of both credit facilities cannot exceed the total of $500,000 at any time. As of December 31, 2020, both credit facilities remained undrawn and were fully available to the Company.

On December 2, 2019, Wishpond entered into a loan with the Business Development Bank of Canada ("BDC") for $56,550. The balance of the loan in principal and interest including all other amounts owing was paid in full in October 2020.

On September 10, 2020, Wishpond Private issued convertible debt (the "Debenture") with an aggregate principal amount of $150,000. The principal amount was converted into 88,075 (285,715 post-consolidation) common shares on November 24, 2020.

## 14. 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 and shareholder loans.

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, 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.

## 15. 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 and accounts receivable. The Company's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote. Management believes that the credit risk on its accounts receivable is limited as the amounts are expected to be collected in the Company's next operating cycle.

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. As a result, the Company's historical bad debt is negligible.

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 coupled with additional financing activities 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 December 31, 2020, the Company has no interest-bearing debt.

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.

A 5% depreciation of the USD would have a negative impact on profit of CAD$125,464 as at December 31, 2020 (December 31, 2019, CAD$43,065) assuming all other variables remained constant.

In March 2020, Wishpond began managing its foreign currency risk through the use of monthly foreign exchange contracts which allow Wishpond to exchange US Dollars to Canadian Dollars at a preferred rate of US$1.00 to CAD$1.39.

During the year ended December 31, 2020, Wishpond entered into twelve monthly forward foreign exchange contracts, each in the amount of USD$150,000 at an average exchange rate of approximately 1.36 CAD/USD. All forward foreign exchange contracts had expired by December 31, 2020.

## 16. Lease Liability

The Company has a lease contract for an office space, located at 1500 West Georgia Street, Vancouver B.C. The remaining lease term at December 31, 2020 is 12 months.

Set out below are the carrying amounts of lease liabilities and the movements during the periods:

| **Lease Liability** | **December 31, 2020** $ | **December 31, 2019** $ |
|---|---|---|
| **As at January 1, 2019** | **549,690** | **803,869** |
| Accretion of interest | 22,632 | 33,274 |
| Payments | (228,029) | (287,453) |
| **As at December 31, 2019** | **344,293** | **549,690** |
| Current | 344,293 | 282,649 |
| Non-current | - | 267,041 |

(Expressed in Canadian Dollars)

The following are the amounts recognised in the statements of loss and comprehensive loss:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| | $ | $ |
| Depreciation expense of right-of-use assets | 257,424 | 257,424 |
| Interest expense on lease liabilities | 22,632 | 33,274 |
| **Total** | **280,056** | **290,698** |

Lease deposits:

The Company has $64,462 of lease deposits recoverable from landlords as at December 31, 2020, all of which has been included in other assets.

## 17. Geographic Information

The Company's assets are primarily located in Canada.

Geographic sales based on customer location are detailed as follows:

| | | For the twelve months ended December 31, 2020 | | For the twelve months ended December 31, 2019 |
|---|---|---|---|---|
| United States | $ | 6,168,157 | $ | 4,293,508 |
| Canada | | 780,831 | | 855,686 |
| Other | | 933,030 | | 901,109 |
| **Total** | **$** | **7,882,018** | **$** | **6,050,303** |

During the year ended December 31, 2020, the Company had one major customer that accounted for $1,935,875 or 25% of total revenues recognized ($831,607 or 14% of total revenues recognized for the year ended December 31, 2019). The Company had no other customers that accounted for more than 10% of total revenues for the years ended December 31, 2020 or December 31, 2019.

## 18. Contingencies

Management believes that adequate provisions have been recorded on the statements of financial position and statements of loss and comprehensive loss 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.

**Impact of COVID-19**: The outbreak of the novel strain of the coronavirus, specifically identified as the COVID-19 pandemic, has caused governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. At this time, it is not possible to reliably estimate the impact this will have on the Company's financial position and operating results. Judgments, estimates and assumptions made by management during the preparation of these annual consolidated financial statements may also change as conditions related to the COVID-19 change. Changes in assumptions including, but not limited to, foreign exchange rates, interest rates and commodity prices could impact the fair value of items including derivative and non-derivative instruments, and provisions.

## 19. Events after the reporting period

Acquisition of Invigo Media Corp.

On January 7, 2021, the Company completed its acquisition of Invigo Media Corp. and its affiliates, EverGeniusLLC, and Invigo Media LLC ("Invigo"). Invigo is a marketing technology and services company that provides digital marketing solutions to medical clinics.

In consideration for the acquisition of Invigo, Wishpond provided a cash payment of $835,000 and a two-year performance earn-out that may be paid in cash, Wishpond common shares, or a combination thereof, at the company's discretion. The two year earn-out will be based on Adjusted EBITDA of the acquired business and is payable on a quarterly basis. Any shares will be issued at a deemed price per Share equal to the prior 5-day VWAP of the shares on the TSX Venture Exchange (the "TSXV") on the payment date. Any shares issued in connection with the earn-out will be subject to a restricted period of four months and one day from the date of issuance.

Bought Deal Public Offering

On February 5, 2021, the Company closed its bought deal prospectus offering of 4.6 million common shares of the Company at a price of $1.75 per share for gross proceeds of $8.05 million (the "Offering"), which includes the exercise in full of the underwriters' over-allotment option. The Offering was led by Beacon Securities Limited as lead underwriter and sole bookrunner, on behalf of a syndicate of underwriters, including PI Financial Corp., Desjardins Securities Inc., Haywood Securities Inc. and Paradigm Capital Inc. (collectively, the "Underwriters").

In consideration for the services provided by the Underwriters in connection with the Offering, the Company paid the Underwriters a commission equal to 7% of the gross proceeds raised under the Offering and issued to the Underwriters an aggregate of 313,766 non-transferable compensation options (the "Compensation Options"), which represents 7% of the number of common shares sold under the Offering, in each case subject to reduction as disclosed in the Final Prospectus. Each Compensation Option is exercisable into one common share of the Company at the Offering Price, subject to adjustments in certain events, until February 5, 2023.

Acquisition of PersistIQ Inc.

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. Based out of San Mateo, California, PersistIQ is a Software-as-a-Service (SaaS) company which provides sales engagement technologies to salespeople and entrepreneurs.

In consideration for the PersistIQ acquisition, Wishpond provided a cash payment of US$1,000,000 and a one year performance earn-out that may be paid in cash or by the issuance of the Company's Shares, at the sole discretion of the Company. The one year earn-out will be based on the projected revenue of the business (the "Earn-Out") and is payable on a quarterly basis. Any shares will be issued at a deemed price per share equal to the 5-day VWAP of the Shares on the TSX Venture Exchange on the payment date. Any shares issued in connection with the Acquisition will be subject to a restricted period of four months and one day from the date of issuance, as well as restrictions pursuant to applicable US securities laws.

Warrants

During Q1 2021, 290,357 warrants were exercised resulting in cash proceeds of $217,019 and the issuance of 290,357 common shares of the Company.