



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

**Three and Six Months Ended June 30, 2022**

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

August 22, 2022

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

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
Revenue (Note 6)	5,007,343	3,226,877	9,085,660	6,117,457
Cost of sales	1,646,628	988,734	3,188,750	2,082,378
<b>Gross profit</b>	<b>3,360,715</b>	<b>2,238,143</b>	<b>5,896,910</b>	<b>4,035,079</b>
<b>Operating expenses</b>				
General and administrative expenses (Note 7)	2,660,315	1,912,696	5,007,866	3,487,685
Depreciation and amortization	328,673	199,919	595,970	359,020
Sales and marketing	892,596	645,474	1,521,759	1,186,200
Stock-based compensation (Note 13 & 14)	137,843	573,610	494,288	1,135,553
Total operating expenses	4,019,427	3,331,699	7,619,883	6,168,458
<b>Operating loss</b>	<b>(658,712)</b>	<b>(1,093,556)</b>	<b>(1,722,973)</b>	<b>(2,133,379)</b>
Interest income	(730)	-	(3,456)	-
Interest expense	-	2,520	-	6,104
Earn-out remuneration	-	52,266	-	52,266
Remeasurement of contingent consideration liability	73,423	234,933	8,515	234,933
Other expenses (Note 8)	123,660	134,483	275,762	285,845
<b>Loss before income taxes</b>	<b>(855,065)</b>	<b>(1,517,758)</b>	<b>(2,003,794)</b>	<b>(2,712,527)</b>
Income tax recovery	(15,607)	-	(31,214)	-
<b>Net loss for the period</b>	<b>(839,458)</b>	<b>(1,517,758)</b>	<b>(1,972,580)</b>	<b>(2,712,527)</b>
<b>Other comprehensive loss</b>				
Exchange difference on translation of foreign operations	161,182	-	110,980	-
<b>Total comprehensive loss for the period</b>	<b>(1,000,640)</b>	<b>(1,517,758)</b>	<b>(2,083,560)</b>	<b>(2,712,527)</b>
<b>Weighted average number of common shares outstanding</b>				
Basic and diluted	52,034,168	51,784,302	51,901,426	50,482,009
<b>Loss per share – Basic and diluted</b>	<b>\$(0.02)</b>	<b>\$(0.03)</b>	<b>\$(0.04)</b>	<b>\$(0.05)</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 June 30, 2022</b>	<b>As at December 31, 2021</b>
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	2,484,878	6,242,453
Short-term investments	170,000	170,000
Accounts and other receivables (Note 9)	296,297	169,662
Prepaid expenses	328,487	358,870
Investment tax credit recoverable	-	209,372
<b>Total current assets</b>	<b>3,279,662</b>	<b>7,150,357</b>
Property and equipment (Note 11)	38,258	29,993
Intangible assets (Note 12)	8,703,035	6,768,543
Goodwill (Note 12)	3,916,669	2,797,004
Other assets	-	47,589
<b>Total assets</b>	<b>15,937,624</b>	<b>16,793,486</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 10)	2,022,158	1,232,444
Deferred revenue	2,392,298	2,841,894
Contingent consideration liability (Note 4)	2,366,629	2,529,186
<b>Total current liabilities</b>	<b>6,781,085</b>	<b>6,603,524</b>
Income taxes payable	133,746	133,746
Deferred tax liability (Note 4)	352,991	384,205
Other liabilities	9,376	-
<b>Total liabilities</b>	<b>7,277,198</b>	<b>7,121,475</b>
<b>Shareholders' equity</b>		
Share capital (Note 13)	19,980,874	19,250,845
Contributed surplus	3,360,615	2,866,510
Accumulated other comprehensive loss	(110,980)	-
Accumulated deficit	(14,570,083)	(12,445,344)
<b>Total shareholders' equity</b>	<b>8,660,426</b>	<b>9,672,011</b>
<b>Total shareholders' equity and liabilities</b>	<b>15,937,624</b>	<b>16,793,486</b>

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 19)

Approved by the Directors:

*"Ali Tajsandar"*  
 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 loss</b>	<b>Accumulated deficit</b>	<b>Contributed surplus</b>	<b>Total Shareholders' equity</b>
	#	\$	\$	\$	\$	\$
<b>Balance at January 1, 2021</b>	<b>46,169,150</b>	<b>11,062,775</b>	<b>-</b>	<b>(7,404,719)</b>	<b>400,752</b>	<b>4,058,808</b>
Stock-based compensation	-	-	-	-	1,135,553	1,135,553
Common shares issued for bought deal financing, net of issuance costs (Note 13)	4,600,000	6,913,336	-	-	268,526	7,181,862
Common shares issued for acquisition of PersistIQ	663,388	1,001,821	-	-	-	1,001,821
Common shares issued from exercise of warrants	318,391	238,044	-	-	-	238,044
Common shares issued from exercise of options	56,870	27,906	-	-	(1,464)	26,442
Net loss and comprehensive loss for the period	-	-	-	(2,712,527)	-	(2,712,527)
<b>Balance at June 30, 2021</b>	<b>51,807,799</b>	<b>19,243,882</b>	<b>-</b>	<b>(10,117,246)</b>	<b>1,803,367</b>	<b>10,930,003</b>
Balance at January 1, 2022	51,766,291	19,250,845	-	(12,445,344)	2,866,510	9,672,011
Stock-based compensation	-	-	-	-	494,288	494,288
Common shares issued from exercise of options	12,800	823	-	-	(183)	640
Common shares purchased and cancelled (Note 13)	(130,100)	(5,104)	-	(152,159)	-	(157,263)
Foreign currency translations of subsidiaries	-	-	(110,980)	-	-	(110,980)
Common shares issued from earn-out payments	617,341	734,310	-	-	-	734,310
Net loss for the period	-	-	-	(1,972,580)	-	(1,972,580)
<b>Balance at June 30, 2022</b>	<b>52,266,332</b>	<b>19,980,874</b>	<b>(110,980)</b>	<b>(14,570,083)</b>	<b>3,360,615</b>	<b>8,660,426</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)

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$
<b>Cash flows provided by (used in)</b>				
<b>Operating activities</b>				
Cash receipts from customers	4,747,262	2,735,586	8,466,743	5,018,493
Cash paid to vendors and employees	(4,644,148)	(3,492,350)	(9,081,112)	(6,973,261)
Cash paid for bank service fees	(19,916)	(9,955)	(24,366)	(18,028)
Proceeds from investment tax credits	-	-	209,372	-
Realised foreign currency losses	(1,844)	(34,793)	(12,434)	(30,108)
<b>Net cash provided by (used in) operating activities</b>	<b>81,354</b>	<b>(801,512)</b>	<b>(441,797)</b>	<b>(2,002,904)</b>
<b>Investing activities</b>				
Acquisition transactions, net of cash acquired (Note 4)	(1,726,656)	-	(1,726,656)	(1,945,545)
Cash paid for earn-out consideration	-	-	(815,381)	-
Purchases of short-term investments	-	-	-	(100,000)
Cash receipt from interest income	-	-	2,726	-
Additions to equipment	-	(2,522)	(5,841)	(11,511)
Additions to intangible assets	(309,818)	(236,251)	(612,112)	(400,373)
<b>Net cash used in investing activities</b>	<b>(2,036,474)</b>	<b>(238,773)</b>	<b>(3,157,264)</b>	<b>(2,457,429)</b>
<b>Financing activities</b>				
Exercise of stock options	-	13,732	640	26,442
Exercise of warrants	-	18,093	-	238,044
Proceeds from the Offering, net of share issuance costs (Note 13)	-	-	-	7,181,862
Cash paid for common shares purchased and cancelled (Note 13)	(45,727)	-	(157,265)	-
Cash paid for setup of credit facility	(1,426)	(43,400)	(1,889)	(43,400)
Cash paid for interest	-	(2,520)	-	(6,104)
Cash paid for lease	-	(88,332)	-	(176,664)
<b>Net cash (used in) provided by financing activities</b>	<b>(47,153)</b>	<b>(102,427)</b>	<b>(158,514)</b>	<b>7,220,180</b>
<b>Net (decrease) increase in cash</b>	<b>(2,002,273)</b>	<b>(1,142,712)</b>	<b>(3,757,575)</b>	<b>2,759,847</b>
<b>Cash - beginning of the period</b>	<b>4,487,151</b>	<b>11,208,105</b>	<b>6,242,453</b>	<b>7,305,546</b>
<b>Cash - end of the period</b>	<b>2,484,878</b>	<b>10,065,393</b>	<b>2,484,878</b>	<b>10,065,393</b>

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)

---

#### **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.

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.

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 condensed interim consolidated financial statements are presented as a continuation of Wishpond Private.

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 marketing technology and services company 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 Software-as-a-Service ("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 company 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 company 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 company which offers a referral marketing software platform that helps companies acquire new customers and increase sales through word-of-mouth and referral marketing.

As of June 30, 2022, the Company had no debt service obligations, had cash of \$2,484,878 and a credit facility that allows the Company to borrow up to \$6,000,000 (Note 15). The Company incurred an operating loss of \$1,722,973 and \$2,133,379 for the six months ended June 30, 2022 and June 30, 2021, respectively. Net cash used in operating activities was \$439,570 compared to \$2,002,904 for the six months ended June 30, 2022 and June 30, 2021, respectively.

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 satisfaction 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.

The Company's Board of Directors approved these condensed interim consolidated financial statements on August 22, 2022.

## **2. Basis of presentation**

### Statement of compliance

These condensed interim 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 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 5.

### Basis of consolidation

The condensed interim consolidated financial statements of Wishpond include the accounts of the Company and entities 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 June 30, 2022 the following entities are controlled by the Company:



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

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

<b>Entity</b>	<b>Parent</b>	<b>Country of incorporation</b>	<b>Effective interest</b>
Wishpond Solutions Ltd.	Wishpond Technologies Ltd.	Canada	100%
Wishpond Marketing Group Ltd.	Wishpond Technologies Ltd.	Canada	100%
Wishpond Technology Group Ltd.	Wishpond Technologies Ltd.	Canada	100%
Invigo Media Ltd.	Wishpond Marketing Group Ltd.	Canada	100%
PersistIQ Inc.	Wishpond Technology Group Ltd.	USA	100%
Brax Technologies Inc.	Wishpond Technology Group Ltd.	Canada	100%
Winback Technologies Inc.	Wishpond Technology Group Ltd.	Canada	100%
Viral Loops Technologies Inc.	Wishpond Technology Group Ltd.	Canada	100%

The condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries which it has control. 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, 2021 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., Brax Technologies Inc., Winback Technologies Inc., and Viral Loops Technologies Inc. is the US dollar. The functional currency of all other entities in the group 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. 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. 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 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.

**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 access the Company's suite of cloud-based marketing software. Pricing is based on a tiered system driven by features accessed, leads generated, user seats, ad spend, and SMS credits. 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, outbound sales, SEO services, customer relationship management services, and managed media buying 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) Deferred revenue**

Deferred revenue 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 recovery for the period comprises of 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 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 of the subsidiary acquired, the difference is recognized in the consolidated statements of loss and comprehensive loss.

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 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 amortized on a straight-line basis over an estimated useful life between 7 to 10 years.

**m) 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 was 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 reverse takeover transaction (Note 1) 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.

**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 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.

**o) Loss per share**

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic 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 that would be anti-dilutive.

**4. Acquisitions****a) Invigo Media Ltd.**

On January 7, 2021, the Company, through its wholly-owned indirect subsidiary, Invigo Media Ltd., acquired substantially all the assets and certain specified liabilities of Invigo. 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 Invigo, Wishpond provided a cash payment of \$835,000 and a two-year performance earn-out (the "Invigo Earn-out Payments") that may be paid in cash, Wishpond 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.

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	835,000
<b>Total consideration transferred</b>	<b>835,000</b>
<b>Fair value of assets (liabilities) recognized:</b>	
Accounts and other receivables	3,450
Customer relationships	31,000
Software technology	641,000
Deferred revenue	(30,596)
<b>Fair value of net assets acquired</b>	<b>644,854</b>
<b>Goodwill</b>	<b>190,146</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 7 months and 7 years respectively. Goodwill arising from the acquisition is attributable mainly to the skills and technical talent of Invigo's work force and the synergies expected to be achieved from integrating the Invigo Group into the Company's existing business.

The Invigo Earn-out Payments constituted remuneration as defined by IFRS 3 and will be recorded as non-operating expense on the consolidated statements of loss and comprehensive loss. The Company recorded \$Nil and \$52,266 as Earn-out remuneration on the consolidated statements of loss and comprehensive loss for the three and six months ended June 30, 2022 and June 30, 2021, respectively.

**b) PersistIQ Inc.**

On February 26, 2021 the Company, through its wholly-owned subsidiary, Wishpond Technology Group Ltd., completed its acquisition of all the outstanding and issued common shares of PersistIQ.

In consideration for the acquisition of PersistIQ, Wishpond paid US\$1,000,000 in cash, issued 663,388 Wishpond Shares for an aggregate fair value of \$1,001,821, and granted the vendors a one-year earn-out valued at \$1,300,253 on the acquisition date based on the projected revenue of PersistIQ (the "PersistIQ Earn-out Payments"). The PersistIQ Earn-out Payments are payable on a quarterly basis in cash, Wishpond Shares, or a combination thereof, at the Company's discretion.

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

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

The acquisition was accounted for as a business combination using the acquisition method whereby the net assets acquired, and the liabilities assumed were recorded at fair value. 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	1,357,926
Fair value of share consideration	1,001,821
Fair value of earn-out consideration	1,300,253
<b>Total consideration transferred</b>	<b>3,660,000</b>
<b>Fair value of assets (liabilities) recognized:</b>	
Cash	139,171
Accounts and other receivables	21,186
Prepaid expenses	2,814
Accounts payable and accrued liabilities	(100,636)
Deferred revenue	(40,166)
Customer relationships	32,000
Software technology	1,423,000
Deferred tax liability	(424,227)
<b>Fair value of net assets acquired</b>	<b>1,053,142</b>
<b>Goodwill</b>	<b>2,606,858</b>

The intangibles 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 6 years and 7 years respectively. Goodwill arising from the acquisition is attributable mainly to the skills and technical talent of PersistIQ's work force and the synergies expected to be achieved from integrating the PersistIQ into the Company's existing business.

The PersistIQ 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 loss and comprehensive loss.

As at June 30, 2022, the remaining contingent consideration liability was remeasured to a fair value of \$705,687. The Company recognized changes to the fair value of contingent consideration liability of \$139,058 and \$234,933 in the consolidated statements of loss and comprehensive loss for the six months ended June 30, 2022 and June 30, 2021, respectively.

**c) Brax Technologies Inc.**

On August 31, 2021, the Company, through its wholly-owned indirect subsidiary, Brax Technologies Inc. ("Brax"), acquired certain assets and specific liabilities of Brax.io. This transaction is accounted for as an asset acquisition as the assets acquired met the concentration test under IFRS 3.

In consideration for the acquisition of Brax, Wishpond paid US\$1,333,334 in cash and granted the vendors a one-year earn-out valued at \$817,732 on the acquisition date based on the projected revenue of Brax (the "Brax Earn-out Payments"). The Brax Earn-out Payments are payable on a quarterly basis in cash, Wishpond Shares, or a combination thereof, at the Company's discretion.

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

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

The following table shows the allocation of the purchase consideration to assets acquired and liabilities assumed 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>Purchase consideration:</b>	
Fair value of cash consideration	1,682,268
Fair value of earn-out consideration	817,732
Acquisition-related transaction costs	44,316
<b>Total purchase consideration</b>	<b>2,544,316</b>
<b>Assets and (liabilities) acquired:</b>	
Accounts and other receivables	2,836
Prepaid expenses	2,308
Software technology	2,556,865
Deferred revenue	(17,693)
<b>Total purchase price allocated</b>	<b>2,544,316</b>

The software technology acquired is amortized on a straight-line basis over the estimated useful life of 7 years.

The Brax Earn-out Payments constituted consideration for the asset acquisition 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 loss and comprehensive loss.

As at June 30, 2022, the remaining contingent consideration liability was remeasured to a fair value of \$371,789. The Company recognized a gain on the changes to the fair value of contingent consideration liability of \$88,041 and \$Nil in the consolidated statements of loss and comprehensive loss for the six months ended June 30, 2022 and June 30, 2021, respectively.

**d) Winback Technologies Inc.**

On December 31, 2021, the Company, through its wholly-owned indirect subsidiary, Winback Technologies Inc. ("Winback"), acquired certain assets of Winback.chat. This transaction is accounted for as an asset acquisition as the assets acquired met the concentration test under IFRS 3.

In consideration for the acquisition of Winback, Wishpond paid US\$700,000 in cash on the acquisition date. The following table shows the allocation of the purchase consideration to assets acquired including a summary of the identifiable classes of consideration transferred, and amounts by category of assets acquired at the acquisition date:

	\$
<b>Purchase consideration:</b>	
Fair value of cash consideration	890,000
Acquisition-related transaction costs	35,564
<b>Total purchase consideration</b>	<b>925,564</b>
<b>Assets acquired:</b>	
Software technology	925,564
<b>Total purchase price allocated</b>	<b>925,564</b>

The software technology acquired is amortized on a straight-line basis over the estimated useful life of 7 years.



## Wishpond Technologies Ltd.

### Notes to the Condensed Interim Consolidated Financial Statements

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

#### e) 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 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 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 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 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 preliminary 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 Ltd's work force and the synergies expected to be achieved from integrating the Viral Ltd into the Company's existing business.

Due to the timing of the acquisition, the fair values assigned to intangible assets and goodwill were measured on a provisional basis and will be revised by the Company if additional information is received.

In connection with the acquisition of Viral Ltd, the Company recorded \$92,002 in acquisition costs for the six months ended June, 30, 2022 on the consolidated statements of loss and comprehensive loss.

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 loss and comprehensive loss.

As at June 30, 2022, the remaining contingent consideration liability was remeasured to a fair value of \$1,289,153. The Company recognized a gain on the changes to the fair value of contingent consideration liability of \$42,502 and \$Nil in the consolidated statements of loss and comprehensive loss for the six months ended June 30, 2022 and June 30, 2021, respectively.

## **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 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, 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.

### *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 determining what qualifies as part of consideration paid and whether an acquisition is a business combination or asset acquisition under IFRS 3.

### *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.

## 6. Geographic information

Geographic sales based on customer location are detailed as follows:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
United States	3,451,743	2,393,649	6,377,953	4,633,671
Canada	759,955	383,221	1,300,986	708,710
Other	795,645	450,007	1,406,721	775,076
<b>Total</b>	<b>5,007,343</b>	<b>3,226,877</b>	<b>9,085,660</b>	<b>6,117,457</b>

For the three and six months ended June 30, 2022, the Company had one major customer that accounted for \$771,368 and \$1,410,670 or 15% and 16% of total revenues recognized (\$585,342 and \$1,294,068 or 18% and 21% of total revenues recognized for the three and six months ended June 30, 2021). The Company had no other customers that accounted for more than 10% of total revenues for the three and six months ended June 30, 2022 or June 30, 2021.

## 7. General and administrative expenses

The following shows the details of general and administrative expenses for the three and six months ended June 30, 2022 and 2021:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Office and general	235,516	285,687	467,133	425,940
Professional fees	269,519	209,461	435,735	380,801
Property tax	-	6,122	-	30,065
Salaries, wages, employee benefits	1,129,035	739,262	2,121,773	1,446,404
Software subscriptions	380,364	191,476	711,700	355,539
Subcontractor expenses	645,881	480,688	1,271,525	848,936
<b>Total</b>	<b>2,660,315</b>	<b>1,912,696</b>	<b>5,007,866</b>	<b>3,487,685</b>

## 8. Other expenses

The following shows the details of other expenses for the three and six months ended June 30, 2022 and 2021:

	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	\$	\$	\$	\$
Acquisition related expenses	76,282	53,953	124,687	160,203
Credit facility setup fees	25,446	43,400	28,731	43,400
Filing fees	32,460	25,958	48,910	29,144
Foreign currency losses (gains)	(13,328)	9,006	50,240	8,942
Other expenses	2,800	2,166	23,194	44,156
<b>Total</b>	<b>123,660</b>	<b>134,483</b>	<b>275,762</b>	<b>285,845</b>

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

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

**9. Accounts and other receivables**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Accounts receivable	479,473	289,062
Provision for expected credit losses	(183,176)	(119,400)
<b>Accounts and other receivables</b>	<b>296,297</b>	<b>169,662</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 trade receivables is based on historical counterparty default rates and adjusted for relevant forward-looking information as required.

**10. Accounts payable and accrued liabilities**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables and accrued liabilities	995,790	609,766
Accrued Invigo earn-out payments	-	40,806
Other payables	913,410	413,248
Sales tax payable	112,958	168,624
<b>Accounts payable and accrued liabilities</b>	<b>2,022,158</b>	<b>1,232,444</b>

**11. Property and equipment**

	<b>Computer equipment</b>	<b>Furniture and fixtures</b>	<b>Right-of-use assets</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
As at January 1, 2022	104,871	35,899	-	140,770
Additions	5,841	-	-	5,841
Disposals	-	(35,899)	-	(35,899)
Acquired via acquisition transactions	6,774	-	-	6,774
<b>As at June 30, 2022</b>	<b>117,486</b>	<b>-</b>	<b>-</b>	<b>117,486</b>

**Accumulated depreciation**

As at January 1, 2022	74,878	35,899	-	110,777
Disposals	-	(35,899)	-	(35,899)
Depreciation for the period	4,350	-	-	4,350
<b>As at June 30, 2022</b>	<b>79,228</b>	<b>-</b>	<b>-</b>	<b>79,228</b>

**Cost**

As at January 1, 2021	84,706	35,899	1,287,107	1,407,712
Additions	20,165	-	-	20,165
<b>As at December 31, 2021</b>	<b>104,871</b>	<b>35,899</b>	<b>1,287,107</b>	<b>1,427,877</b>

**Accumulated depreciation**

As at January 1, 2021	69,662	35,899	1,029,693	1,135,254
Depreciation for the period	5,216	-	257,414	262,630
<b>As at December 31, 2021</b>	<b>74,878</b>	<b>35,899</b>	<b>1,287,107</b>	<b>1,397,884</b>

**Net book value**

<b>As at June 30, 2022</b>	<b>38,258</b>	<b>-</b>	<b>-</b>	<b>38,258</b>
<b>As at December 31, 2021</b>	<b>29,993</b>	<b>-</b>	<b>-</b>	<b>29,993</b>

**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, 2021	1,500,804	-	-	-	1,500,804
Additions	881,591	-	-	-	881,591
Acquired via acquisition transactions	-	63,000	5,546,429	2,797,004	8,406,433
<b>As at December 31, 2021</b>	<b>2,382,395</b>	<b>63,000</b>	<b>5,546,429</b>	<b>2,797,004</b>	<b>10,788,828</b>
Additions	612,112	-	-	-	612,112
Acquired via acquisition transactions	-	94,000	1,820,000	1,119,665	3,033,665
<b>As at June 30, 2022</b>	<b>2,994,507</b>	<b>157,000</b>	<b>7,366,429</b>	<b>3,916,669</b>	<b>14,434,605</b>
<b>Accumulated depreciation</b>					
As at January 1, 2021	606,935	-	-	-	606,935
Depreciation for the period	197,227	35,488	383,631	-	616,346
<b>As at December 31, 2021</b>	<b>804,162</b>	<b>35,488</b>	<b>383,631</b>	<b>-</b>	<b>1,223,281</b>
Depreciation for the period	140,605	7,507	443,508	-	591,620
<b>As at June 30, 2022</b>	<b>944,767</b>	<b>42,995</b>	<b>827,139</b>	<b>-</b>	<b>1,814,901</b>
<b>Net book value</b>					
<b>As at December 31, 2021</b>	<b>1,578,233</b>	<b>27,512</b>	<b>5,162,798</b>	<b>2,797,004</b>	<b>9,565,547</b>
<b>As at June 30, 2022</b>	<b>2,049,740</b>	<b>114,005</b>	<b>6,539,290</b>	<b>3,916,669</b>	<b>12,619,704</b>

**13. 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 June 30, 2022, the issued share capital was comprised of 52,266,332 (December 31, 2021 - 51,766,291) common shares.

During the six months ended June 30, 2022, the Company undertook the following share transactions:

- i. 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 six months ended June 30, 2022, 130,100 common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$157,265.

## **Wishpond Technologies Ltd.**

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

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

---

- ii. 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.

During the six months ended June 30, 2021, the Company undertook the following share transactions:

- i. 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 warrants (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 \$1.75 per share, subject to adjustments in certain events, until February 5, 2023. Total share issuance costs related to this financing were \$1,136,664 of which \$268,526 is attributed to the fair value of the Compensation Options issued, resulting in net proceeds of \$7,181,862. The fair value of the Compensation Options issued were estimated on their dates of issue using the BSM and the following assumptions: volatility rate of 71%, risk-free rate of 0.20%, dividend yield of 0% and weighted average life of 2 years.
- ii. On March 18, 2021, the Company issued 663,388 common shares in consideration for the acquisition of PersistIQ (Note 4).
- iii. On June 15, 2022, the Company announced the TSX Venture Exchange had accepted a notice filed by the Company of its intention to make a Normal Course Issuer Bid (the "NCIB") to be transacted through the facilities of the TSX Venture Exchange (the "Exchange"). The notice provides that the Company may, during the 12-month period commencing June 20, 2022 and ending June 19, 2023, purchase up to 2,613,316 common shares of Wishpond ("Shares") in total, being 5% of the total number of 52,266,332 Shares outstanding as at June 3, 2022. The price which the Company will pay for any such Shares will be the prevailing market price at the time of acquisition. The actual number of Shares which may be purchased pursuant to the NCIB and the timing of any such purchases will be determined by management of the Company. Purchases under the NCIB will be made from time to time by Beacon Securities Ltd. on behalf of the Company.

Under the terms of the previous NCIB, the Company had approval from the Exchange to acquire up to 2,590,389 Shares in the period between June 11, 2021 and June 10, 2022. During the period between June 11, 2021 and June 10, 2022, the Company repurchased and cancelled an aggregate of 378,900 Shares pursuant to its previous NCIB, at an average weighted price of \$1.23 per Share, with such repurchases being made through the facilities of the Exchange.

#### **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 six months ended June 30, 2022 and the year ended December 31, 2021 were as follows:

	June 30, 2022		December 31, 2021	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance outstanding, beginning of period	460,365	1.43	474,190	0.75
Antera Warrants issued	-	-	-	-
Broker Warrants issued	-	-	-	-
Antera Warrants exercised	-	-	(2,583)	0.46
Broker Warrants exercised	-	-	(325,008)	0.75
Compensation Options issued	-	-	313,766	1.75
<b>Balance outstanding, end of period</b>	<b>460,365</b>	<b>1.43</b>	<b>460,365</b>	<b>1.43</b>

Each of the Broker Warrants issued in connection with the brokered private placement financing on October 15, 2020 is exercisable into one common share of the Company at an exercise price of \$0.75 and expires on December 8, 2022.

Each of the Compensation Options issued in connection with the Offering on February 5, 2021 is exercisable into one common share of the Company at an exercise price of \$1.75, subject to adjustments in certain events, until February 5, 2023.

**e) Movement in share options**

The changes in share options during the six months ended June 30, 2022 and the year ended December 31, 2021 were as follows:

	Number of Options	Weighted average exercise price \$
January 1, 2021	3,521,460	1.80
Granted	843,890	1.56
Exercised	(254,962)	0.27
Forfeited/expired	(382,929)	1.96
<b>December 31, 2021</b>	<b>3,727,459</b>	<b>1.86</b>
Granted	212,869	1.23
Exercised	(12,800)	0.05
Forfeited/expired	(367,714)	1.98
<b>June 30, 2022</b>	<b>3,559,814</b>	<b>1.82</b>

During the three months ended June 30, 2022, and June 30, 2021, the Company recognised \$137,843 and \$573,610 respectively, to stock-based compensation expense through to the consolidated statements of loss and comprehensive loss.

During the six months ended June 30, 2022, and June 30, 2021, the Company recognised \$494,288 and \$1,135,553 respectively, to stock-based compensation expense through to the consolidated statements of loss and comprehensive loss.

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

During the six months ended June 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

The fair value of each option granted for the six months ended June 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	5 years	5 years
Volatility	63%	65%
Expected dividend	\$0	\$0
Grant date fair value	\$0.41	\$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>
February 2, 2023	103,807	103,807	0.47	0.59
April 1, 2023	64,880	64,880	0.47	0.75
December 1, 2023	32,520	80	0.05	1.42
January 10, 2029	59,504	59,504	0.46	6.54
June 15, 2030	51,904	25,952	0.05	7.96
June 22, 2030	32,440	16,220	0.48	7.98
December 29, 2030	2,298,973	868,337	2.18	8.50
January 19, 2031	75,000	23,437	2.05	8.56
May 3, 2031	137,500	40,000	1.92	8.85
June 15, 2031	180,417	64,167	1.52	8.96
December 10, 2031	310,000	7,500	1.26	9.45
January 19, 2032	200,000	-	1.26	9.56
June 14, 2032	12,869	-	0.69	9.96



**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 and members of the executive team.

	<b>For the six months ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>\$</b>	<b>\$</b>
Salaries, wages, and benefits	665,811	564,617
Subcontractor and consulting fees	179,460	269,376
Stock-based compensation	246,599	1,006,996
<b>Total</b>	<b>1,091,870</b>	<b>1,840,989</b>

**15. Credit facility**

On September 10, 2021, the Company terminated both of its credit facilities with a major Canadian bank in the aggregate amount of \$600,000 without incurring any interest or termination fees.

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. As at June 30, 2022, 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, 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-authorized 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 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 June 30, 2022, 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.

### **18. Contingencies**

Management believes that adequate provisions have been recorded on the consolidated 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.

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

#### Equity incentive plan

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.

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

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

---

Earn-out payments

On August 10, 2022, the Company announced it will pay an earn-out payment of \$693,420 by the issuance of 1,076,405 common shares of the Company at a deemed price per common share of \$0.644 to the vendors in respect thereof in satisfaction of the fourth and final earn-out payment payable pursuant to the PersistIQ acquisition. Additionally, the Company announced it will pay an earn-out payment of \$169,355 by the issuance of 283,677 common shares of the Company at a deemed price per common share of \$0.597 to the vendors in respect thereof in satisfaction of the third earn-out payment payable pursuant to the Brax acquisition.