

Wishpond's Annual CEO Letter Highlights Improvements in Revenue Growth and Profitability in 2024

I started Wishpond to help small and medium sized businesses (SMBs) increase their sales online by making a range of sophisticated digital marketing tools available to them at an affordable price. Millions of small businesses need digital marketing, but they lack the necessary resources and expertise to do it cost effectively. Our vision continues to be alive and well as Wishpond serves more than 4,000 SMBs. With our next generation Propel IQ digital marketing platform and our new AI-enabled marketing tools, we are well positioned to be a leader in our industry. We are expecting improvements in both growth and profitability in 2024. In addition, I am even more excited with the upcoming commercial launch of our SalesCloser AI solution – which could provide a lot of value for our customers in terms of how they sell their products and services.

Capital markets have been a challenge for small cap tech stocks like ours, as such we believe Wishpond is under-valued compared to historic technology company valuations. With interest rates stabilizing we are optimistic about an improvement in investor sentiment this year. Operationally, we are looking forward to an amazing year in 2024. I am pleased to share my thoughts below on the exciting developments at the Company which place Wishpond in an enviable position for the future.

2023: A Year of Transition

Since going public in December 2020, the Company has more than tripled its revenue and doubled its number of customers. A large part of 2021 and 2022 was spent acquiring companies with digital marketing functionality that we did not previously have. Over the past year the Company undertook its two largest initiatives since the founding of the Company, the first was the launch of our next generation digital marketing platform, 'Propel IQ' and the second was the development of several AI based marketing tools.

2023 was a year of major transition in which we successfully integrated the acquired products with Wishpond's original marketing platform into a single bundled product offering, called Propel IQ. Launched in March 2023, Wishpond's Propel IQ is an 'All-in-One' comprehensive marketing platform for SMB's that serves all their digital marketing needs. Following the launch of Propel IQ, we spent a considerable amount of time re-tooling and re-training our sales teams

to market and sell the bundled Propel IQ product offering. This process included training our account executives, changing sales incentives, tweaking pricing, perfecting the demo flow and other variables. In the fall of 2023, we completed this re-training process, resulting in an increase in sales of the Propel IQ bundled product by the end of the year. We also paused the hiring of new salespersons during this transitional period, but we restarted hiring salespeople in the fourth quarter of 2023, which firmly positions the Company for growth in 2024.

The second major initiative in 2023 was the development of several AI based marketing tools. 2023 was a major year for AI announcements across a range of industries and technology sectors. Wishpond was no different! We had been working on our AI strategy since 2022 and were positioned to start rolling out AI enabled digital marketing products earlier than many of our competitors. Our shareholders will be aware that we have made several AI related product announcements including our AI website builder, Braxy.ai; our AI powered ad management tool, and SalesEmail AI; our AI powered email responder.

With these two major investments in Propel IQ and major AI development in 2023, we are eagerly looking forward to increasing revenue growth and profitability in 2024.

Propel IQ: Next Generation Marketing Technology Platform

Propel IQ is redefining the landscape of digital marketing and puts Wishpond on track for its next stage of growth. It marks a paradigm shift from our traditional offerings which incorporated service components, to a model of self-serve software, more commonly seen in traditional Software as a Service (SAAS) products. We believe that Propel IQ places Wishpond in an elite league among very few digital marketing companies that boast a fully functional, bundled digital marketing product. Furthermore, our pricing allows customers to reap the benefit of lower bundled pricing for the full product suite compared to paying for each product individually from different vendors.

Propel IQ's pricing strategy benefits our clients who no longer need to navigate the labyrinth of disparate vendors and juggling individual product costs. Instead, they enjoy the benefit of one lower bundled price with which they receive the full potential of our bundled product suite seamlessly integrated for unparalleled efficiency.

Propel IQ isn't just a product; it's a strategic move for Wishpond. We expect that Propel IQ's gross margins will exceed 80%, an improvement from our traditional gross margin range of 65% to 70%, which is a more lucrative business model for Wishpond. Furthermore, Propel IQ has

significantly less churn than Wishpond's single product point solutions. It is a stickier product since our customers get access to multiple solutions and can move up the digital marketing value chain compared to using a single point solution. The lower churn will allow Wishpond to increase the LifeTime Value (LTV) of each customer.

Propel IQ sales ramped up rapidly in Q4-2024 when we experienced 52% customer growth, ending the year with more than 500 customers on this plan. We expect that our margins and other KPI's will improve as Propel IQ becomes a larger percentage of our total revenue. Going forward, we anticipate Propel IQ to be a major growth and profitability engine for the Company.

Artificial Intelligence: Revolutionizing Marketing

Artificial intelligence is revolutionizing marketing for SMBs, empowering them to compete on a level playing field with larger counterparts. Using AI technologies, SMBs can harness automated campaigns, marketing tools, sophisticated data analytics and personalized targeting, enabling them to utilize marketing strategies with precision and efficiency, at an affordable price. This democratization of marketing optimizes resource utilization and amplifies the reach and impact of SMBs, allowing them to engage and connect with their target audiences in a manner previously reserved for larger companies.

We believe that SalesCloser AI will be a game-changer for businesses of all sizes and industries. Wishpond has designed this cutting-edge technology to streamline virtual sales demonstrations and sales calls to provide its customers with the ability to build and scale their sales teams effortlessly while enjoying uninterrupted service regardless of language, time zones, or geographical boundaries. With its ability to serve businesses of all sizes, SalesCloser AI also provides us with new opportunities to move up market as well, representing additional avenues for potential growth. The Company has also filed a non-provisional utility patent, entitled Virtual Artificial Intelligence (AI) Representative, to protect the underlying technologies of its SalesCloser AI platform that can perform automated sales demos, calls and presentations in multiple languages.

We have been working diligently in testing and improving SalesCloser AI and expect to announce the launch of the Beta program shortly with general availability in the spring of 2024. Furthermore, we also expect SalesCloser AI to open new licensing opportunities and new customer segments for us. We continue to do a tremendous amount of work on enabling our products with AI and expect to make several more announcements this year as we roll out additional new AI enabled products to our customers.

While we expect that our SMB customers will be thrilled to experience the power of AI by using Wishpond's tools and technology to improve their online marketing efforts, we are also leveraging the efficiencies of AI internally within the Company when we perform services for our own customers. We expect SalesCloser AI will have tremendous potential in allowing us to scale our own sales team indefinitely at minimal cost. We expect that in 2024 we will be able to further leverage productivity gains and cost savings from the use of AI as our sales, service and support teams more fully embrace our own AI products.

2024: Increasing Revenue Growth and Cash Flow

Wishpond's outlook for 2024 continues to look positive. I would like to emphasize that despite 2023 being a transition year, Wishpond continued to increase its revenue and we achieved positive Adjusted EBITDA in each quarter that we reported in 2023. We are expecting incremental improvements in revenue growth and cashflow in 2024.

Our cash balance declined in 2023 due to the investments we made in our sales team, new AI product development and the earnout payments from our previous acquisitions. These investments in our sales team and new AI product development are now starting to pay off with the ramping up of Propel IQ sales and the launch of several AI enabled tools.

We underwent continual efforts to reduce our cash burn in 2023. Even as recently as in Q4-2023 where we implemented additional cost reduction strategies that are expected to add up to more than \$1 million in annualized cost savings. We will still invest in growing our sales team to fuel our growth and believe that we can balance our cashflow while investing in sales and product development. Our intention is to generate positive cash flows in 2024 and to rely on cash from operations to fund our ongoing operations. In addition, we continue to have access to a \$6 million line of credit from a Tier 1 Canadian bank.

In Conclusion

I believe we have laid an excellent foundation for the Company in 2023. Based on our inbound and outbound deal flow, as well as our continued customer interactions, I am very optimistic that we are well positioned to make 2024 a pivotal year for Wishpond. Propel IQ is a fully functional and sticky product that will continue to be augmented with several AI initiatives throughout 2024. Our gross profit margins continue to improve, and we expect cash flows to be positive and growing this year. I believe that Wishpond will deliver accelerating MRR growth in

each quarter in 2024 and I am especially optimistic about the future blue-sky potential of SalesCloser AI, which can be a game-changer for our customers.

I want to close by thanking all the employees at Wishpond for their efforts in 2023. Their hard work continues to push the Company to our next milestones. We want to thank our customers who trust us to help them with their digital marketing needs. And we want to thank all our shareholders for their continued support and confidence in our business.

WISHPOND TECHNOLOGIES LTD.

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