



**Wishpond Technologies Ltd.
Audited Annual Consolidated Financial Statements**

Year Ended December 31, 2023

Expressed in Canadian Dollars

Independent Auditor's Report

To the Shareholders of Wishpond Technologies Ltd.

Opinion

We have audited the consolidated financial statements of Wishpond Technologies Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

Description of the key audit matter

The Group has recognized goodwill as a result of the acquisitions that management determined to be business combinations in accordance with IFRS 3 *Business Combinations*. In accordance with IAS 36 *Impairment of Assets*, management is required to test goodwill for impairment annually, or when facts and circumstances suggest it may be impaired. Management is required to exert judgment when determining cash generating units ("CGUs") within the Group and impairment testing requires the application of estimates with respect to revenues, growth rates, operating margins and the application of an appropriate discount rate. Management concluded that no impairment charge was required as a result of the impairment testing performed.

Please refer to Notes 3(n) and 5 of the consolidated financial statements for the Group's accounting policy, the significant judgments and estimates applied in determining the recoverable amount of the identified CGU's and a sensitivity analysis.



How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Assessing management’s determination of CGU’s, the allocation of goodwill to the identified CGUs and the application of an appropriate valuation methodology to test for impairment;
- Critically assessing management’s forecasts, which support their value-in-use calculations, through considering whether the judgments and estimates applied were appropriate based on our understanding of the CGU, its historical performance and the performance of other acquisitions under the Group’s management;
- Involving our valuation professionals with specialized skills and knowledge in evaluating the assumptions and inputs applied in the model; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements, including disclosures related to significant judgments and estimates.

Revenue recognition for subscription licenses and services

Description of the key audit matter

The Group derives its revenues under subscription-based agreements for use of cloud-based marketing software, customized marketing services and on-boarding its customers. In accordance with the principles of IFRS 15 *Revenue from Contracts with Customers* (“IFRS 15”), revenues are recognized when subscription licenses and other agreed-upon services are transferred to the customer, in an amount that reflects the consideration the Group expects to be entitled to in exchange for those services.

Please refer to Notes 3(f) and 7 of the consolidated financial statements for the Group’s accounting policy and information on geographic location and major customers.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtaining an understanding of the process and controls around revenue recognition, including the underlying information systems which support revenue initiation, recognition and cash collection;
- Reviewing the Group’s stated accounting policy to assess whether performance obligations have been appropriately identified, whether consideration has been appropriately allocated to identified performance obligations, and that the recognition pattern is appropriate and in accordance with IFRS 15;
- Performing tests of detail including sample testing and reperformance of key reconciliations between payment processing applications, banking platforms and the accounting system; and
- Reviewing the adequacy of the disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor’s report thereon, included in Management’s Discussion & Analysis (the “MD&A”) for the year ended December 31, 2023.



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 the MD&A 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 IFRSs, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 17, 2024

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

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

For the years ended

	December 31, 2023	December 31, 2022
	\$	\$
Revenue (Note 7)	23,088,138	20,478,834
Cost of sales	7,898,014	6,921,995
Gross profit	15,190,124	13,556,839
Operating expenses		
General and administrative expenses (Note 8)	11,116,689	9,922,293
Depreciation and amortization	1,536,327	1,297,042
Sales and marketing	3,314,628	2,986,879
Stock-based compensation (Note 14 & 15)	598,998	1,139,343
Total operating expenses	16,566,642	15,345,557
Operating loss	(1,376,518)	(1,788,718)
Interest income	(3,084)	(11,382)
Interest expense	29,668	-
Other expenses (Note 9)	418,421	656,673
Remeasurement of contingent consideration liability	(22,232)	(95,715)
Loss before income taxes	(1,799,291)	(2,338,294)
Current income tax expense (recovery) (Note 13)	75,629	(57,031)
Deferred income tax expense (recovery) (Note 13)	15,485	(531,134)
Net loss for the year	(1,890,405)	(1,750,129)
Other comprehensive loss (income)		
Exchange difference on translation of foreign operations	1,043	(36,358)
Total comprehensive loss for the year	(1,891,448)	(1,713,771)
Weighted average number of common shares outstanding		
Basic and diluted	53,800,022	52,572,676
Loss per share – Basic and diluted	\$(0.04)	\$(0.03)

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

Wishpond Technologies Ltd.
Consolidated Statements of Financial Position

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

	As at December 31, 2023	As at December 31, 2022
	\$	\$
Assets		
Current		
Cash	1,424,585	2,692,644
Short-term investments	-	271,899
Accounts and other receivables (Note 10)	206,701	178,332
Prepaid expenses	166,392	241,279
Current income tax asset	-	72,164
Total current assets	1,797,678	3,456,318
Property and equipment	21,682	27,086
Intangible assets (Note 12)	8,569,862	8,731,093
Goodwill (Note 12)	3,916,669	3,916,669
Other assets	31,966	-
Deferred tax asset (Note 13)	131,445	146,930
Total assets	14,469,302	16,278,096
Liabilities and shareholders' equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 11)	2,257,657	2,275,165
Deferred revenue	1,725,386	2,413,095
Credit facility (Note 16)	994,658	-
Contingent consideration liability (Note 6)	99,353	977,782
Current tax liability	75,629	-
Total current liabilities	5,152,683	5,666,042
Other liabilities	-	22,259
Total liabilities	5,152,683	5,688,301
Shareholders' equity		
Share capital (Note 14)	21,417,798	20,948,815
Contributed surplus	4,138,618	3,962,085
Accumulated other comprehensive income	35,315	36,358
Accumulated deficit	(16,275,112)	(14,357,463)
Total shareholders' equity	9,316,619	10,589,795
Total shareholders' equity and liabilities	14,469,302	16,278,096

Nature of operations and going concern (Note 1)

Approved by the Directors:

"Ali Tajskandar"
Director

"Olivier Vincent"
Director

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

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

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

	Number of shares	Share capital	Accumulated other comprehensive income	Accumulated deficit	Contributed surplus	Total Shareholders' equity
	#	\$	\$	\$	\$	\$
Balance at January 1, 2022	51,766,291	19,250,845		(12,445,344)	2,866,510	9,672,011
Stock-based compensation	-	-	-	-	1,139,343	1,139,343
Common shares issued from exercise of warrants	70,110	73,094	-	-	(20,526)	52,568
Expiration of warrants	-	22,394	-	-	(22,394)	-
Common shares issued from exercise of options	44,100	9,977	-	-	(848)	9,129
Common shares purchased and cancelled	(152,600)	(4,580)	-	(161,990)	-	(166,570)
Foreign currency translations of subsidiaries	-	-	36,358	-	-	36,358
Common shares issued from earn-out payments	1,977,423	1,597,085	-	-	-	1,597,085
Net loss for the year	-	-	-	(1,750,129)	-	(1,750,129)
Balance at December 31, 2022	53,705,324	20,948,815	36,358	(14,357,463)	3,962,085	10,589,795
Stock-based compensation (Note 14)	-	-	-	-	1,285,334	1,285,334
Stock-based PSU forfeitures (Note 14)	-	-	-	-	(686,336)	(686,336)
Expiration of warrants (Note 14)	-	268,526	-	-	(268,526)	-
Common shares issued from exercise of options	95,296	39,741	-	-	(1,939)	37,802
Common shares issued for RSUs/PSUs (Note 14)	215,000	152,000	-	-	(152,000)	-
Common shares purchased and cancelled (Note 14)	(32,000)	8,716	-	(27,244)	-	(18,528)
Foreign currency translations of subsidiaries	-	-	(1,043)	-	-	(1,043)
Net loss for the year	-	-	-	(1,890,405)	-	(1,890,405)
Balance at December 31, 2023	53,983,620	21,417,798	35,315	(16,275,112)	4,138,618	9,316,619

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

Wishpond Technologies Ltd.
Consolidated Statements of Cash Flows

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

	For the years ended	
	December 31, 2023	December 31, 2022 (Revised – Note 4)
	\$	\$
Cash flows provided by (used in)		
Operating activities		
Net loss for the period	(1,890,405)	(1,750,129)
Adjustments to net loss for non-cash items:		
Depreciation and amortization	1,536,327	1,297,042
Stock-based compensation	598,998	1,139,343
Remeasurement of contingent consideration liability	(22,232)	(95,715)
Unrealized foreign exchange and others	(31,668)	129,060
Deferred income tax (recovery) expense	15,485	(531,134)
Current income tax (recovery) expense	75,629	(57,031)
Change in non-cash operating items:		
Accounts and other receivables	(28,369)	(8,670)
Prepaid expenses	74,887	117,591
Current tax asset	72,164	(72,164)
Investment tax credit recoverable	-	209,372
Other assets	-	47,589
Deferred tax asset	-	146,930
Accounts payable and accrued liabilities	26,481	1,042,721
Deferred revenue	(687,709)	(449,238)
Income taxes payable	-	(133,746)
Net cash (used in) provided by operating activities	(260,412)	1,031,821
Investing activities		
Acquisition transactions, net of cash acquired (Note 6)	(44,871)	(1,726,656)
Cash paid for earn-out consideration	(900,186)	(1,313,205)
Purchases of short-term investments	-	(274,140)
Cash receipt from maturity of short-term investments	271,899	170,000
Cash receipt from interest income	3,084	11,382
Additions to equipment	-	(5,841)
Additions to intangible assets	(1,321,837)	(1,336,106)
Net cash used in investing activities	(1,991,911)	(4,474,566)
Financing activities		
Exercise of stock options	37,802	9,129
Exercise of warrants	-	52,568
Cash proceeds from credit facility	994,658	-
Cash paid for common shares purchased and cancelled (Note 14)	(18,528)	(166,570)
Cash paid for setup of credit facility	-	(2,191)
Cash paid for interest	(29,668)	-
Net cash provided by (used in) financing activities	984,264	(107,064)
Net decrease in cash	(1,268,059)	(3,549,809)
Cash - beginning of the year	2,692,644	6,242,453
Cash - end of the year	1,424,585	2,692,644
Cash paid for:		
Withholding taxes	67,470	-
Income tax	-	133,746

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

Wishpond Technologies Ltd.

Notes to the Annual Consolidated Financial Statements

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

1. Nature of operations and going concern

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

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

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

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

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

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

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

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

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

As of December 31, 2023, the Company had cash of \$1,424,585 and an available credit facility balance of \$5,005,342 (Note 16). The Company incurred an operating loss of \$1,376,518 for the year ended December 31, 2023, compared to an operating loss of \$1,788,718 for the year ended December 31, 2022. Net cash used in operating activities was \$260,412 for the year ended December 31, 2023, compared to net cash provided by operating activities of \$1,031,821 for the year ended December 31, 2022.

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

Wishpond Technologies Ltd.

Notes to the Annual Consolidated Financial Statements

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

continue as a going concern for a period of 12 months from the date of approval of these annual consolidated financial statements.

The estimates used by management in reaching this conclusion are based on information available as of the date these annual 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 annual consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The accompanying annual consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from uncertainty related to the Company's ability to continue as a going concern.

2. Basis of presentation

Statement of compliance

These 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 Company's Board of Directors approved these annual consolidated financial statements on April 16, 2024.

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 annual 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 December 31, 2023 the following entity is controlled by the Company:

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

Wishpond Technologies Ltd.**Notes to the Annual Consolidated Financial Statements**

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

As of December 31, 2022 the following entities were controlled by the Company:

Entity	Parent	Country of incorporation	Effective interest
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%

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

3. Material accounting policy information

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 translationFunctional and presentation currency:

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

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

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

Transactions and balances:

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the consolidated statements of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. 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.

Foreign operations translation

Foreign operations that have a functional currency other than the Canadian dollar are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing foreign currency rate at the date of that consolidated statement of financial position;
- income and expenses are translated at the average exchange rate for that period (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rate on the dates of the transactions); and
- all resulting foreign currency gains and losses are recognized in other comprehensive income (loss) as a foreign currency translation adjustment.

The relevant amount of cumulative foreign currency translation adjustment is reclassified to earnings upon disposition of a foreign operation.

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 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.

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.

Wishpond Technologies Ltd.

Notes to the Annual Consolidated Financial Statements

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

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	Amortized cost
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Credit facility	Amortized cost
Contingent consideration liability	FVTPL
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.

Forward foreign exchange contract derivatives are measured at fair value through profit or loss using Level 2 inputs.

Contingent consideration liability is measured at fair value through profit or loss using Level 3 inputs which include estimates about discount rates, forecasted revenue levels and growth rates.

e) Stock-based compensation

The Company has an incentive share option plan as described in Note 14.

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

Stock options

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

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

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

The fair value of stock options is charged to 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.

RSUs and PSUs

The fair value of equity settled RSUs and PSUs that contain performance conditions is measured at grant date and each tranche is recognized on a straight-line basis over the period during which the RSUs/PSUs vest. The fair value of the RSUs/PSUs is measured based on the closing price of the Company's common shares on the date of grant. The fair value of RSUs/PSUs is charged to profit or loss with a corresponding increase in contributed surplus within equity. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. Upon vesting of equity settled RSUs/PSUs, the related contributed surplus associated with the RSU/PSU is reclassified into share capital.

f) Revenue recognition

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

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

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

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

Wishpond Technologies Ltd.

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

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

Onboarding fees are recognized in the period that they are delivered and are charged for designing and delivering pop-up pages, email drip campaigns, landing pages and website builds for customers.

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

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

g) Deferred revenue

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

h) Income taxes

The income tax expense for the year 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 year using tax rates enacted or substantively enacted, at the end of the year, 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 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 as deferred development costs.

m) Intangible assets

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

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

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

Goodwill is measured at cost less accumulated impairment losses.

n) Impairment

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

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

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

The Company uses the expected credit loss model for assessing impairment of financial assets and recognises expected credit losses as loss allowances for assets measured at amortized cost. For accounts receivable, the Company maintains an allowance for doubtful accounts for the estimated expected credit losses resulting from the inability of its customers to make required payments. In determining the allowance, the Company considers factors such as the number of days the account is past due, whether or not the customer continues to receive service, the Company's past collection history and changes in business circumstances.

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

o) 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 period.

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

p) Adoption of accounting standards

In February 2021, the IASB amended IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of these standard amendments resulted in no significant impact on the Company's consolidated financial statements.

In October 2022, the IASB introduced amendments to IAS 1, emphasizing that covenants for long term debt, regardless of whether the covenants were compliant after the reporting date, should not affect debt classification; instead, companies are required to disclose information about these covenants in the notes accompanying their financial statements. The amendments are effective for reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively in accordance with IAS 8 with early adoption permitted. The Company is evaluating the amendments but does not expect them to have a material impact on its consolidated financial statements.

4. Change in accounting policy

During the year ended December 31, 2023, the Company changed the presentation method of its consolidated statement of cash flows from the direct method to the indirect method. The change was made to enhance the comparability of the consolidated financial statements with industry practices.

The change in the presentation method of the consolidated statement of cash flows from the direct method to the indirect method has resulted in certain presentation changes to the reported amounts. The effects of this change on the consolidated financial statements for the year ended December 31, 2023 are summarized below:

- The net decrease in cash remains unchanged.
- The net cash provided by (used in) operating, investing, and financing activities remains unchanged.
- The presentation of cash flows from operating, investing, and financing activities have been adjusted in accordance with the indirect method.
- Comparative periods have been restated to reflect the change in presentation method for consistency and comparability.
- There were no changes to the consolidated statements of loss and comprehensive loss, financial position, changes in shareholders' equity, or basic and diluted loss per share.

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

5. Critical accounting estimates and judgments

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

Stock-based compensation

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

Determination of functional currency

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

Estimated useful lives of intangible assets

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

Business combinations and asset acquisitions

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

Impairment testing of goodwill

The Company tests at least annually whether goodwill and indefinite lived intangibles have suffered any impairment, in accordance with the requirements of IAS 36 *Impairment of Assets*. The recoverable amounts of cash-generating units ("CGU") are determined based on the greater of their fair value less costs of disposal and value in use which require the use of estimates and judgments. The Amalgamation on January 1, 2023 did not result in a change in the assessment of CGUs for the year ended December 31, 2023.

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.

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For the impairment tests performed as at December 31, 2023, the Company determined that a change in the key assumptions could result in an impairment loss on Viral Loops' CGU.

The Company determined that a reasonably possible reduction in the key assumption for annual forecasted revenue growth rate of 15% would result in a recoverable amount being equal to the carrying value of the Viral Loops CGU as at December 31, 2023. Should the annual revenue growth rate reduce by 20%, goodwill would be impaired by \$160,547.

6. Acquisitions

Viral Loops Technologies Inc.

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

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

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

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

In connection with the acquisition of Viral Loops Ltd., the Company recorded \$Nil and \$111,315 in acquisition costs for the years ended December 31, 2023 and December 31, 2022 on the consolidated statements of loss and comprehensive loss.

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Notes to the Annual Consolidated Financial Statements

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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 December 31, 2023, the remaining contingent consideration liability was remeasured to a fair value of \$99,353. The Company recognized a gain on the changes to the fair value of contingent consideration liability of \$22,232 and \$144,044 in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2023 and December 31, 2022, respectively.

7. Geographic information

Geographic sales based on customer location are detailed as follows:

	For the years ended	
	December 31, 2023	December 31, 2022
	\$	\$
United States	17,139,277	14,471,193
Canada	2,582,762	2,769,625
Other	3,366,099	3,238,016
Total	23,088,138	20,478,834

For the year ended December 31, 2023, the Company had one customer that accounted for \$1,537,380 or 7% of total revenues recognized (\$2,849,671 or 14% of total revenues recognized for the year ended December 31, 2022). Revenues from our major customer consist of marketing email delivery services.

The Company had no other customers that accounted for more than 10% of total revenues for the years ended December 31, 2023 or December 31, 2022.

8. General and administrative expenses

The following shows the details of general and administrative expenses for the years ended December 31, 2023 and 2022:

	For the years ended	
	December 31, 2023	December 31, 2022
	\$	\$
Office and general	1,101,515	1,020,312
Professional fees	774,877	688,422
Salaries, wages, employee benefits	4,884,286	4,239,243
Software subscriptions	2,064,357	1,583,838
Subcontractor expenses	2,291,654	2,390,478
Total	11,116,689	9,922,293

Wishpond Technologies Ltd.**Notes to the Annual Consolidated Financial Statements**

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9. Other expenses

The following shows the details of other expenses for the years ended December 31, 2023 and 2022:

	For the years ended	
	December 31, 2023	December 31, 2022
	\$	\$
Acquisition related expenses	-	144,000
Financing set-up fees	-	29,565
Filing fees	67,567	90,056
Foreign currency losses	216,965	305,056
Withholding taxes	67,470	27,130
Miscellaneous expenses	66,419	60,866
Total	418,421	656,673

10. Accounts and other receivables

	December 31, 2023	December 31, 2022
	\$	\$
Accounts receivable	409,856	261,657
Provision for expected credit losses	(203,155)	(83,325)
Accounts and other receivables	206,701	178,332

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

11. Accounts payable and accrued liabilities

	December 31, 2023	December 31, 2022
	\$	\$
Trade payables and accrued liabilities	998,049	1,116,724
Other payables	1,070,515	980,783
Sales tax payable	189,093	177,658
Accounts payable and accrued liabilities	2,257,657	2,275,165

Wishpond Technologies Ltd.**Notes to the Annual Consolidated Financial Statements**

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

12. Intangible assets

	Deferred development costs	Customer relationships	Software technology	Goodwill	Total
Cost	\$	\$	\$	\$	\$
As at January 1, 2022	2,382,395	63,000	5,546,429	2,797,004	10,788,828
Additions	1,336,106	-	-	-	1,336,106
Acquired via acquisition transactions	-	94,000	1,820,000	1,119,665	3,033,665
As at December 31, 2022	3,718,501	157,000	7,366,429	3,916,669	15,158,599
Additions	1,321,837	-	-	-	1,321,837
Acquired via acquisition transactions	-	-	44,871	-	44,871
As at December 31, 2023	5,040,338	157,000	7,411,300	3,916,669	16,525,307
Accumulated depreciation					
As at January 1, 2022	804,162	35,488	383,631	-	1,223,281
Depreciation for the year	320,329	20,597	946,630	-	1,287,556
As at December 31, 2022	1,124,491	56,085	1,330,261	-	2,510,837
Depreciation for the year	485,427	25,392	1,017,120	-	1,527,939
As at December 31, 2023	1,609,918	81,477	2,347,381	-	4,038,776
Net book value					
As at December 31, 2022	2,594,010	100,915	6,036,168	3,916,669	12,647,762
As at December 31, 2023	3,430,420	75,523	5,063,919	3,916,669	12,486,531

13. Income tax

The Company recognized income tax in the consolidated statements of loss and comprehensive loss for the years ended December 31, 2023 and December 31, 2022 as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Current income tax expense (recovery)	75,629	(57,031)
Deferred income tax expense (recovery)	15,485	(531,134)
Income tax expense (recovery)	91,114	(588,165)

The tax expense (recovery) differs from the theoretical amount that would arise using the tax rate applicable to losses of the Company for the years ended December 31, 2023 and December 31, 2022 as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Loss for the year before income tax (recovery) expense	(1,799,291)	(2,338,294)
Average statutory rate	27%	27%
Recovery of income taxes based on statutory rates	(485,809)	(631,339)

Increase in income tax recovery resulting from:

Non-taxable expenditures and other	165,643	245,774
True-up for prior year losses	16,056	(691,813)
Change in non-recognized deferred tax assets	417,720	547,455
Other	9,365	(44,040)
Rate differences	(31,861)	(14,202)
Income tax expense (recovery)	91,114	(588,165)

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, 2023	December 31, 2022
	\$	\$
Non-recognized deferred tax assets		
Losses carried forward	5,425,310	4,733,573
Intangible assets	1,528,213	672,524
Property and equipment	34,954	673,571
Contingent liability	99,353	-
SRED pool	311,498	-
Income tax credits	125,036	-
Financing costs	526,841	-
Other	176,597	53,383
Total unrecognized temporary deductible differences	8,227,802	6,133,051

The Company has non-capital losses for the year ended December 31, 2023 of approximately \$5,041,172 (2022 - \$4,742,455) which are available to reduce future year's taxable income. The noncapital losses will commence to expire in 2035 if not utilized. Management estimates future income using forecasts based on the best available current information.

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The Company has net operating losses for the year ended December 31, 2023 of US\$725,562 (2022 - US\$1,016,849) for US federal and US\$1,285,400 (2022 - US\$1,351,260) for California state purposes which are subject to loss restrictions for US tax purposes.

The significant components of the Company's deferred income tax assets (liabilities) are comprised of the following:

	December 31, 2023	December 31, 2022
	\$	\$
Property and equipment	(143)	(161)
Intangible assets	(202,104)	(394,316)
Non-capital losses/non-operating losses	314,589	520,967
Other	19,103	20,440
Total	131,445	146,930

14. Share capital

a) Authorised

Unlimited common shares without par value.

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

b) Issued common shares

As at December 31, 2023, the issued share capital was comprised of 53,983,620 (December 31, 2022 - 53,705,324) common shares.

During the year ended December 31, 2023, the Company undertook the following share transactions:

- i. On June 27, 2023, the Company announced that its Notice of Intention it filed to make a Normal Course Issuer Bid ("NCIB") was accepted by the Exchange. Under the NCIB, the Company may, during the 12-month period commencing June 30, 2023 and ending June 29, 2024, purchase up to 2,688,431 Shares in total, being 5% of the total number of 53,768,620 Shares outstanding as at June 12, 2023.
- ii. During the year ended December 31, 2023, 32,000 common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$18,528.
- iii. During the year ended December 31, 2023, 95,296 stock options were exercised at an exercise price between \$0.05 and \$0.47 for total cash proceeds of \$37,802.
- iv. During the year ended December 31, 2023, 215,000 common shares were issued for vested RSUs and PSUs.

During the year ended December 31, 2022, the Company undertook the following share transactions:

- i. On May 5, 2022, the Company made earn-out payments of \$544,388 and \$189,922 by the issuance of 460,408 and 156,933 common shares in connection with the Company's PersistIQ and Brax acquisitions, respectively.
- ii. On June 15, 2022, the Company announced that the renewal of its Notice of an Intention it filed to make a Normal Course Issuer Bid ("NCIB") was approved by the Exchange. Under the renewed NCIB, the Company may, during the 12-month period commencing June 20, 2022 and ending June 19, 2023, purchase up to 2,613,316 Shares in total, being 5% of the total number of 52,266,332 Shares outstanding as at June 3, 2022. During the year ended December 31, 2022, 152,600 common shares were purchased under the NCIB for cancellation, for aggregate consideration of \$166,570.
- iii. On July 27, 2022, the Company announced that its Equity Incentive Plan was approved by the Exchange. The Equity Incentive Plan authorizes the grant of equity-based incentive awards in the form of incentive stock options, restricted share units, performance share units, deferred share units, and stock appreciation rights to eligible directors, officers, employees and consultants of the Company. The Company has implemented a rolling plan whereby a maximum of 10% of the issued shares will be reserved for issuance under the Equity Incentive Plan. At the time of approval, a total of 5,164,899 shares were eligible to be issued under the Equity Incentive Plan.
- iv. On August 24, 2022, the Company made earn-out payments of \$693,420 and \$169,355 by the issuance of 1,076,405 and 283,677 common shares in connection with the Company's PersistIQ and Brax acquisitions, respectively.
- v. On November 30, 2022, the Company granted 30,000 RSUs under the Equity Incentive Plan to certain employees. The RSUs vest over two years, with 50% of the RSUs vesting on the first anniversary of the grant date and the remaining RSUs vesting in four equal installments over the next four quarters.

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.

d) Warrants

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

	December 31, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance outstanding, beginning of year	313,766	1.75	460,365	1.43
Broker Warrants exercised	-	-	(70,110)	0.75
Broker Warrants expired	(313,766)	1.75	(76,489)	0.75
Balance outstanding, end of year	-	-	313,766	1.75

e) Movement in share options

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

	Number of Options	Weighted average exercise price
		\$
January 1, 2022	3,727,459	1.86
Granted	437,869	0.99
Exercised	(44,100)	0.21
Forfeited/expired	(619,381)	2.03
December 31, 2022	3,501,847	1.75
Granted	-	-
Exercised	(95,296)	0.40
Forfeited/expired	(603,501)	1.59
December 31, 2023	2,803,050	1.83

During the years ended December 31, 2023, and December 31, 2022, the Company recognised \$402,606 and \$866,256 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 year ended December 31, 2023, the Company did not grant any new share options.

During the year ended December 31, 2022, the Company granted the following options:

Grant date	Number of options granted	Exercise price	Vesting period (in years)	Expiry date
January 19, 2022	200,000	\$1.26	4.0	January 19, 2032
June 14, 2022	12,869	\$0.69	4.0	June 14, 2032
September 30, 2022	75,000	\$0.70	1.0	September 30, 2027
November 30, 2022	150,000	\$0.80	4.0	November 30, 2032

The fair value of each option granted for the year ended December 31, 2022 was estimated at the time of grant using the BSM with the following significant inputs:

	Low	High
Exercise price	\$0.69	\$1.26
Share price	\$0.69	\$1.26
Risk-free interest rate	1.61%	3.32%
Expected term	2 years	5 years
Volatility	63%	67%
Expected dividend	\$0	\$0
Grant date fair value	\$0.26	\$0.76

Wishpond Technologies Ltd.**Notes to the Annual Consolidated Financial Statements**

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

g) Share options outstanding at the end of the year

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

Expiry date	Options outstanding	Options exercisable	Exercise price \$	Avg. remaining contractual length (years)
September 30, 2027	75,000	75,000	0.70	3.75
June 15, 2030	51,904	38,928	0.05	6.46
June 22, 2030	32,440	24,330	0.48	6.48
December 29, 2030	1,762,712	1,262,034	2.18	7.00
January 19, 2031	75,000	51,560	2.05	7.06
May 3, 2031	110,000	68,750	1.92	7.34
June 15, 2031	155,000	96,872	1.52	7.46
December 10, 2031	178,125	95,619	1.26	7.95
January 19, 2032	200,000	87,500	1.26	8.06
June 14, 2032	12,869	3,217	0.69	8.46
November 30, 2032	150,000	37,500	0.80	8.92

h) Restricted Share Units ("RSUs")

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

	December 31, 2023	December 31, 2022
	Number of RSUs	Number of RSUs
Balance outstanding, beginning of year	505,000	-
Units granted	150,000	505,000
Units forfeited	(75,000)	-
Units vested	(215,000)	-
Balance outstanding, end of year	365,000	505,000

On April 20, 2023, the Company granted an aggregate of 100,000 RSUs to certain consultants of the Company. The RSUs vest over four years, with 25% of the RSUs vesting on the first anniversary of the grant date and the remaining RSUs vesting quarterly over the next three years.

On October 1, 2023, the Company granted an aggregate of 50,000 RSUs to certain employees of the Company. The RSUs vest over two years, with 50% of the RSUs vesting on the first anniversary of the grant date and the remaining RSUs vesting quarterly over the next year.

On October 1, 2022, the Company granted an aggregate of 475,000 RSUs to certain directors, officers, employees, and contractors of the Company. The RSUs vest over two years, with 50% of the RSUs vesting on the first anniversary of the grant date and the remaining RSUs vesting in four equal installments over the next four quarters.

During the years ended December 31, 2023 and 2022, the Company recognized \$216,903 and \$70,183, respectively, of stock-based compensation expense through the annual consolidated statements of loss and comprehensive loss related to RSUs.

Wishpond Technologies Ltd.**Notes to the Annual Consolidated Financial Statements**

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

i) Performance Share Units (“PSUs”)

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

	December 31, 2023	December 31, 2022
	Number of PSUs	Number of PSUs
Balance outstanding, beginning of year	1,150,000	-
Units granted	1,350,000	1,150,000
Units forfeited	(1,075,000)	-
Units vested	(75,000)	-
Balance outstanding, end of year	1,350,000	1,150,000

On October 1, 2023, the Company granted an aggregate of 1,200,000 PSUs to certain officers of the Company. The PSUs vest on the one-year anniversary of their grant date and are subject to certain specific performance metrics as approved by the Board of Directors, with the potential to vest in a range from 800,000 to 1,200,000 PSUs, based on the level of achievement of the predetermined performance criteria.

On October 1, 2023, the Company also granted an aggregate of 150,000 PSUs to certain employees of the Company. The PSUs vest on the one-year anniversary of their grant date based on the achievement of certain specific performance metrics approved by the board of directors of the Company.

On October 1, 2022, the Company granted an aggregate of 1,150,000 PSUs to certain officers and employees of the Company. The PSUs vest on the one-year anniversary of their grant date based on the achievement of certain specific performance metrics approved by the Board of Directors of the Company.

During the year ended December 31, 2023 the Company recognized stock-based compensation expense of \$665,825 offset by forfeitures in the amount of \$686,336 relating to 1,075,000 PSUs that did not meet their performance targets at the end of their performance period.

During the year ended December 31, 2022 the Company recognized stock-based compensation expense of \$202,904 through the annual consolidated statements of loss and comprehensive loss related to PSUs.

As at December 31, 2023, there were 75,000 PSUs that were vested but not yet released or issued as common shares of the Company.

15. Related party transactionsKey management compensation

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

	For the years ended	
	December 31, 2023	December 31, 2022
	\$	\$
Salaries, wages, and benefits	1,518,194	1,132,320
Subcontractor and director fees	325,876	371,768
Stock-based compensation	520,144	1,016,975
Total	2,364,214	2,521,063

16. Credit facility

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

On August 11, 2023, the Company renewed its Credit Facility. The renewed credit facility maintains the secured revolving operating line with a borrowing capacity of up to \$6,000,000 based on recurring revenue, an interest rate equal to the Canadian Prime Rate plus 2.0% per annum, and is secured against the Company's assets.

As at December 31, 2023, the Credit Facility balance payable was \$994,658. There are no minimum repayment terms and any disbursement outstanding is repayable in full on demand by the Bank. The Credit Facility is renewed annually and subject to financial covenants based on the consolidated financial results of the Company. The Company was in compliance with all financial covenants and other terms and conditions under the Credit Facility as of December 31, 2023 and 2022.

During the years ended December 31, 2023 and 2022, the Company paid \$29,668 and \$Nil in interest expense related to the Credit Facility.

17. Capital management

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

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

18. 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. Customers are required to provide a pre-authorised method of payment upon entering into a service contract.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of December 31, 2023, the Company had a credit facility balance of \$994,658 (\$Nil as of December 31, 2022) with an interest rate equal to the Canadian Prime Rate plus 2.0% per annum.

Foreign currency risk

As a significant portion of the Company's sales are to customers located in the United States and are thus incurred in US Dollars, the Company is exposed to foreign currency fluctuations.

The Company manages its foreign currency risk through the use of foreign exchange contracts. As at December 31, 2023, the Company held foreign exchange contracts that allow the Company to exchange US Dollars to Canadian Dollars at rates between 1.320 to 1.363. All foreign exchange contracts held at December 31, 2023 mature between January 2, 2024 and April 30, 2024.

The Company holds cash balances in Canadian and U.S. dollars and a 10% movement in foreign exchange rates versus the U.S. dollar would result in an approximately \$92,678 change in the Company's cash balance in the consolidated statements of financial position for the year ended December 31, 2023.

19. 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.