Wishpond Technologies Ltd.
Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Vancouver, British Columbia

May 21, 2024

Wishpond Technologies Ltd.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	$
Revenue (Note 5)	6,050,263	5,623,817
Cost of sales	1,921,341	1,934,479
Gross profit	**4,128,922**	**3,689,338**
Operating expenses		
General and administrative expenses (Note 6)	3,008,698	2,771,523
Depreciation and amortization	406,588	369,119
Sales and marketing	829,920	708,742
Stock-based compensation (Note 11 & 12)	209,072	443,188
Total operating expenses	4,454,278	4,292,572
Operating loss	**(325,356)**	**(603,234)**
Interest income	-	(2,728)
Interest expense	38,533	-
Other expenses (Note 7)	103,674	211,934
Remeasurement of contingent consideration liability	-	(22,232)
Loss before income taxes	**(467,563)**	**(790,208)**
Net loss for the period	**(467,563)**	**(790,208)**
Other comprehensive loss (income)		
Exchange difference on translation of foreign operations	(2,191)	502
Total comprehensive loss for the period	**(465,372)**	**(790,710)**
Weighted average number of common shares outstanding		
Basic and diluted	54,022,700	53,736,512
Loss per share – Basic and diluted	**$(0.01)**	**$(0.01)**

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

Wishpond Technologies Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	As at March 31, 2024	As at December 31, 2023
	$	$
Assets		
Current		
Cash	2,086,823	1,424,585
Accounts and other receivables (Note 8)	331,609	206,701
Prepaid expenses	125,640	166,392
Total current assets	**2,544,072**	**1,797,678**
Property and equipment	19,467	21,682
Intangible assets (Note 10)	8,450,648	8,569,862
Goodwill (Note 10)	3,916,669	3,916,669
Other assets	3,254	31,966
Deferred tax asset	131,445	131,445
Total assets	**15,065,555**	**14,469,302**
Liabilities and shareholders' equity		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 9)	2,266,419	2,257,657
Deferred revenue	1,701,861	1,725,386
Credit facility (Note 13)	1,959,474	994,658
Contingent consideration liability	-	99,353
Current tax liability	77,482	75,629
Total current liabilities	**6,005,236**	**5,152,683**
Total liabilities	**6,005,236**	**5,152,683**
Shareholders' equity		
Share capital (Note 11)	21,452,798	21,417,798
Contributed surplus	4,312,690	4,138,618
Accumulated other comprehensive income	37,506	35,315
Accumulated deficit	(16,742,675)	(16,275,112)
Total shareholders' equity	**9,060,319**	**9,316,619**
Total shareholders' equity and liabilities	**15,065,555**	**14,469,302**

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 condensed interim consolidated financial statements

Wishpond Technologies Ltd.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars except shares amounts or stated otherwise, unaudited)

	Number of shares	Share capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Contributed surplus	Total Shareholders' equity
	#	$	$	$	$	$
Balance at January 1, 2023	**53,705,324**	**20,948,815**	**36,358**	**(14,357,463)**	**3,962,085**	**10,589,795**
Stock-based compensation (Note 11)	-	-	-	-	443,188	443,188
Expiration of warrants (Note 11)	-	268,526	-	-	(268,526)	-
Common shares issued from exercise of options	94,296	39,265	-	-	(1,922)	37,343
Foreign currency translations of subsidiaries	-	-	(502)	-	-	(502)
Net loss for the period	-	-	-	(790,208)	-	(790,208)
Balance at March 31, 2023	**53,799,620**	**21,256,606**	**35,856**	**(15,147,671)**	**4,134,825**	**10,279,616**
Balance at January 1, 2024	53,983,620	21,417,798	35,315	(16,275,112)	4,138,618	9,316,619
Stock-based compensation (Note 11)	-	-	-	-	209,072	209,072
Common shares issued for RSUs	50,000	35,000	-	-	(35,000)	-
Foreign currency translation of subsidiary	-	-	2,191	-	-	2,191
Net loss for the period	-	-	-	(467,563)	-	(467,563)
Balance at March 31, 2024	**54,033,620**	**21,452,798**	**37,506**	**(16,742,675)**	**4,312,690**	**9,060,319**

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

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

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	$
Cash flows provided by (used in)		
Operating activities		
Net loss for the period	(467,563)	(790,208)
Adjustments to net loss for non-cash items:		
Depreciation and amortization	406,588	369,119
Stock-based compensation	209,072	443,188
Remeasurement of contingent consideration liability	-	(22,232)
Unrealized foreign exchange and others	32,776	(24,432)
Change in non-cash operating items:		
Accounts and other receivables	(124,908)	(54,879)
Prepaid expenses	40,752	(756)
Accounts payable and accrued liabilities	8,762	270,895
Deferred revenue	(23,525)	(499,252)
Net cash provided by (used in) operating activities	**81,954**	**(308,557)**
Investing activities		
Cash paid for earn-out consideration	(99,353)	(371,104)
Cash receipt from maturity of short-term investments	-	271,899
Cash receipt from interest income	-	2,728
Additions to intangible assets	(285,179)	(390,606)
Net cash used in investing activities	**(384,532)**	**(487,083)**
Financing activities		
Exercise of stock options	-	37,343
Net cash proceeds from credit facility draws and repayments	964,816	-
Net cash provided by financing activities	**964,816**	**37,343**
Net increase (decrease) in cash	662,238	(758,297)
Cash - beginning of the period	1,424,585	2,692,644
Cash - end of the period	**2,086,823**	**1,934,347**
Cash paid for:		
Interest expense	38,533	-
Withholding taxes	-	67,470

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

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 March 31, 2024, the Company had cash of $2,086,823 and an available credit facility balance of $4,040,526 (Note 13). The Company incurred an operating loss of $325,356 for the three months ended March 31, 2024, compared to an operating loss of $603,234 for the three months ended March 31, 2023. Net cash provided by operating activities was $81,954 for the three months ended March 31, 2024, compared to net cash used of $308,557 for the three months ended March 31, 2023.

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

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

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

2. Basis of presentation

Statement of compliance

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

The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") as issued and outstanding as at December 31, 2023.

These condensed interim consolidated financial statements should be read in conjunction with the Company's 2023 annual consolidated financial statements. The policies set out below are consistently applied to all the periods presented.

The Company's Board of Directors approved these condensed interim consolidated financial statements on May 21, 2024.

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed interim consolidated financial statements are disclosed in Note 4.

Basis of consolidation

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

As of March 31, 2024 the following entity is controlled by the Company:

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

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

3. Material accounting policy information

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the December 31, 2023 annual consolidated financial statements.

a) Basis of measurement

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

b) Foreign currency translation

Functional and presentation currency:

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

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

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

Transactions and balances:

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

d) Financial instruments

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

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

e) Stock-based compensation

The Company has an incentive share option plan as described in Note 11.

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.

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 period comprises of current and deferred tax. Tax is recognised in the consolidated statements of loss and comprehensive loss, except to the extent it relates to items recognised in other comprehensive loss or directly in equity. In this case, the tax is recognised in other comprehensive income or loss, or equity, respectively.

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

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

The assessment of probability of future taxable Income 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 and asset acquisitions. 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 period.

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

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

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

o) 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 new accounting standards

On January 1, 2024, the Company adopted "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" and "Non-current Liabilities with Covenants (Amendments to IAS 1)". The amendments clarify the requirements for classifying liabilities as current or non-current, specifically to introduce certain requirements related to the determination of the existence of a right at the end of a reporting period to defer settlement of a liability for at least twelve months after the reporting period. The amendments also specify that if a right to defer settlement of a liability for at least twelve months is subject to an entity complying with covenants after the reporting period, then those covenants would not affect the classification of the liability as current or non-current at the reporting date. The adoption of the amendments did not result in any impact on the Company's condensed interim consolidated statements.

On April 9, 2024, the IASB issued IFRS Accounting Standard 18 "Presentation and Disclosures in Financial Statements". The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will assess the impact of the new standard in due course.

4. 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.

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

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.

5. Geographic information

Geographic sales based on customer location are detailed as follows:

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	**$**
United States	4,471,383	4,184,053
Canada	787,188	581,327
Other	791,692	858,437
Total	**6,050,263**	**5,623,817**

For the three months ended March 31, 2024, the Company had one customer that accounted for $267,980 or 4% of total revenues recognized ($525,396 or 9% of total revenues recognized for the three months ended March 31, 2023). Revenues from this customer consist of marketing email delivery services.

The Company had no other customers that accounted for more than 10% of total revenues for the three months ended March 31, 2024 or March 31, 2023.

6. General and administrative expenses

The following shows the details of general and administrative expenses for the three months ended March 31, 2024 and 2023:

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	**$**
Office and general	394,868	178,358
Professional fees	244,678	268,231
Salaries, wages, employee benefits	1,458,163	1,169,908
Software subscriptions	469,919	536,833
Subcontractor expenses	441,070	618,193
Total	**3,008,698**	**2,771,523**

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

7. Other expenses

The following shows the details of other expenses for the three months ended March 31, 2024 and 2023:

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	**$**
Filing fees	16,406	12,803
Foreign currency losses	73,777	124,214
Withholding taxes	-	67,470
Miscellaneous expenses	13,491	7,447
Total	**103,674**	**211,934**

8. Accounts and other receivables

	March 31, 2024	December 31, 2023
	$	**$**
Accounts receivable	512,765	409,856
Provision for expected credit losses	(181,156)	(203,155)
Accounts and other receivables	**331,609**	**206,701**

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.

9. Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
	$	**$**
Trade payables and accrued liabilities	1,063,315	998,049
Other payables	995,015	1,070,515
Sales tax payable	208,089	189,093
Accounts payable and accrued liabilities	**2,266,419**	**2,257,657**

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

10. Intangible assets

	Deferred development costs	Customer relationships	Software technology	Goodwill	Total
Cost	**$**	**$**	**$**	**$**	**$**
As at January 1, 2023	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**
Additions	285,179				285,179
As at March 31, 2024	**5,325,517**	**157,000**	**7,411,300**	**3,916,669**	**16,810,486**
Accumulated depreciation					
As at January 1, 2023	1,124,491	56,085	1,330,261	-	2,510,837
Depreciation for the period	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**
Depreciation for the period	143,227	6,348	254,818	-	404,393
As at March 31, 2024	**1,753,145**	**87,825**	**2,602,199**	**-**	**4,443,169**
Net book value					
As at December 31, 2023	**3,430,420**	**75,523**	**5,063,919**	**3,916,669**	**12,486,531**
As at March 31, 2024	**3,572,372**	**69,175**	**4,809,101**	**3,916,669**	**12,367,317**

11. 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 March 31, 2024, the issued share capital was comprised of 54,033,620 (December 31, 2023 - 53,983,620) common shares.

During the three months ended March 31, 2024, the Company undertook the following share transactions:

i. During the three months ended March 31, 2024, 50,000 RSUs vested and were issued as common shares of the Company.

During the three months ended March 31, 2023, the Company undertook the following share transactions:

i. During the three months ended March 31, 2023, 94,296 stock options were exercised at an exercise price between $0.05 and $0.47 for total cash proceeds of $37,343.

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

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 three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024		December 31, 2023	
	Number of warrants	Weighted average exercise price $	Number of warrants	Weighted average exercise price $
Balance outstanding, beginning of period	-	-	313,766	1.75
Broker Warrants expired	-	-	(313,766)	1.75
Balance outstanding, end of period	**-**	**-**	**-**	**-**

e) Movement in share options

The changes in share options during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	Number of Options	Weighted average exercise price $
January 1, 2023	3,501,847	1.75
Exercised	(95,296)	0.40
Forfeited/expired	(603,501)	1.59
December 31, 2023	**2,803,050**	**1.83**
Forfeited/expired	(18,125)	1.51
March 31, 2024	**2,784,925**	**1.83**

During the three months ended March 31, 2024, and March 31, 2023, the Company recognised $65,487 and $172,884 respectively, to stock-based compensation expense through the condensed interim consolidated statements of loss and comprehensive loss.

f) Fair value of share options granted

During the three months ended March 31, 2024 and March 31, 2023, the Company did not grant any new share options.

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

g) Share options outstanding at the end of the period

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	3.50
June 15, 2030	51,904	38,928	0.05	6.21
June 22, 2030	32,440	24,330	0.48	6.23
December 29, 2030	1,757,712	1,365,159	2.18	6.75
January 19, 2031	75,000	56,248	2.05	6.81
May 3, 2031	110,000	75,625	1.92	7.09
June 15, 2031	155,000	106,560	1.52	7.21
December 10, 2031	165,000	92,805	1.26	7.70
January 19, 2032	200,000	100,000	1.26	7.81
June 14, 2032	12,869	3,217	0.69	8.21
November 30, 2032	150,000	46,875	0.80	8.67

h) Restricted Share Units ("RSUs")

The changes in RSUs during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024 Number of RSUs	December 31, 2023 Number of RSUs
Balance outstanding, beginning of period	365,000	505,000
Units granted	-	150,000
Units forfeited	(15,000)	(75,000)
Units vested	(50,000)	(215,000)
Balance outstanding, end of period	**300,000**	**365,000**

During the three months ended March 31, 2024 and 2023, the Company recognized $15,103 and $71,812, respectively, of stock-based compensation expense through the condensed interim consolidated statements of loss and comprehensive loss related to RSUs.

i) Performance Share Units ("PSUs")

The changes in PSUs during the three months ended March 31, 2024 and the year ended December 31, 2023 were as follows:

	March 31, 2024 Number of PSUs	December 31, 2023 Number of PSUs
Balance outstanding, beginning of period	1,350,000	1,150,000
Units granted	-	1,350,000
Units forfeited	-	(1,075,000)
Units vested	-	(75,000)
Balance outstanding, end of period	**1,350,000**	**1,350,000**

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

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 vested 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, 1,075,000 PSUs were forfeited as they did not meet their performance targets at the end of their performance period.

As at March 31, 2024, there were 75,000 PSUs that were vested but not yet released or issued as common shares of the Company.

During the three months ended March 31, 2024 and 2023, the Company recognized $128,482 and $198,492, respectively, of stock-based compensation expense through the condensed interim consolidated statements of loss and comprehensive loss related to PSUs.

12. Related party transactions

Key management compensation

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

	For the three months ended	
	March 31, 2024	**March 31, 2023**
	$	**$**
Salaries, wages, and benefits	433,584	366,754
Subcontractor and director fees	65,419	108,155
Stock-based compensation	195,093	417,689
Total	**694,096**	**892,598**

13. 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 March 31, 2024, the Credit Facility balance payable was $1,959,474. 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 March 31, 2024 and December 31, 2023.

During the three months ended March 31, 2024 and 2023, the Company paid $38,533 and $Nil in interest expense related to the Credit Facility.

14. Capital management

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

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 it's 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.

15. Financial instruments

<u>Credit risk</u>

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.

<u>Liquidity risk</u>

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 March 31, 2024, the Company had a credit facility balance of $1,959,474 ($994,658 as of December 31, 2023) 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 March 31, 2024, the Company held foreign exchange contracts that allow the Company to exchange US Dollars to Canadian Dollars at a rate of 1.363. All foreign exchange contracts held at March 31, 2024 mature on 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 $139,950 change in the Company's cash balance in the condensed interim consolidated statements of financial position as at March 31, 2024.

16. 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.