POPREACH™

POPREACH CORPORATION (dba “Ionik”)

Management’s Discussion and Analysis
For the three and nine months ended September 30, 2023 and 2022
(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

*This Management's Discussion and Analysis (this "**MD&A**") provides a review of the results of operations, financial condition and cash flows for PopReach Corporation (formerly Federated Foundry Limited) (the "**Company**", "**PopReach**", or "**Federated**"), for the three and nine months ended September 30, 2023 and 2022.*

*This document should be read in conjunction with the information contained in the Company's condensed interim consolidated financial statements and related notes for the three and nine months ended September 30, 2023 and 2022 (the "**Interim Financial Statements**"), and audited consolidated financial statements and related notes for the fifteen months ended December 31, 2022 and the period from the date of incorporation (January 25, 2021) to September 30, 2021 (the "**Annual Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB"). Due to the various business combination transactions, historical results discussed in this MD&A, are based on partial periods depending on when the transactions occurred. As a result, results of operations may not be consistent period to period nor may be expected to be representative of future periods. Unless otherwise indicated, all dollar ("$") and "USD" amounts and references in this MD&A are in thousands of United States dollars, except share and per share amounts.*

*Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, November 27, 2023, being the date the Company's board of directors (the "**Board**" or "**Board of Directors**") approved this MD&A and the Annual Financial Statements. All quarterly information contained herein is unaudited.*

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Risk Factors and Uncertainties".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

COMPANY OVERVIEW

PopReach Corporation (doing business as "**Ionik**" or the "**PopReach Parent**") was incorporated on September 25, 2018 and the Company was incorporated on January 25, 2021, in each case pursuant to the provisions of the Business Corporations Act (Ontario). On April 28, 2022, PopReach Parent completed a reverse takeover transaction (the "**Transaction**") with the Company pursuant to a Business Combination Agreement dated October 18, 2021 between PopReach Parent and the Company, first amended on February 14, 2022 and subsequently amended immediately prior to closing of the Transaction (the "**Combination Agreement**"). As a result of the

Transaction, the Company became a wholly owned subsidiary of PopReach Parent. The Company, however, in accordance with IFRS 3, is deemed to be the acquirer of PopReach Parent. As such, consistent with the Interim Financial Statements and Annual Financial Statements, the information contained in this MD&A pertains to the Company on a consolidated basis, and includes PopReach Parent from April 28, 2022 (the date of the Transaction) through the end of the period ending December 31, 2022 and March 31, 2023, with the exception that any reference contained herein to the share capital, including the issuance of shares, of the Company shall be deemed to be a reference to the share capital of PopReach Parent. The Company elected to continue its consolidated operations following the Transaction using the name "PopReach Corporation".

Ionik is a multiplatform technology company focused on assembling the most effective and complete suite of advertising, marketing and monetization solutions for brands, advertisers and publishers by acquiring, optimizing and scaling market-leading digital technology businesses providing cross-platform, performance-driven advertising and data solutions to attract, engage and monetize high-value consumers. The Company has assembled a diversified, yet complementary portfolio of founder-led, organically growing, cash flow positive businesses featuring world-class teams and culture with a goal of bringing together the synergistic components of advertising technology, marketing technology, e-commerce and content platforms that often sub-optimally reside in siloed companies across the digital technology industry. Ionik's growth strategy includes both continued organic growth and growth through acquisitions based on three key objectives: diversification, sustainability and scalability.

The Company's registered and head office is located at 1 University Avenue, 3rd Floor, Toronto, Ontario, M5J 2P1.

Business Model

The Company's revenue consists primarily of digital advertising revenues generated through performance marketing activities, agency services and providing monetization solutions to customers. Ionik supplies leading advertising technology solutions for direct and programmatic advertising including deep creative expertise for optimized campaign management across all digital media channels for advertisers and the agencies representing them. The Company also provides user acquisition and enhanced monetization solutions for digital publishers including our owned and operated content within our portfolio of free-to-play games.

We also generate revenue from full stack software development services and a software as a service ("**SaaS**") platform to support delivery, online engagement and data analytics for short message service ("**SMS")** and email campaigns.

NOTICE REGARDING ACCOUNTING TREATMENT OF THE FEDERATED ACQUISITION TRANSACTION

Under IFRS 3, Federated is deemed to be the acquirer of PopReach Parent in the Transaction, and as such the consolidated Annual Financial Statements are a continuation of the financial statements of Federated. Federated has elected to continue its consolidated operations using the name "PopReach Corporation" moving forward. The Annual Financial Statements include Federated on a consolidated basis for the entire fifteen month period ending December 31, 2022, and include PopReach Parent from April 28, 2022 (the date of the Transaction) through the end of the period ending December 31, 2022. The Interim Financial Statements include both Federated and PopReach Parent on a consolidated basis for the three and nine month period ending September 30, 2023 and 2022.

Change in Fiscal Year-End

As a result of the Transaction, and pursuant to the Combination Agreement, the fiscal year-end of the Company was changed from September 30 to December 31. The Company made the change to provide improved comparable information with its industry peers. As such, the comparative period in the Interim Financial Statements is deemed to be the three and nine months ending September 30, 2022.

SUMMARY OF FINANCIAL PERFORMANCE AND SIGNIFICANT DEVELOPMENTS (in US dollars)

Financial highlights for the three months ended September 30, 2023:

- Revenue of $37.6 million, compared to $39.1 million for the three months ended June 30, 2023 and $25.5 million for the three months ended September 30, 2022
- Gross profit of $15.1 million, compared to $16.2 million for the three months ended June 30, 2023 and $11.3 million for the three months ended September 30, 2022
- Net loss of $2.4 million ($(0.01) per basic and diluted share), compared to a net loss of $5.0 million ($(0.02) per basic and diluted share) for the three months ended June 30, 2023 and a net loss of $1.9 million ($(0.01) per basic and diluted share) for the three months ended September 30, 2022
- Adjusted EBITDA[1] of $3.9 million, compared to $4.0 million for the three months ended June 30, 2023 and$3.0 million for the three months ended September 30, 2022
- Adjusted Free Cash Flow[1] of $2.0 million (51% Adjusted Free Cash Flow conversion rate), compared to $3.7 million (91% Adjusted Free Cash Flow conversion rate) for the three months ended June 30, 2023 and $2.5 million (83% Adjusted Free Cash Flow conversion rate) for the three months ended September 30, 2022
- Cash of $8.9 million versus $8.4 million as of June 30, 2023 and $7.8 million as of December 31, 2022. Working capital deficit of $11.3 million versus $10.3 million as of June 30, 2023 and $4.8 million as of December 31, 2022
- Total undiscounted debt as at September 30, 2023 was $64.9 million, including $54.4 million of senior lender debt, $9.0 million of convertible debt, and $1.5 million in a vendor take-back loan, compared to $67.0 million in total debt as at June 30, 2023, and $52.1 million in total debt as at December 31, 2022

Financial highlights for the nine months ended September 30, 2023:

- Revenue of $113.2 million, compared to $60.6 million for the nine months ended September 30, 2022
- Gross profit of $45.2 million, compared to $28.3 million for the nine months ended September 30, 2022
- Net loss of $11.6 million ($(0.04) per basic and diluted share), compared to a net loss of $4.1 million ($(0.02) per basic and diluted share) for the nine months ended September 30, 2022
- Adjusted EBITDA[1] of $10.9 million , compared to $6.8 million for the nine months ended September 30, 2022
- Adjusted Free Cash Flow[1] of $8.1 million (74% Adjusted Free Cash Flow conversion rate), compared to $5.5 million (82% Adjusted Free Cash Flow conversion rate) for the nine months ended September 30, 2022

Significant developments for the three and nine months ended September 30, 2023[2]:

- On April 18, 2023, the Company acquired 100% of the shares of Schiefer Media, Inc. ("**SCS**"), a brand transformation company, for an aggregate purchase price of approximately $14.9 million
- On April 26, 2023, the Company acquired 100% of the membership interest of OpenMoves LLC ("**OpenMoves**"), a business-to-business ("**B2B**") and business-to-consumer ("**B2C**") performance and growth marketing company, for an aggregate purchase price of approximately $7.5 million
- On May 25, 2023, the Company closed $115 million in new credit facilities with a syndicate of lenders including Bank of Montreal ("**BMO**"), National Bank of Canada, Export Development Canada and Toronto Dominion Bank to replace and increase the Company's previous $43 million senior secured credit facility with BMO to support the continued execution of the Company's acquisition strategy
- On August 15, 2023, the Company announced the integration of its subsidiaries SCS and Crucial Interactive Holdings Inc. ("**CIHI**") under a single entity to realize synergies and provide a full funnel marketing solution to retailers and brands that combine personalized ad tech with campaign creation, strategy and delivery
- Subsequent to the end of the third quarter, the Company discontinued PAYDAY: Crime War (PopReach Games), which was originally officially launched during the second quarter

- On September 14, 2023, the Company announced a rebranding and leadership transition. Moving forward the Company will operate under the new, unified brand name of Ionik. Ted Hastings was appointed as Chief Executive Officer effective October 1, 2023, and Ben Colabrese was appointed as Board Chair
- On October 2, 2023, the Company announced the appointment of Lois Norris as Chief Financial Officer and Reena Bains as Chief People Officer
- On November 20, 2023, the Company acquired substantially all of the assets of S44 LLC ("**Shift44**"), a first part data acquisition, lead generation and performance marketing platform, for an aggregate purchase price of approximately $40.0 million

[1] **Please refer to "Non-GAAP Measures" below**
[2] **Please refer to "General Development of the Business" below**

NON-GAAP MEASURES

The Company prepares its Annual Financial Statements in accordance with IFRS. However, the Company considers certain non-GAAP financial measures as useful additional information to assess its financial performance. These measures, which it believes are widely used by investors, securities analysts and other interested parties to evaluate its performance, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures include "Adjusted EBITDA" and "Adjusted Free Cash Flow".

Consolidated adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-IFRS measure of financial performance. The presentation of this non-IFRS financial measure is not intended to be considered in isolation from, as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS and may be different from non-IFRS financial measures used by other companies. Company management defines Adjusted EBITDA as IFRS Net income (loss) adding back finance costs, income taxes, depreciation and amortization, gain/loss on disposal of assets and extinguishment of loans, fair value gain/loss on financial liabilities and modification/extinguishment on loans, and excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings, such as impairments where the impairment is the result of an isolated, non-recurring event. It also excludes the effects of equity-settled share-based payments, foreign exchange gains/losses, changes in deferred revenues of in-app purchases, changes in deferred cost of sales, and other extraordinary one-time income and expenses, such as, transaction costs and other severance and restructuring costs. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash and extraordinary one-time items. See reconciliation of Adjusted EBITDA under "Adjusted EBITDA" below.

Company management defines "Adjusted Free Cash Flow" as Adjusted EBITDA less capital expenditures, such as acquisition of property and equipment and additions to intangibles, and income taxes paid during the period.

Adjusted EBITDA and Adjusted Free Cash Flow

	For the three months ended			
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
Net loss	$ (2,446)	$ (4,979)	$ (4,204)	$ (17,974)
Add:				
Finance costs	2,053	3,359	1,269	1,274
Income tax expense	113	80	91	526
Depreciation and amortization	3,713	3,523	3,183	3,698
Impairment loss on intangibles and goodwill	—	—	—	17,548
Fair value loss (gain) on financial liabilities	—	—	1,782	(530)
Loss (gain) on disposal of assets	(8)	—	—	1
Loss on modification/extinguishment of loan	—	1,129	—	—
Share-based compensation expense	242	296	400	386
Change in deferred revenue of in-app purchases	(280)	(56)	126	225
Change in deferred cost of sales	12	6	(45)	(110)
Extraordinary one-time expenses	372	576	184	187
Foreign exchange loss (gain)	86	89	229	(95)
Loan forgiveness	—	—	—	(617)
Non-recurring income	—	—	—	(2)
Adjusted EBITDA[1]	**$ 3,857**	**$ 4,023**	**$ 3,015**	**$ 4,517**
Less:				
Acquisition of property and equipment	(52)	(36)	(34)	(38)
Additions to intangible assets	(456)	(305)	(521)	(544)
Taxes paid	(1,374)	(32)	(22)	(76)
Adjusted Free Cash Flow[1]	**$ 1,975**	**$ 3,650**	**$ 2,438**	**$ 3,859**

	For the three months ended			
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Net loss	$ (1,886)	$ (1,443)	$ (820)	$ (1,736)
Add:				
Finance costs	688	673	688	864
Income tax expense (recovery)	282	(356)	(672)	275
Depreciation and amortization	3,070	2,396	1,718	1,623
Fair value loss (gain) on financial liabilities	(33)	(5)	—	33
Gain on disposal of property and equipment	—	—	—	(1)
Loss on extinguishment of loan	—	1,216	—	—
Share-based compensation expense	353	131	—	—
Change in deferred revenue of in-app purchases	268	(62)	—	—
Change in deferred cost of sales	(56)	(100)	—	—
Extraordinary one-time expenses	245	469	518	1,688
Foreign exchange losses (gains)	39	(110)	(37)	44
Non-recurring income	—	—	(378)	—
Adjusted EBITDA[1]	**$ 2,970**	**$ 2,809**	**$ 1,017**	**$ 2,790**
Less:				
Acquisition of property and equipment	(21)	(13)	(15)	(6)
Additions to intangible assets	(466)	(202)	—	—
Taxes paid	(27)	(510)	—	(11)
Adjusted Free Cash Flow[1]	**$ 2,456**	**$ 2,084**	**$ 1,002**	**$ 2,773**

	Nine months ended	
	September 30, 2023	**September 30, 2022**
Net loss	$ (11,629)	$ (4,149)
Add:		
Finance costs	6,681	2,049
Income tax expense (recovery)	284	(746)
Depreciation and amortization	10,419	7,184
Fair value loss (gain) on financial liabilities	1,782	(38)
Loss (gain) on disposal of assets	(8)	—
Loss on modification/extinguishment of loan	1,129	1,216
Share-based compensation expense	938	484
Change in deferred revenue of in-app purchases	(210)	206
Change in deferred cost of sales	(27)	(156)
Extraordinary one-time expenses	1,132	1,232
Foreign exchange gain	404	(108)
Non-recurring income	—	(378)
Adjusted EBITDA[1]	**$ 10,895**	**$ 6,796**
Less:		
Acquisition of property and equipment	(122)	(49)
Additions to intangible assets	(1,282)	(668)
Taxes paid	(1,428)	(537)
Adjusted Free Cash Flow[1]	**$ 8,063**	**$ 5,542**

[1] Refer to Non-GAAP Measures.

Adjusted EBITDA was $3,857 and $10,895 for the three and nine months ended September 30, 2023, compared to $2,970 and $6,796 for the three and nine months ended September 30, 2022. Adjusted Free Cash Flow was $1,975 and $8,063 for the three and nine months ended September 30, 2023, compared to $2,456 and $5,542 for the three and nine months ended September 30, 2022. The increase in Adjusted EBITDA and Adjusted Free Cash Flow for the three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022 was due to the acquisition of certain businesses explained below.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company's revenue generating digital media companies are:

PopReach Incorporated ("**PopReach Games"**), incorporated under the laws of the Province of Ontario, and its accounts are consolidated into the Company's Interim Financial Statements and Annual Financial Statements. PopReach Games is a free-to-play game publisher focused on acquiring and optimizing proven franchises, and is located in Toronto, Ontario, and Vancouver, British Columbia. PopReach Games operates two wholly owned subsidiaries, PopReach Technologies Private Limited ("**PR Tech**"), in Bangalore, India, and PopReach UK Limited ("**PopReach UK**"), in London, UK. As at September 30, 2023, PopReach employs 121 employees on a full-time basis, which includes employees working for PopReach's wholly owned subsidiaries, and employees working for PopReach Corporation, the public company.

Q1Media, Inc. ("**Q1Media**"), incorporated under the laws of the Delaware, and its accounts are consolidated into the Company's Interim Financial Statements and Annual Financial Statements. As at September 30, 2023, Q1Media employs 57 employees on a full-time basis with an office in Austin, Texas. Q1Media is a digital media services company that focuses on the small and medium business ("SMB") category. Q1Media's revenues are derived from the sale of marketing solutions (online banner advertising and video advertising) and platform solutions (application plug-ins, yield optimization technology and services, and data reporting and analysis tools). Q1Media provides custom digital advertising campaign solutions across all major advertising platforms.

NotifyAI, LLC ("**Notify**"), formed under the laws of the Wyoming, and Adwora LLC, which was formed on XXX is a wholly owned subsidiary of Notify AcquisitionCo, Inc. ("**Notify AcqCo**"), and its accounts are consolidated into the Company's Interim Financial Statements and Annual Financial Statements. As at September 30, 2023, Notify and Adwora collectively employ 18 employees on a full-time basis at office in Denver, Colorado, and 7 contractors in Israel. Notify has developed a proprietary push messaging platform that serves i) publishers and websites, ii) advertisers, and iii) other push notification providers. Notify generates revenue from consumer activity that occurs in response to the delivery of targeted advertisements to opted-in subscribers via Notify's proprietary platform. Notify offers its service to advertising channel partners as well as direct advertisers seeking to display their advertisements to relevant audiences in a way that causes consumers to visit the advertisers' websites and take some further action.

Crucial Interactive Holdings Inc. ("**CIHI**"), incorporated under the laws of the Ontario, and its accounts, along with those of its wholly owned subsidiaries of Crucial Interactive Inc. (Ontario), Okra Media Inc. (Quebec), Media Xeo Inc. (Quebec), and Contobox US Inc. (Delaware), are consolidated into the Company's Interim Financial Statements and Annual Financial Statements. As at September 30, 2023, CIHI and its wholly owned subsidiaries, employs 22 employees on a full-time basis between offices in Toronto, Montreal and New York. Brands use the CIHI platform to reach shoppers with convenient, personalized recommendations and messaging that drives sales, across any format or device. CIHI delivers performance with engagement based shopper intelligence, predictive product recommendation, and data driven enhanced creative.

Ubiquity Agency LLC ("**Ubiquity**"), formed under the laws of Delaware, is a wholly owned subsidiary of Ubiquity Agency Acquisition, Inc. ("**Ubiquity AcqCo**"), and its accounts, along with those of its directly and indirectly wholly owned subsidiaries (collectively, the "**Ubiquity Subsidiaries**"), which are disclosed in Note 2 of the Interim Financial Statements and Annual Financial Statements, are consolidated into the Company's Interim Financial Statements and Annual Financial Statements. As at September 30, 2023, Ubiquity and the Ubiquity Subsidiaries, employs 26 employees on a full-time basis between offices in Florida and Amsterdam. Ubiquity and its subsidiaries operate multiple businesses, including a digital agency and performance marketing network that develops performance driven campaigns, working with thousands of publishers worldwide as well as through Ubiquity's internal distribution network, a direct to consumer omnichannel marketing company, a full stack development and SaaS platform to support delivery, online engagement and analytics for SMS and email campaigns, and a data driven performance marketing company focused on user acquisition for membership sites.

Schiefer Media Inc. ("**SCS**"), incorporated under the laws of California, is a wholly owned subsidiary of SCS Acquisition, Inc. ("**SCS AcqCo**"), and its accounts, along with those of its wholly owned subsidiaries of Schiefer ChopShop Canada, Inc. (Ontario), and Schiefer ChopShop Inc. (Ontario), which are disclosed in Note 2 of the Interim Financial statements, are consolidated into the Company's Interim Financial Statements. As at September 30, 2023, SCS and its subsidiaries employs 72 employees on a full-time basis between offices in Costa Mesa, California, Atlanta, Georgia and Ottawa, Ontario. SCS is a brand transformation company that uses data science and creativity to optimize marketing performance. With talent investments in marketing intelligence, strategy, analytics, and innovation, SCS drives technology, data, and creativity to help their clients achieve optimal brand performance.

OpenMoves LLC ("**OpenMoves**"), formed under the laws of New York, is a wholly owned subsidiary of OpenMoves Acquisition, Inc., and its accounts are consolidated into the Company's Interim Financial Statements. As at September 30, 2023, OpenMoves has a fully remote team of 11 full-time employees. OpenMoves specializes in performance and growth marketing with service offerings that include paid media, social media, search engine optimization, email marketing services and creative services. OpenMoves is a Google Premier Partner, Meta Advertising Expert, and Microsoft Advertising Partner.

Federated Acquisition

Pursuant to the Transaction, PopReach Parent acquired Federated for an indicative aggregate purchase price of C$160,000, subject to adjustments for assumed debt, working capital and other customary terms and conditions set out in the Combination Agreement. The net purchase price at closing for the Transaction was C$127,240, inclusive of the assumption by the Company of an aggregate US$22,963 of debt. As a result, shareholders of Federated received approximately 0.7541 common shares in the capital of the Company (the "**Common Shares**") for each common share in Federated (the "**Federated Shares**") held by them, for a total issuance from treasury by the Company of 159,053,948 Common Shares (the "**Consideration Shares**"). Following completion of the Transaction, the Company has 232,520,102 Common Shares issued and outstanding, with the Consideration Shares issued to Federated's shareholders comprising of approximately 68.40% of the issued capital (basic). Please refer to Note 27(b) of the Annual Financial Statements for the purchase price allocation of the acquisition under IFRS 3.

Federated, founded in January 2021 and incorporated under the laws of the Province of Ontario, is a wholly owned subsidiary of the Company, and its accounts are consolidated into the Annual Financial Statements. Three companies were acquired by Federated, Q1Media on July 9, 2021, Notify on August 6, 2021, and CIHI on October 1, 2021.

Acquisition of Ubiquity

On September 8, 2022, the Company indirectly acquired 100% of the membership interests of Ubiquity, through Ubiquity Agency Acquisition, Inc. (**"Ubiquity AcqCo"**), a Delaware corporation wholly owned by the Company and incorporated on August 12, 2022, for total consideration of $44,300 (the **"Ubiquity Acquisition"**). Ubiquity was acquired as part of the Company's growth strategy.

On closing of the Ubiquity Acquisition, the consideration paid to the former Ubiquity members consisted of: i) a convertible debenture with a face value of $13,750 (see note 15 of the Annual Financial Statements) (the "**Ubiquity Debenture**"), ii) 41,000,000 Common Shares issued at the market price on the date immediately preceding closing of the Ubiquity Acquisition, being C$0.34, and iii) $18,455 in cash. An additional cash payment of $250 has been recorded as a holdback and is payable, subject to deduction in respect of indemnification claims, if any, pursuant to the terms of the transaction agreement. In addition, the Company assumed existing liabilities of Ubiquity in the aggregate amount of $4,250. Post-acquisition, the Ubiquity Debenture was reduced by $399 to account for a preliminary net working capital adjustment pursuant to the terms of the transaction agreement. The purchase price allocation is subject to change pending finalization of the net working capital.

Further to the above, in the event that the Company did not elect, in the Company's own discretion, to prepay at least $7,500 in principal of the Ubiquity Debenture on or before the date that is 120 days following completion of the Ubiquity Acquisition, an additional 3,000,000 Common Shares would be issued to the former members of Ubiquity. Waivers were signed subsequently in January 2023 to extend the timeline for the prepayment from January 6, 2023 to January 10, 2023. On January 9, 2023, $7,500 of the convertible debenture was repaid to the former members, and no Common Shares were issued. Please refer to Note 26 of the Interim Financial Statements for the purchase price allocation of the acquisition under IFRS 3.

Acquisition of SCS

On April 18, 2023, the Company completed the acquisition of SCS, a brand transformation company headquartered in California. A new wholly owned subsidiary of the Company, SCS Acquisition Inc., was formed, where SCS Acquisition Inc. acquired all of the issued and outstanding shares of SCS. The total consideration paid consisted of $2,000 in cash ("**SCS Cash Consideration**"), the issuance of 4,400 Class B non-voting shares of SCS Acquisition Inc. (the "**SCS Exchangeable Shares**"), the issuance of a vendor take-back note in the principal amount of $5,500 (the "**SCS VTB Note**"), the issuance of a convertible debenture in the principal amount of $750 (the "**SCS Debenture**"), and earn-out payments of up to $1,500, which are payable in each of the first two years following the closing of the acquisition. SCS was acquired as part of the Company's growth strategy.

The SCS Exchangeable Shares are exchangeable at the option of the holders into common shares of the Company at any time following the closing of the acquisition on the basis of 5,000 common shares of the Company for every 1 SCS Exchangeable Share, entitling the holders to an aggregate of 22,000,000 common shares of the Company.

The SCS VTB Note is non-interest bearing and is repayable as follows: i) $4,000 on the earlier to occur of any future increase to, or refinancing of, the Company's senior debt facility and May 31, 2025 (the "**SCS Initial Maturity Date**"); and ii) $1,500 on May 31, 2025 (the "**SCS Subsequent Maturity Date**").

The SCS Debenture is non-interest bearing, repayable on the SCS Subsequent Maturity Date and convertible into common shares of the Company at the option of the holders exercisable at any time prior to the SCS Subsequent Maturity Date at US$0.78 per share. The SCS Debenture and the SCS VTB Note are each secured by a security interest granted to the holders over the assets of SCS, which security interest ranks subordinate to the Company's senior lender.

The Company has sourced bridge financing (the "**SCS Bridge Financing**") in the principal amount of $2,000 from a third-party lender (the "**SCS Bridge Lender**") to fund the SCS Cash Consideration paid on closing of the acquisition. The SCS Bridge Financing, together with a loan fee in the amount of $500, is repayable on the SCS Initial Maturity Date pursuant to the terms of an unsecured promissory note issued by SCS Acquisition Inc. to the SCS Bridge Lender on April 18, 2023. The principal amount under the SCS Bridge Financing does not bear interest unless repayment is not made within six months following the completion of the acquisition (the "**SCS Early Repayment Term**"). If repayment is not made within the SCS Early Repayment Term, the principal amount outstanding will bear interest at the rate of 10% per annum until full and final repayment is made and the Company will be required, subject to approval of the TSX Venture Exchange, to grant a security interest over its assets to the SCS Bridge Lender, which security interest will rank subordinate to the Company's senior lender. The SCS Bridge Lender is arm's length to the Company and is also arm's length to SCS and its shareholders. The full amount of the SCS Bridge Financing was repaid through the completion of the New Syndicated Credit Facility discussed below. Please refer to Note 26 of the Interim Financial Statements for the purchase price allocation of the acquisition under IFRS 3.

Acquisition of OpenMoves

On April 26, 2023, the Company completed the acquisition of OpenMoves, a B2B and B2C performance and growth marketing company headquartered in New York.. A new wholly owned subsidiary of the Company, OpenMoves Acquisition, Inc. was formed, where OpenMoves Acquisition, Inc. acquired all of the issued and outstanding membership interests of OpenMoves. The total consideration paid consisted of $4,000 in cash (the "**OpenMoves Cash Consideration**"), the issuance of 9 million common shares of the Company ("**OpenMoves Consideration Shares**"), and the issuance of a convertible debenture in the principal amount of $2,000 (the "**OpenMoves Debenture**"). OpenMoves was acquired as part of the Company's growth strategy.

The Company held back $158 of the OpenMoves Cash Consideration and 2,142,000 of the OpenMoves Consideration Shares, which will be paid and issued one year after the completion of the acquisition, subject to reductions, if any, in connection with any net working capital adjustments or the satisfaction of any indemnity obligations. As such, 6,858,000 OpenMoves Consideration Shares were issued at the time of the acquisition.

In addition, in the event that the Company does not elect, in the Company's own discretion, to prepay the OpenMoves Debenture within six months following closing, the principal amount of the OpenMoves Debenture will be increased by $500 and an additional 1 million common shares of the Company will be issued.

The OpenMoves Debenture bears interest at a rate of 7% per annum, is repayable on May 31, 2025 (the "**OpenMoves Maturity Date**") and convertible into common shares of the Company at the option of the holders exercisable at any time prior to the OpenMoves Maturity Date at US$0.78 per share. The OpenMoves Debenture is secured by a security interest granted to the holders over the assets of OpenMoves, which security interest ranks subordinate to the Company's senior lender.

The Company has sourced bridge financing (the "**OpenMoves Bridge Financing**") in the principal amount of $4,000 from a third-party lender (the "**OpenMoves Bridge Lender**") to fund the Cash Consideration payable on Closing. The Bridge Financing, together with a loan fee in the amount of $1,000, is repayable on the earlier to occur of any future increase to, or refinancing of, the Company's senior debt facility and the OpenMoves Maturity Date, pursuant to the terms of an unsecured promissory note issued by the Company to the OpenMoves Bridge Lender on April 25, 2023. The principal amount under the OpenMoves Bridge Financing does not bear interest unless repayment is not made within six months following the completion of the acquisition ("**OpenMoves Early Repayment Term**"). If repayment is not made within the OpenMoves Early Repayment Term, the principal amount outstanding will bear interest at the rate of 10% per annum until full and final repayment is made and the Company will be required, subject to approval of the TSX Venture Exchange, to grant a security interest over its assets to the OpenMoves Bridge Lender, which security interest will rank subordinate to the Company's senior lender. The OpenMoves Bridge Lender is arm's length to the Company and is also arm's length to OpenMoves and its shareholders. The full amount of the OpenMoves Bridge Financing was repaid through the completion of the New Syndicated Credit Facility discussed below. Please refer to Note 26 of the Interim Financial Statements for the purchase price allocation of the acquisition under IFRS 3.

New Syndicated Credit Facility

On May 25, 2023, the Company closed a new $115,000 syndicated credit facility, further discussed in the Bank Indebtedness and Loans section below.

As a condition precedent to closing, the Company entered into the following amendments, each dated May 24, 2023: i) an amendment to the Ubiquity Debenture (the "**Ubiquity Debenture Amendment**"); ii) an amendment to the SCS Debenture (the "**SCS Debenture Amendment**"); iii) an amendment to the SCS VTB Note (the "**SCS VTB Amendment**"); and iv) an amendment to the OpenMoves Debenture (the "**OpenMoves Debenture Amendment**").

The Ubiquity Debenture Amendment extends the maturity date of the Ubiquity Debenture to November 30, 2026 (the "**New Maturity Date**"), and increases the interest rate to 7.5% per annum, calculated from the original issuance date of the Ubiquity Debenture, being September 8, 2022, until full repayment is made. The Ubiquity Debenture Amendment further provides that if the Company does not voluntarily opt to prepay the Ubiquity Debenture in full prior to the previous maturity date of May 13, 2025 ("**Original Ubiquity Maturity Date**"), the principal amount of the Ubiquity Debenture will increase by $750 and the interest rate will be further increased to 15% per annum, calculated from the Original Ubiquity Maturity Date until full repayment is made.

The SCS Debenture Amendment and the SCS VTB Amendment each extend the respective maturity dates of the SCS Debenture and the SCS VTB Note to the New Maturity Date and further provide that if the Company does not voluntarily opt to i) prepay the SCS Debenture in full prior to the SCS Subsequent Maturity Date, the principal amount will increase by $75; and ii) prepay the SCS VTB Note in full prior to the SCS Subsequent Maturity Date, the principal amount will increase by $150, and in the case of i) and ii), interest will accrue and be calculated on the outstanding principal amount at the rate of 11% per annum commencing on the SCS Subsequent Maturity Date until full repayment is made.

The OpenMoves Debenture Amendment extends the maturity date of the OpenMoves Debenture to the New Maturity Date, and further provides that if the Company does not voluntarily opt to prepay the OpenMoves Debenture in full i) prior to October 23, 2023, the principal amount will increase by $250; and ii) prior to the OpenMoves Maturity Date, the principal amount will increase by an additional $500, and the interest rate will increase to 11% per annum, calculated from the OpenMoves Maturity Date until full repayment is made. These amounts are in addition to the potential increase of $500 to the principal amount discussed in the initial acquisition of OpenMoves.

Funds received from the closing of the credit facility were used to pay off the SCS Bridge Financing and OpenMoves Bridge Financing, as well as their respective loan fees, in full.

Acquisition of S44 LLC

On November 20, 2023, the Company completed the acquisition of S44 LLC ("Shift44"), first part data acquisition, lead generation and performance marketing platform headquartered in New York. A new wholly owned subsidiary of the Company, Shift44, Inc., was formed, where Shift44, Inc. acquired substantially all of the assets of Shift44. The total consideration paid consisted of $17,750 in cash ("**Shift44 Cash Consideration**"), the issuance of 4,790 Class B non-voting shares of Shift44, Inc. (the "**Shift 44 Exchangeable Shares**"), and the issuance of a convertible debenture in the principal amount of $16,750 (the "**Shift44 Debenture**"), excluding any working capital adjustments. $250 of the Shift44 Cash Consideration will be held back and released on the one year anniversary of the completion of the acquisition, subject to any net working capital adjustments.

The Shift44 Debenture is non-interest bearing, repayable on November 30, 2026 and convertible into shares of the Company at the option of the holder at any time prior to November 30, 2026 at US$0.78 per share.

The Shift44 Exchangeable Shares are exchangeable at the option of the holders into common shares of the Company at any time following the closing of the acquisition on the basis of 9,238 common shares of the Company for every 1 Shift44 Exchangeable Share, entitling the holders to an aggregate of 44,250,020 common shares of the Company.

BANK INDEBTEDNESS AND LOANS

Company Financing Activity from April 28, 2022 (date of the Transaction) through December 31, 2022

On completion of the Transaction, the Company assumed or entered into the following finance arrangements:

Scotia Facility

On April 28, 2022, PopReach's credit facility with the Bank of Nova Scotia (the "**Scotia Facility**") was acquired in connection with the Transaction. The facilities consisted of a non-revolving term facility of $6,500 and a $1,000 operating line of credit. The interest charged on the non-revolving term facility was equal to the US Base Lending Rate plus 3.50% per annum, and the interest rate charged on the operating line of credit was equal to the US Base Lending Rate plus 2.00% per annum. The facility matured in September 2023. On the close of the Transaction, the remaining undiscounted amount owing on the term loan was $4,679, and $nil was drawn on the operating line of credit.

BMO Facility

On April 18, 2022, the Company entered into a credit agreement for $33,000 in senior secured credit facilities (the "**BMO Facilities**") with the Bank of Montreal ("**BMO**" or the "**Lender**"), which were subsequently closed by the Company on May 12, 2022. The BMO Facilities consist of an $8 million revolving facility ("**Revolver**"), a $25,000 non-revolving term facility ("**BMO Term Loan**"), and an "accordion" option for up to an additional $15,000 acquisition facility subject to Lender and other typical approvals ("**Acquisition Line**") to support the Company's M&A growth strategy. The full $25,000 available on the BMO Term Loan was drawn on May 12, 2022 on completion of the Transaction (the "**Initial BMO Draw**").

On September 8, 2022, the Company amended the BMO Facilities, to increase the BMO Term Loan by $15,000 through the "accordion" option, with the additional $15,000 drawn in full in order to fund the acquisition of Ubiquity discussed in note 27(c) (the "**Additional BMO Draw**"). After the amendment, the BMO Facilities are comprised of a $40,000 BMO Term Loan and an unamended $8,000 Revolver. All other material terms of the BMO Facilities remain unchanged.

The BMO Facilities bear interest at a rate of Lender's US Base Lending Rate, currently 9.000%, plus an applicable margin. The Initial BMO Draw amortizes monthly beginning the first full quarter post-closing, with repayments of 55% of the amount drawn over a three year period. The Additional BMO Draw amortizes monthly beginning the first full month post-closing, with equal repayments over a five year term. Interest on the BMO Facilities is payable monthly in arrears.

Prepayments of the Revolver are permitted without penalty at any time, in whole or in part; prepayments of the BMO Term Loan, in whole or in part, are permitted without penalty 24 months following close. If the BMO Term Loan is repaid prior to 24 months post-closing, such repayment is subject to a prepayment penalty. The BMO Facilities are guaranteed by the material subsidiaries of the Company and are secured by a first ranking security interest in favour of the Lender over all of the assets and properties of the Company and the guarantors, subject to customary permitted liens approved by the Lender.

Debt Repayments

On May 12, 2022, the Initial BMO Draw, along with $2,343 of cash on hand, was used to repay the outstanding principal and accrued interest of the Scotia Facility in full, as well as all debt assumed by the Company on completion of the transaction.

Company Financing Activity from January 1, 2023 onwards

Acquisition Financing of SCS and OpenMoves

Please refer to the "General Development of the Business" section for more details on the convertible debentures and other loans issued as consideration for the acquisition of SCS and OpenMoves.

New Syndicated Credit Facility

On May 25, 2023, the Company closed a new $115,000 syndicated credit facility (the "**Syndicate Facility**") with Bank of Montreal as the administrative agent (the "Agent"), including the National Bank of Canada, Export Development Canada and Toronto Dominion Bank as syndicate lenders (collectively the "**Syndicate**"). The Credit Facility replaces and represents an increase from the Company's previous senior secured credit facility described above and in Note 17 of the Interim Financial Statements.

The Credit Facility consists of a $10,000 revolving facility ("**Syndicate Revolver**"), a $45,000 non-revolving term facility ("**Syndicate Term Loan**"), and $60,000 in delayed draw term loans ("**DDTL**"). The Syndicate Revolver will be used for general working capital and general corporate requirements, the Syndicate Term Loan is being used to replace the BMO Facilities and to refinance other existing indebtedness of the Company, and the DDTL will be used to finance previous and future acquisitions. On closing of the Syndicate Facility ("**Closing**"), $2,500 of the DDTL was used to repay the SCS Bridge Financing, $4,000 was used to repay a portion of the SCS VTB Note, and $5,000 was used to repay the OpenMoves Bridge Financing.

The Syndicate Facility carries a term of 3 years and bears interest at a rate, as determined at the Company's option, of either the Agent's US Base Lending Rate plus an applicable margin, or at a rate based on the Agent's US Secured Overnight Financing Rate plus an applicable margin. The Syndicate Revolver is repayable in full at maturity and the Syndicate Term Loan and DDTL will amortize monthly beginning the first full quarter after the closing of the facility, with principal amortization of 50% over the 3-year term with the remaining balance due at maturity.

As a condition precedent to Closing, the Company entered into certain amendments, discussed in the "General Development of the Business" section.

As at September 30, 2023, the Company is compliant with all covenants of the BMO Facilities.

SEASONALITY

Online advertising, online commerce and Internet usage are seasonally strongest in the fourth quarter and generally slower during the first quarter and summer months and as a result, operating results will fluctuate quarter by quarter. In addition, revenue and operating results may fluctuate quarter to quarter depending on sales cycles, network performance and customer demand. Costs are incurred more evenly throughout the year. In addition to the seasonal trends, revenue and operating profit can fluctuate from general economic conditions, and as a result, one quarter's revenue and operating results may not necessarily be indicative of a subsequent quarter's revenue and operating results. For these reasons, performance is not comparable quarter to consecutive quarter and is best considered on the basis of results for the whole year or by comparison of results in a quarter with results in the same quarter for the previous year.

COVID-19

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the United States and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to the Company's operations. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's customers, suppliers, and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's customers, suppliers, and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Company cannot reasonably estimate the impact at this time on its business, liquidity, capital resources and financial results.

SELECTED FINANCIAL INFORMATION

Selected financial information of the Company from the Company's Annual Financial Statements for each of the periods indicated. The Company's functional and presentation currency is US dollars. Except where indicated, the following financial data is reported in accordance with IFRS.

	For the three months ended			
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**
Revenue	$ 37,614	$ 39,126	$ 36,489	$ 48,602
Net loss	(2,446)	(4,979)	(4,204)	(17,974)
Comprehensive loss	(2,483)	(5,016)	(4,205)	(18,095)
Basic and diluted income (loss) and comprehensive income (loss) per common share	(0.01)	(0.02)	(0.02)	(0.08)
Total assets	147,752	155,981	118,831	124,491
Total liabilities	101,613	107,600	70,732	72,587
Non-GAAP:				
Adjusted EBITDA[1]	3,857	4,023	3,015	4,517
Adjusted Free Cash Flow[1]	1,975	3,650	2,438	3,859

	For the three months ended			
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Revenue	$ 25,477	$ 20,688	$ 14,480	$ 16,005
Net loss	(1,886)	(1,443)	(820)	(1,736)
Comprehensive loss	(1,828)	(957)	(1,297)	(1,728)
Basic and diluted income (loss) and comprehensive income (loss) per common share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	150,297	106,109	74,309	75,317
Total liabilities	73,419	45,060	40,815	40,170
Non-GAAP:				
Adjusted EBITDA[1]	2,970	2,809	1,017	2,790
Adjusted Free Cash Flow[1]	2,456	2,084	1,002	2,773

	Nine months ended	
	September 30, 2023	**September 30, 2022**
Revenue	$ 113,229	$ 60,645
Net loss	(11,629)	(4,149)
Comprehensive loss	(11,704)	(4,081)
Basic and diluted income (loss) and comprehensive income (loss) per common share	(0.04)	(0.02)
Total assets	147,752	150,297
Total liabilities	101,613	73,419
Non-GAAP:		
Adjusted EBITDA[(1)]	10,895	6,796
Adjusted Free Cash Flow[(1)]	8,063	5,542

[1] Refer to Non-GAAP Measures.

DISCUSSION OF OPERATIONS

	Three months ended			Nine months ended	
	September 30, 2023	**June 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Revenue	**$ 37,614**	**$ 39,126**	**$ 25,477**	**$ 113,229**	**$ 60,645**
Cost of sales	22,544	22,921	14,188	68,048	32,392
Gross profit	**$ 15,070**	**$ 16,205**	**$ 11,289**	**$ 45,181**	**$ 28,253**
Gross profit %	*40%*	*41%*	*44%*	*40%*	*47%*
Operating expenses:					
Selling and marketing	4,904	4,828	3,722	14,449	9,931
General and administrative	4,327	5,260	3,109	13,772	7,689
Technology and development	2,170	2,669	2,053	7,353	4,371
Depreciation and amortization	3,713	3,523	3,070	10,419	7,184
	15,114	**16,280**	**11,954**	**45,993**	**29,175**
Other income (loss)					
Finance costs	(2,053)	(3,359)	(688)	(6,681)	(2,049)
Transaction costs	(158)	(247)	(245)	(545)	(1,232)
Foreign exchange gain (loss)	(86)	(89)	(39)	(404)	108
Fair value gain on financial liabilities	—	—	33	(1,782)	38
Gain on disposal of assets	8	—	—	8	—
Loss on modification/extinguishment of loan	—	(1,129)	—	(1,129)	(1,216)
Other income	—	—	—	—	378
Net income (loss) before income taxes	**(2,333)**	**(4,899)**	**(1,604)**	**(11,345)**	**(4,895)**
Income tax recovery (expense)	(113)	(80)	(282)	(284)	746
Net loss after tax	**$ (2,446)**	**$ (4,979)**	**$ (1,886)**	**$ (11,629)**	**$ (4,149)**
Other comprehensive income (loss)	(37)	(37)	58	(75)	68
Comprehensive income (loss)	**$ (2,483)**	**$ (5,016)**	**$ (1,828)**	**$ (11,704)**	**$ (4,081)**
Adjusted EBITDA	**$ 3,857**	**$ 4,023**	**$ 2,970**	**$ 10,895**	**$ 6,796**
Adjusted Free Cash Flow	**$ 1,975**	**$ 3,650**	**$ 2,456**	**$ 8,063**	**$ 5,542**

Revenue

	Three months ended			Nine months ended	
	September 30, 2023	**June 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Revenue by nature:					
Managed services and self service	$ 34,182	$ 35,446	$ 21,457	$ 102,112	$ 53,591
In-app Purchases and Advertising	3,432	3,680	4,020	11,117	7,054
	$ 37,614	**$ 39,126**	**$ 25,477**	**$ 113,229**	**$ 60,645**

During the three months ended September 30, 2023, the Company's results include a full calendar quarter of revenue from each of Q1Media, Notify, CIHI, PopReach Games, Ubiquity, SCS, and OpenMoves. Comparatively, during the three months ended September 30, 2022 the Company's results include three months of revenue from Q1Media, Notify, CIHI, PopReach Games, less than one month of revenue contribution from Ubiquity (acquired September 8, 2022) and no revenue from SCS and OpenMoves, both of which were acquired in April 2023.

During the nine months ended September 30, 2023, the Company's results include nine months of revenue from Q1Media, Notify, CIHI, PopReach Games and Ubiquity, and less than six months of revenue from SCS and OpenMoves (both of which were acquired in April 2023). Comparatively, during the nine months ended September 30, 2022, the Company's results include nine months of revenue from Q1Media, Notify, CIHI, five months of PopReach Games revenue (acquired through the Transaction on April 28, 2022), less than one month of revenue contribution from Ubiquity and no revenue from SCS and OpenMoves.

The following chart summarizes the number of months of operations that each entity is included in the Company's results, for each of the reporting periods:

	Three months ended			Nine months ended	
Entity	**September 30, 2023**	**June 30, 2023**	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Q1 Media	3.0	3.0	3.0	9.0	9.0
Notify	3.0	3.0	3.0	9.0	9.0
CIHI	3.0	3.0	3.0	9.0	9.0
PopReach Games	3.0	3.0	3.0	9.0	5.1
Ubiquity	3.0	3.0	0.8	9.0	0.8
SCS	3.0	2.4	—	5.4	—
OpenMoves	3.0	2.2	—	5.2	—

These acquisitions represent a significant cause of the year-over-year financial variances described below. Where applicable, the impact of these acquisitions are referred to in the commentary below as the "Q2 2023 Acquisitions" in reference to the acquisitions of SCS and OpenMoves in April 2023, or the "Acquisitions" in reference to the Transaction with PopReach Games, the acquisition of Ubiquity, SCS and OpenMoves, all of which impact the comparison of year-over-year results.

During the three months ended September 30, 2023, the Company's revenue of $37,614 decreased by $1,512 (4%) from $39,126 for the three months ended June 30, 2023, a result of typical seasonality, a decline in PopReach Games revenue and competitive factors, partially offset by the contribution of the Q2 2023 Acquisitions. Compared to prior year quarterly revenue of $25,477, the Company's revenue in the three months ended September 30, 2023 rose by $12,137 (48% increase). This is primarily due to the impact of the Acquisitions, partially offset by a year-over-year decline in PopReach Games revenue.

During the nine months ended September 30, 2023, the Company's revenue of $113,229 increased by $52,584 (87% increase) over the prior year revenue of $60,645, as a result of the Acquisitions, with other business revenues remaining consistent year-over-year.

Cost of Sales and Gross Margin

Cost of sales are comprised of platform fees from partners the Company is using for a given campaign, data targeting costs related to the campaign, media costs for the actual placements of the advertisements themselves, amounts paid to publishers to secure rights to send push notification advertisements to the publisher's subscriber database, resources directly involved in providing creative service offerings, and platform fees to digital platforms, which distribute the Company's games.

During the three months ended September 30, 2023, the Company's cost of sales of $22,544 was consistent with the cost of sales of $22,921 in three months ended June 30, 2023, reflecting the impact of the Q2 2023 Acquisitions, partially offset by the decline in sales. Gross margin percentage declined to 40% in the three months ended September 30, 2023 compared to 41% in the three months ended June 30, 2023 as a result of market-related margin pressures. Compared to the cost of sales of $14,188 in three months ended September 30, 2022, the cost of sales in the current quarter rose by $8,356 (59% increase), a result of the Q2 2023 Acquisitions, partially offset by the decline in PopReach Games volume. The decrease in gross margin percentage to 40% during the three months ended September 30, 2023 from 44% during the three months ended September 30, 2022 is associated with certain Q2 2023 Acquisitions, which have higher cost of goods sold, offset by lower sales and marketing costs as a percent of revenue.

During the nine months ended September 30, 2023, the Company's cost of sales of $68,048 was an increase of $35,656 (110% increase) from $32,392 in the nine months ended September 30, 2022, and is driven primarily by the Acquisitions. Gross margin percentage declined from 47% during the nine months ended September 30, 2022 to 40% during the nine months ended September 30, 2023 and is associated with certain businesses included with the Acquisitions, which have higher cost of goods sold, offset by lower sales and marketing costs as a percent of revenue.

Selling and marketing

Selling and marketing expenses consist of all costs associated with selling and marketing the Company's services. The costs include all salary and benefit costs, personnel costs, commissions and variable compensation, travel, marketing, payroll taxes and employee health and related benefit expenses, for the sales, marketing, and account management teams.

During the three months ended September 30, 2023, the Company's selling and marketing expenses of $4,904 is consistent with costs of $4,828 for the three months ended September 30, 2023. Compared to $3,722 for the three months ended September 30, 2022, these costs rose by $1,182 (32% increase) as a result selling and marketing costs associated with the Acquisitions. For the three months ended September 30, 2023, selling and marketing expenses were 13% of revenue, compared to 12% in the previous quarter, and 15% in the prior year. The decrease from the prior year relates to certain businesses associated with the Acquisitions, which have lower sales and marketing costs as a percent of revenue, but higher cost of goods sold.

During the nine months ended September 30, 2023, the Company's selling and marketing expenses rose to $14,449, an increase of $4,518 (45%) compared to $9,931 for the nine months ended September 30, 2022. The increase primarily relates to the selling and marketing costs associated with the Acquisitions. In the current year-to-date results, these costs decreased to 13% of revenue from 16% in the prior year, with the difference in operating models as described above.

General and administrative

General and administrative expenses include salaries and benefits, and share-based compensation of the administrative staff, occupancy costs, legal and professional fees, consulting fees, insurance, technology costs, bad debt expense, and supplies.

During the three months ended September 30, 2023, the Company's general and administrative expenses of $4,327 decreased by $933 from $5,260 in the three months ended June 30, 2023 as a result of general headcount reduction in the operating units, and severance and restructuring costs and a true-up of professional fees in the prior quarter. Compared to general and administrative costs of $3,109 in the three months ended September 30, 2022, the Company's costs increased by $1,218 (39% increase) a result of the overhead costs associated with the Acquisitions.

During the nine months ended September 30, 2023, the Company's general and administrative expenses of $13,772 rose by $6,083 (79% increase) from $7,689 for the nine months ended September 30, 2022 both due to costs related to the Acquisitions as well as an increase in third-party professional fees related to audit and tax compliance, and severance and restructuring costs. General and administrative expenses as a percentage of revenue decreased slightly year-to-date compared to the prior year, from 13% to 12%, with economies of scale as the Company continues to execute its acquisition strategy.

Technology and development

Technology and development expenses include web hosting and various hardware and software costs incurred by the Company, as well as salaries and benefits, and share-based compensation of technology and development staff.

During the three months ended September 30, 2023, the Company's technology and development expenses of $2,170 fell by $499 compared to $2,669 in the three months ended June 30, 2023, as a result of certain development costs capitalized in the quarter. During the three months ended September 30, 2022, the Company's technology and development expenses were $2,053. The year-over-year increase of $117 (6%) relates to costs associated with the Acquisitions.

During the nine months ended September 30, 2023, the Company's technology and development expenses of $7,353 grew by $2,982 (68% increase) compared to $4,371 for the nine months ended September 30, 2022. The increase resulted from PopReach Games development activities, as well as costs sourcing to the Acquisitions.

Depreciation and amortization

The Company's depreciation and amortization expense consists of depreciation from property and equipment, right-of-use assets, and acquired intangibles.

The increase in depreciation and amortization expenses on a quarter over quarter, year over year, and year to date basis compared to the prior year, is driven the Company's 2022 and 2023 acquisition efforts resulting intangible assets acquired.

Finance costs

Finance costs relate to i) interest expense and interest accretion on the Company's loans, and ii) interest accretion on contingent consideration, convertible debentures, warrant put liability, and lease liabilities.

During the three months ended September 30, 2023, finance costs were $2,053, compared to $3,359 in the three months ended June 30, 2023. The decrease primarily relates to fees incurred for the OpenMoves and SCS Bridge Financing in the second quarter. The $1,365 (198%) increase in finance costs compared to the three months ended September 30, 2022 relates to proceeds of the Syndicate Facility closed in May 2023, which was used to finance the Q2 2023 Acquisitions.

For the nine months ended September 30, 2023, finance costs total $6,681, a $4,632 (226%) increase from the finance costs of $2,049 during the nine months ended September 30, 2022. The increase reflects funds borrowed for the Acquisitions, higher interest rates, and fees incurred for the OpenMoves and SCS Bridge Financing.

Transaction costs

Transaction costs are expenses associated with the Company's acquisition activities.

During the three months ended September 30, 2023, transaction costs were $158, slightly lower than the $247 incurred during the three months ended June 30, 2023 and the $245 incurred in the three months ended September 30, 2022.

The $687 decrease in transaction costs for the nine months ended September 30, 2023 of $545 compared to $1,232 in the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022, relates to significant legal costs required to complete the Transaction in April 2022 and other acquisitions.

Foreign exchange gain (loss)

Foreign exchange gain (loss) consists of the realized and unrealized exchange differences due to fluctuations between US dollars, the Canadian dollar ("**CAD**"), the European Euro ("**EUR**") and the Great Britain Pound ("**GBP**"). The Company has not hedged foreign currency transactions but may elect to do so in the future if it is determined to be advantageous.

Fair value gain/loss on financial liabilities and gain/loss on modification/extinguishment

Fair value gain/loss on financial liabilities and gain/loss on modification/extinguishment of loans relate to the change in fair value of the contingent consideration, convertible debentures, due to loan modifications that occurred during the period explained in the "General Development of the Business" section above. There were no costs relating to these activities during the three months ended September 30, 2023. During the nine months ended September 30, 2023, the fair value loss totaled $1,782, compared to a gain of $38 in the nine months ended September 30, 2022. The year-to-date loss relates to an early repayment of convertible debentures arising from the acquisition of Ubiquity. During the nine months ended September 30, 2023, the loss on modification/extinguishment of loan was $1,129, arising from the amendment of convertible debentures and loans in conjunction with the Company's new $115,000 Syndicate Facility that closed on May 25, 2023. During the nine months ended September 30, 2022, the loss on modification/extinguishment of loan of $1,216 relates to the early repayment of the Scotia Facility.

CASH FLOWS BY ACTIVITY

The table below outlines a summary of cash inflows and outflows by activity for three and nine month periods ended September 30, 2023:

	Three months ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating activities	$ 5,897	$ 1,614	$ 7,195	$ 3,245
Financing activities	(4,130)	14,236	(609)	10,388
Investing activities	(1,054)	(17,505)	(5,248)	(7,613)
Effect of foreign currency exchange rate changes on cash	(204)	132	(200)	69
Net change in cash	**$ 509**	**$ (1,523)**	**$ 1,138**	**$ 6,089**
Cash - beginning of period	8,424	10,374	7,795	2,762
Cash - end of period	**$ 8,933**	**$ 8,851**	**$ 8,933**	**$ 8,851**

Cash generated from Operating Activities

Cash generated from operating activities for the three months ended September 30, 2023 was $5,897 compared to $1,614 for the three months ended September 30, 2022, with the increase resulting from timing of collection of accounts receivables, in the normal course of operations. The Q2 2023 Acquisitions also positively contributed to cash generated by operating activities during the quarter.

Cash generated from operating activities for the nine months ended September 30, 2023 was $7,195 compared to $3,245 for the nine months ended September 30, 2022 is due to the positive operating cash flow contributions from the Q2 2023 Acquisitions.

Cash generated from (used in) Financing Activities

Cash generated from (used in) financing activities for the three months ended September 30, 2023 was $(4,130) compared to $14,236 for the three months ended September 30, 2022. The $14,236 generated for the three months ended September 30, 2022 was primarily proceeds from the Additional BMO Draw in September 2022. For the three months ended September 30, 2023, cash used in financing activities relates to interest and principal repayments of the Syndicate Facility.

Cash generated from (used in) financing activities for the nine months ended September 30, 2023 was $(609) compared to $10,388 for the nine months ended September 30, 2022. The $609 cash used in the nine months ended September 30, 2023 is due to the closing of the Syndicate Facility in May 2023, which was offset by interest, loan repayments, a repayment of the previous BMO facility, repayment of a convertible debenture, repayment of a vendor take back loan, and a repayment of the Company's line of credit. For the nine months ended September 30, 2022, $10,388 of cash generated from financing activities relates to the Additional BMO Draw in September 2022 associated with the acquisition of Ubiquity, less interest and principal repayments.

Cash generated from (used in) Investing Activities

Cash generated (used in) investing activities for the three months ended September 30, 2023 was $(1,054) compared to $(17,505) for the three months ended September 30, 2022. The cash used in investing activities for the three months ended September 30, 2023 is due to capitalized salaries for certain intangible asset development. For the three months ended September 30, 2022, the cash used in investing activities relates to the acquisition of Ubiquity.

Cash generated (used in) investing activities for the nine months ended September 30, 2023 was $(5,248) compared to $(7,613) for the nine months ended September 30, 2022. The cash used in investing activities for the nine months ended September 30, 2023 relates to capitalization of development costs as outlined above, as well as the Q2 2023 Acquisitions, net of cash acquired. For the nine months ended September 30, 2022, the cash used in investing activities is a result of cash used for the acquisition of Ubiquity net of cash acquired with the Transaction.

LIQUIDITY AND CAPITAL RESOURCES

Selected financial information from the consolidated statements of financial position as at September 30, 2023 and December 31, 2022 are as follows:

	As at	
	September 30, 2023	**December 31, 2022**
Cash	$ 8,933	$ 7,795
Working Capital[1]	(11,316)	(4,800)
Current assets	32,727	24,310
Total assets	147,752	124,491
Current liabilities	44,043	29,110
Other non-current liabilities	57,570	43,477
Shareholders' equity	46,139	51,904

[1] Working capital is defined as current assets less current liabilities.

Cash held by the Company increased year-to-date by $1,138 to $8,933 at September 30, 2023 from $7,795 at December 31, 2022 as a result of $7,195 of cash generated by operating activities, offset by cash used in investing activities for the Q2 2023 Acquisitions.

The Company's working capital deficit has increased to $11,316 at September 30, 2023 from $4,800 at December 31, 2022 primarily as a result of the acquisition of SCS, which has a negative working capital position, in the normal course of business.

Other non-current liabilities increased to $57,570 at September 30, 2023 from $43,477 at December 31, 2022, primarily due to the increase in long-term debt associated with the Syndicate Facility which closed in May 2023.

Shareholders' equity decreased by $5,765 in the nine months ended September 30, 2023 to $46,139, as a result of the net loss during the period, partially offset by shares issued as consideration for the Q2 2023 Acquisitions.

Contractual obligations

The following is a summary of the Company's undiscounted contractual obligations at September 30, 2023:

	As at September 30, 2023		
	Within one year	**Between one and five years**	**More than five years**
Accounts payable, accrued liabilities and other	$ 29,361	$ —	$ —
Contingent consideration	1,100	803	—
Convertible debenture[1]	—	9,157	—
Lease liabilities[1]	745	919	—
Loans payable[1]	13,827	52,518	—
Total	**$ 45,033**	**$ 63,396**	**$ —**

[1] Includes principal and interest.

Risk factors

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash) that are denominated in a currency other than US dollars, which represents the reporting currency of the Company.

The table below indicates the foreign currencies to which the Company has significant exposure at September 30, 2023 in US dollar terms:

	CAD	GBP	EUR
Cash	$ 130	$ 200	$ 48
Accounts receivable, net	835	—	316
Accounts payable, accrued liabilities and other	571	—	183

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the USD exchange rate at the balance sheet date for balance sheet items denominated in the currencies shown above:

Currency	10% Strengthening/ weakening
CAD	$ 39
GBP	20
EUR	18

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and accounts receivable. Cash is managed through the use of a major bank, which is a high credit quality financial institution as determined by rating agencies and accounts receivable are managed by management. The Company's secondary exposure to risk is on its other current assets. The carrying amount of financial assets represents the maximum credit exposure.

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally financially established organizations, which limits the credit risk related to the customers. In addition, credit reviews, where necessary, consider the counterparty's financial, past experience and other factors.

The Company applies the simplified approach to provide for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. The expected credit loss provision is based on the Company's historical collections and loss experience and incorporates forward-looking factors, where appropriate. The provision matrix below shows the expected credit loss rate for each aging category of trade receivables.

	As at September 30, 2023			
	Current	Over 30 days past due	Over 90 days past due	Total
Trade receivables gross balance	$ 16,802	$ 3,274	$ 1,434	$ 21,510
Expected credit loss rate	0.3%	1.3%	3.1%	0.6%
Expected credit loss allowance	46	41	45	132
Trade receivables, net of expected credit loss	**$ 16,756**	**$ 3,233**	**$ 1,389**	**$ 21,378**

	As at December 31, 2022			
	Current	Over 30 days past due	Over 90 days past due	Total
Trade receivables gross balance	$ 11,340	$ 3,231	$ 1,115	$ 15,686
Expected credit loss rate	0.3%	3.5%	10.6%	1.7%
Expected credit loss allowance	31	114	118	263
Trade receivables, net of expected credit loss	**$ 11,309**	**$ 3,117**	**$ 997**	**$ 15,423**

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 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. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been from financing and third-party and related-party loans payable. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant debt or equity funding.

As at September 30, 2023, the Company had cash of $8,933 (December 31, 2022 - $7,795) and net working deficit of $11,316 (December 31, 2022 – $4,800). The decrease in cash was due to the prepayment of convertible debentures and repayment of the BMO Term Loan.

The Company has generated positive cash flow from operations for the nine months ended September 30, 2023, which was used to fund working capital requirements. Excess funds from operating cash flow are used for bank credit facility debt repayments as well as to fund future investments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's BMO Facility has floating interest rates based on the US Base Rate, defined as the higher of i) the variable annual rate of interest established by the Bank of Montreal from time to time as its reference rate then in effect for determining rates of interest on US dollar commercial loans to its customers in Canada and designated as its US Base Rate, and ii) the Federal Funds Overnight Rate plus 1.00%. As a result, the Company is exposed to interest rate risk due to fluctuations in the US Interest expense has been recorded in the consolidated statements of loss and comprehensive loss. A change of 1.00% in the US Base Rate would increase/decrease the interest expense by $544 on an annual basis.

Financial Instruments and Other Instruments

Please see Notes 5, 11, 12, 15, 16, and 17 in the Annual Financial Statements for full discussion of financial instruments and other instruments.

Capital management

The Company manages its capital structure and adjusts it based on the funds available to the Company, in order to support the general operations of the Company and facilitate its liquidity needs. The Company's capital structure management practices are focused on ensuring investor and creditor confidence, and safeguarding the Company's ability to support market expansion. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital, available line of credit, bank financing facility and share capital position. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and nine months ended September 30, 2023. The Company is not subject to externally imposed capital requirements.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of special shares without nominal or par value and an unlimited number of common shares. The table below lists the securities outstanding:

	As at		
	November 27, 2023	**September 30, 2023**	**December 31, 2022**
Common shares[5]	282,124,828	282,124,828	275,266,828
SCS Exchangeable shares[3]	22,000,000	22,000,000	—
Shift44 Exchangeable shares[6]	44,250,020	—	—
Share options	6,069,500	6,806,150	7,424,500
Restricted share units	13,354,000	13,354,000	7,854,000
Convertible debenture[1, 2, 4, 7]	33,343,601	11,739,167	17,215,491
Total Common Shares on a fully-diluted basis	**401,141,949**	**336,024,145**	**307,760,819**

[1]A convertible debenture ("**Ubiquity Debenture**") was issued in connection with the acquisition of Ubiquity. which allows the holders the right to convert the Ubiquity Debenture into common shares of the Company, at any time prior to maturity at a price of US$0.78. In addition, the holders have the option to convert accrued and unpaid interest into additional common shares at the greater of US$0.78 and the then-market price of the common shares. Based on the outstanding principal and accrued interest, the outstanding balance, if converted into common shares, would convert into 8,138,740 common shares at September 30, 2023 and 8,238,901 shares at November 27, 2023. As of November 27, 2023, the holders have not elected to exercise the conversion feature on the Ubiquity Debenture.

[2]A convertible debenture ("**SCS Debenture**") was issued in connection with the acquisition of SCS, which allows the holders the right to convert the SCS Debenture into common shares of the Company, at any time prior to maturity at a price of US$0.78. Based on the outstanding principal, the outstanding balance, if converted into common shares, would convert into 961,538 shares at September 30, 2023 and November 27, 2023. As of November 27, 2023, the holders have not elected to exercise the conversion feature on the SCS Debenture.

[3]Class B non-voting common shares of SCS Acquisition, Inc., a wholly owned subsidiary of the Company, were issued in connection with the acquisition of SCS, which allows the holder the right to convert each such share into 5,000 common shares of the Company, at any time following the completion of the acquisition.

[4]A convertible debenture ("**OpenMoves Debenture**") was issued in connection with the acquisition of OpenMoves, which allows the holders the right to convert the OpenMoves Debenture into common shares of the Company, at any time prior to maturity at a price of US$0.78. In addition, the holders of the OpenMoves Debenture have the option to convert accrued and unpaid interest into additional common shares at the greater of US$0.78 and the then-market price of the common shares. Based on the outstanding principal and accrued interest, the outstanding balance, if converted into common shares, would convert into 2,638,889 shares at September 30, 2023 and 2,668,803 shares at November 27, 2023. As of November 27, 2023, the holders have not elected to exercise the conversion feature on the OpenMoves Debenture.

[5]Of the 9 million common shares of the Company issuable in relation to the acquisition of OpenMoves, 2,142,000 of the OpenMoves Consideration Shares were held back on closing and will be issued one year after the completion of the acquisition. As such, as at November 27, 2023, only 6,858,000 common shares of the Company were issued in relation to the acquisition of OpenMoves.

[6]Class B non-voting common shares of Shift 44, Inc., a wholly owned subsidiary of the Company, were issued in connection with the acquisition of Shift44, which allows the holders the right to convert each such share into 9,238 common shares of the Company, at any time following the completion of the acquisition.

[7]A convertible debenture ("Shift44 Debenture") was issued in connection with the acquisition of Shift44, which allows the holders the right to convert the Shift44 Debenture and any accrued and unpaid interest into common shares of the Company, at any time prior to maturity at a price of US$0.78. Based on the outstanding principal and accrued interest, the outstanding balance, if converted into common shares, would convert into nil shares at September 30, 2023 and 21,474,359 shares at November 27, 2023. As of November 27, 2023, the holders have not elected to exercise the conversion feature on the Shift44 Debenture.

OFF BALANCE SHEET ARRANGEMENTS

As at September 30, 2023, the Company had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

RELATED PARTY TRANSACTIONS

The key management personnel of the Company are certain members of the Company's executive management team and the Board of Directors, and private companies controlled by the Company's Officers and Board of Directors.

The following table presents the compensation of the key management personnel recognized in net loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Management salaries, bonuses and other benefits	$ 395	$ 476	$ 1,180	$ 792
Director fees	54	80	245	88
Share-based payment - management	71	222	466	297
Share-based payment - directors	—	22	39	31
Total	**$ 520**	**$ 800**	**$ 1,930**	**$ 1,208**

Certain related parties are also significant shareholders who control certain companies who are also customers and vendors of the Company. These customers and vendors are therefore related to the Company.

The following table presents the related party balances as they appear on the consolidated statements of financial position:

	As at September 30, 2023	As at December 31, 2022
Balances included in accounts receivable	$ —	$ 11
Balances included in right-of-use asset	128	216
Balances included in accounts payable, accrued liabilities and other	(58)	(194)
Balances included in lease liabilities	(131)	(217)
Balances included in convertible debentures[1]	(4,834)	(10,634)
Net related party balances owing	**$ (4,895)**	**$ (10,818)**

(1) Includes undiscounted principal balance

The following table presents the cumulative related party customers and vendors transactions that flowed through the various line items of the consolidated statements of loss and comprehensive loss:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues from related parties	$ —	$ 18	$ 7	$ 460
Cost of sales	—	89	25	210
General and administrative	557	2,118	1,653	5,190
Technology and development	39	380	973	1,111
Finance costs	—	—	—	1,020

As at September 30, 2023, the convertible debenture balance is related to amounts issued in connection to the Ubiquity acquisition. As at September 30, 2023, the right-of-use asset and associated lease liability is related to a lease entered into between Ubiquity and a company of which one of Ubiquity's key management members is also a shareholder.

During the three and nine months September 30, 2023 and 2022, revenue, cost of sales, general and administrative, and technology and development costs are from regular business activities between Notify and a company of which one of Notify's key management members is also a shareholder. This related party company primarily provides development services to Notify and is based in Israel and Dubai, and during the nine months ended September 30, 2023, has begun to minimize revenue and cost of sales activities with Notify. For the nine months ended September 30, 2022, finance costs were related to interest expense on loans issued to shareholders that no longer meet the definition of a related party, subsequent to the Transaction on April 28, 2022.

SIGNIFICANT ACCOUNTING POLICIES

The company uses information from the Interim Financial Statements and Annual Financial Statements, prepared in accordance with IFRS and expressed in thousands of US dollars, except share and per share amounts, to prepare this MD&A. The significant accounting policies used are outlined in Note 2 of the Annual Financial Statements.

SIGNIFICANT JUDGMENTS AND ESTIMATES

Please see Note 3 in the Interim Financial Statements for full discussion of use of estimates and judgments.

CONTROLS CERTIFICATION

In connection with National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer, will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited Annual Financial Statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

RISK FACTORS AND UNCERTAINTIES

The Company is exposed to a variety of business risks, financial and accounting risks and industry risks in the normal course of operations.

Risks Related to Our Business and Industry

The Company's industries are intensely competitive and subject to rapid changes. If the Company's clients prefer current or future competitors' products or services over the Company's, its operating results could suffer.

The market for internet advertising solutions is highly competitive and rapidly changing. New technologies and methods of buying advertising present a dynamic competitive challenge as market participants develop and offer multiple new products and services aimed at facilitating and/or capturing advertising spend. With the introduction of new technologies and the influx of new entrants to the market, including large established companies and companies that the Company does not yet know about or does not yet exist, the Company expects competition to persist and intensify in the future, which could harm its ability to increase sales and maintain its profitability.

The Company generally has flexible agreements in place with its customers. Such agreements allow its customers to change the amount of spend through its platform or terminate its services with limited notice. As a result, the introduction of new entrants or technology that are superior to or that achieve greater market acceptance than the Company's products and solutions could negatively impact our revenue. In such an event, the Company may experience a reduction in market share and may have to respond by reducing our prices, resulting in lower profit margins.

Large and established Internet and technology companies may have the power to significantly change the very nature of the digital advertising marketplaces in ways that could materially disadvantage the Company. These companies could leverage their positions to make changes to their web browsers, mobile operating systems, platforms, exchanges, networks or other solutions or services that could be significantly harmful to the Company's business and results of operations. These companies also have significantly larger resources than the Company does, and in many cases have advantageous competitive positions in popular products and services like Gmail, YouTube, Chrome, Facebook and Instagram, which they can use to their advantage. Furthermore, competitors include large and established Internet and technology companies that have invested substantial resources in innovation, which could lead to technological advancements that change the competitive dynamics of our business in ways that the Company may not be able to predict.

In addition to competing for advertising spend, the Company competes with many companies for advertising inventory, some of whom also operate their own advertising networks or exchanges from which the Company buys advertising inventory. Some of these companies that the Company competes with, either for advertising spend or for advertising inventory, may also be the Company's clients or affiliated with the Company's clients or important sources of advertising inventory. Competitive pressure may incentivize such companies to cease to be clients of the Company or cease to provide access to their advertising inventory. If this were to occur, the Company's ability to place advertisements would be significantly impaired and our results of operations would be adversely affected. Competition could also hinder the success of new advertising solutions that the Company offers in the future.

If any of these risks were to materialize and the Company is unable to compete effectively or the Company is not as successful as its competitors in its target markets, its sales could decline, its margins could decline and it could lose market share, any of which would materially harm the Company's business, operating results and financial condition. Any of these developments would make it more difficult for the Company to sell their offerings and could result in increased pricing pressure, reduced gross margins, increased sales and marketing expense and/or the loss of market share.

The Company's revenue and results of operations are highly dependent on the overall demand for advertising. Factors that affect the amount of advertising spending, such as economic downturns and the COVID-19 pandemic, can make it difficult to predict its revenue and could adversely affect its business, results of operations, and financial condition.

The Company's business depends on the overall demand for advertising and on the economic health of its current and prospective publishers and buyers. Various macroeconomic factors could cause advertisers to reduce their advertising budgets, including adverse economic conditions and general uncertainty about economic recovery or growth; instability in political or market conditions generally; and any changes in the tax treatment of advertising expenses and the deductibility thereof. Reductions in overall advertising spending as a result of these factors could make it difficult to predict the Company's revenue and could adversely affect its business, results of operations, and financial condition.

Market pressure may reduce the Company's revenue per impression.

The Company's revenue may be affected by market changes, new demands by publishers and buyers, new solutions, and competitive pressure. Solutions may be priced too high or too low, either of which may carry adverse consequences. The Company may receive requests from publishers for discounts, fee revisions, rebates, and refunds, or from demand-side platforms, agencies and advertisers for volume discounts, fee revisions, and rebates. Any of these developments could adversely affect the Company's business, results of operations, or financial condition.

If the use of digital advertising is rejected by consumers, through opt-in, opt-out or ad-blocking technologies or other means, it could have an adverse effect on the Company's business, results of operations, and financial condition.

Consumers may download free or paid "ad blocking" software on their computers or mobile devices, not only for privacy reasons, but also to counteract the adverse effect advertisements can have on the consumer experience, including increased load times, data consumption, and screen overcrowding. Ad-blocking technologies and other global privacy controls may prevent some third-party cookies, or other tracking technologies, from being stored on a consumer's computer or mobile device. If more consumers adopt these measures, the Company's business, results of operations, and financial condition could be adversely affected. Ad-blocking technologies could have an adverse effect on the Company's business, results of operations, and financial condition if they reduce the volume or effectiveness and value of advertising. Even if ad blockers do not ultimately have an adverse effect on the Company's business, investor concerns about ad blockers could cause the Company's stock price to decline.

In addition, Internet-connected devices and operating systems controlled by third parties increasingly contain features that allow device users to disable functionality that allows for the delivery of advertising on their devices. Device and browser manufacturers may include or expand these features as part of their standard device specifications. For example, when Apple announced that UDID, a standard device identifier used in some applications, was being superseded and would no longer be supported, application developers were required to update their apps to utilize alternative device identifiers such as universally unique identifier, or, more recently, identifier-for-advertising, which simplify the process for Apple users to opt out of behavioral targeting. If users elect to utilize the opt-out mechanisms in greater numbers, the Company's ability to deliver effective advertising campaigns on behalf of its advertisers would suffer, which could cause the Company's business, financial condition, or results of operations to suffer.

The Company's business depends on their ability to maintain the quality of content for clients and publishers.

Clients' satisfaction depends on the Company's ability to place advertisements with publisher content that is well-suited to the client's product or service. If the Company is unable to keep its clients' advertisements from being placed in unlawful or inappropriate content, its reputation and business may suffer. In particular, the Company could be treated as a spammer and blocked by Internet service providers or regulators. In addition, if the Company places advertisements on websites containing content that is not permitted under the terms of the applicable agreements with a client, it may be unable to charge the client for impressions or clicks generated on those sites, the client may terminate their campaign, the client may require the Company to indemnify them for any resulting third-party claims, or the client may allege breach of contract. Further, publishers and exchange partners rely upon the Company not to place advertisements with inappropriate or unlawful content on their websites. As the Company grows its business to serve a larger number of smaller clients using self-service tools with less intervention, it could become more challenging to prevent inappropriate or unlawful advertisements from being shown. If the Company is unable to maintain the quality of its client and publisher content as the number of clients and publishers it works with continues to grow, the Company's reputation and business may suffer and it may not be able to retain or secure additional clients or publisher relationships.

Company's success and revenue growth depends on its ability to add new customers and retain its existing customers.

The Company's success is dependent on regularly adding new customers and increasing its customers' usage of its platform. Many of the Company's contracts and relationships with customers do not include automatic renewal or exclusive obligations requiring them to use its platform or maintain or increase their use of its platform. The Company's customers typically have relationships with numerous providers and can use both the Company's platform and those of its competitors without incurring significant costs or disruption. The Company's customers may also choose to decrease their overall marketing spend for any reason, including if they do not believe they are generating a sufficient return on their marketing spend. Accordingly, the Company must continually work to win new customers and retain existing customers, increase their usage of our platform and capture a larger share of their marketing spend. The Company may not be successful at educating and training its new and existing customers on how to use its platform in order for them to benefit from it and generate revenues.

If the Company's customers decide not to continue to use its platform or decrease their usage of our platform for any reason, or if the Company fails to attract new customers, its revenue could decline, which would materially and adversely harm its business, operating results and financial condition. The Company cannot assure investors that its customers will continue to use and increase their spend on its platform or that the Company will be able to attract a sufficient number of new customers to continue to grow its revenue. If customers representing a significant portion of the Company's business decide to materially reduce their use of its platform or cease using its platform altogether, the Company's revenue could be significantly reduced, which could have a material adverse effect on its business, operating results and financial condition. The Company may not be able to replace customers who decrease or cease their usage of our platform with new customers that will use its platform to the same extent.

If the Company fails to make the right investment decisions in its platform, or if they fail to innovate and develop new solutions that are adopted by its customers, they may not attract and retain customers, which could have an adverse effect on their business, results of operations, and financial condition.

The Company faces intense competition in the marketplace and is confronted by rapidly changing technology, evolving industry standards, and consumer preferences, regulatory changes, and the frequent introduction of new solutions by its competitors that it must adapt and respond to. The Company needs to continuously update its platform and the technology it invests in and develops (including machine learning and other proprietary algorithms) in order to attract publishers and buyers and keep ahead of changes in technology, evolving industry standards and regulatory requirements. The Company's platform is complex and new solutions can require a significant investment of time and resources to develop, test, introduce, and enhance. These activities can take longer than expected. Moreover, the Company may not make the right decisions regarding these investments. New formats and channels, such as mobile header bidding and connected television, present unique challenges that must be addressed in order to succeed. The Company's success in new formats and channels depends upon its ability to integrate its platform with these new formats and channels. If the Company's new formats are not widely adopted by publishers, they may not retain publishers. In addition, new demands from publishers and buyers, superior offerings by competitors, changes in technology, or new industry standards or regulatory requirements could render the Company's platform or existing solutions less effective and require them to make unanticipated changes to its platform or business model. Failure to adapt to a rapidly changing market, anticipate publisher and buyer demand, or attract and retain publishers would cause the Company's revenue or revenue growth rate to decline, and adversely affect its business, results of operations, and financial condition.

The Company relies on third-party hosting and cloud computing providers to operate certain aspects of its business. Any failure, disruption or significant interruption in its network or hosting and cloud services could adversely impact the Company's operations and harm its business.

The Company's technology infrastructure is critical to the performance of its platform, as well as its corporate functions. The Company's platform and company systems run on a complex distributed system, or what is commonly known as cloud computing. Significant elements of this system are operated by third-parties that it does not control and which would require significant time and expense to replace. The Company expects this dependence on third-parties to continue. The Company may suffer interruptions in service, including when releasing new software versions or bug fixes, and if any such interruption were significant and/or prolonged it could adversely affect the Company's business, financial condition, results of operations or reputation.

Any failure, disruption or interference with the Company's use of hosted cloud computing services and systems provided by third-parties could adversely impact the Company's business, financial condition or results of operations. To the extent the Company does not effectively respond to any such interruptions, upgrade its systems as needed and continually develop its technology and network architecture to accommodate traffic, the Company's business, financial condition or results of operations could be adversely affected. Furthermore, the Company's disaster recovery systems and those of third-parties with which it does business may not function as intended or may fail to adequately protect its critical business information in the event of a significant business interruption, which may cause interruption in service of its platform, security breaches or the loss of data or functionality, leading to a negative effect on the Company's business, financial condition or results of operations. If customers are unable to access the Company's platform for any period of time, the Company may receive negative publicity, the Company may lose customers, the Company may be required to issue refunds, and the Company may become subject to regulatory investigation or class action litigation, any of which would negatively affect the Company's business. Any of these problems could require the Company to incur substantial repair costs, distract management from operating its business and result in a loss of revenue.

The Company's operating results may be volatile and difficult to predict, and the Company's stock price may decline if it fails to meet the expectations of securities analysts or investors.

The Company's operating results may fluctuate and could vary significantly from quarter-to-quarter and year-to-year, and may fail to match the expectations of securities analysts or investors because of a variety of factors, some of which are outside of the Company's control.

The Company's liquidity and revenue can fluctuate quarter to quarter as certain of its customers have seasonal marketing spend. The varying nature of the Company's sales mix between periods, customers and products may also make it more difficult for it to forecast its future operating results. Further, these factors may make it more difficult to make comparisons between prior, current and future periods. As a result, period-to-period comparisons of the Company's operating results should not be relied upon as an indication of its future performance.

In addition, the following factors may cause the Company's operating results to fluctuate:

- its ability to attract new customers and retain and increase sales to existing customers;
- changes in its pricing policies, the pricing policies of our competitors and the pricing or availability of data or other third-party services;
- the seasonal budgeting cycles and internal marketing budgeting and strategic purchasing priorities of its customers;
- its ability to continue to develop and offer products and solutions that are superior to those of its competitors;
- its ability to develop its existing platform and introduce new solutions on its platform;
- its ability to retain and attract top talent;
- its ability to anticipate or respond to changes in the competitive landscape, or improvements in the functionality of competing solutions that reduce or eliminate one or more of its competitive advantages;
- its ability to maintain and expand our relationships with data centers and strategic third-party technology vendors, who provide floor space, bandwidth, cooling and physical security services on which its platform operates;
- its ability to successfully expand its business internationally;
- the emergence of significant privacy, data protection, security or other threats, regulations or requirements applicable to its business and shifting views and behaviors of consumers concerning use of data and data privacy;
- extraordinary expenses, such as litigation or other dispute-related settlement payments; and
- future accounting pronouncements or changes in our accounting policies.

Any one of the factors referred to above or the cumulative effect of any combination of factors referred to above may result in the Company's operating results being below its expectations and the expectations of securities analysts and investors, or may result in significant fluctuations in our quarterly and annual operating results, including fluctuations in the Company's key performance indicators. This variability and unpredictability could result in our failure to meet the Company's business plan or the expectations of securities analysts or investors for any period. In addition, a significant percentage of the Company's operating expenses are fixed in nature in the short term and based on forecasted revenue trends. Accordingly, in the event of revenue shortfalls, the Company is generally unable to mitigate the negative impact on its results of operations in the short term.

If the Company is unable to maintain effective internal control over financial reporting, the accuracy and timeliness of its financial reporting may be adversely affected.

Maintaining effective internal control over financial reporting is necessary for the Company to produce reliable financial statements. If the Company is unable to maintain such internal controls, or if its independent registered public accounting firm is unable to rely on the Company's internal controls, it could result in a material misstatement of the Company's financial statements that would require a restatement, and investor confidence in the accuracy and timeliness of its financial reports and the market price of its common stock could be negatively impacted.

Future acquisitions or strategic investments could be difficult to identify and integrate, divert the attention of management and could disrupt the Company's business, dilute stockholder value and adversely affect its business, results of operations and financial condition.

The Company intends to evaluate and pursue acquisitions and strategic investments. Each of these acquisitions requires unique approaches to integration due to, among other reasons, the structure of the acquisitions, their locations and cultural differences among their teams and the Company's, and will require, attention from the Company's management team. If the Company is unable to obtain the anticipated benefits from these acquisitions and strategic investments, or the Company encounters difficulties in integrating their operations with the acquisitions, the Company's financial condition and results of operations could be materially harmed.

Challenges and risks from such investments and acquisitions include:

- negative effects on products and product pipeline from the changes and potential disruption that may follow the acquisition;
- diversion of the Company's management's attention;
- declining employee morale and retention issues resulting from changes in compensation, or changes in management, reporting relationships, or future prospects;

- the need to integrate the operations, systems, technologies, products and personnel of each acquired company or asset, the inefficiencies and lack of control that may result if such integration is delayed or not implemented, and unforeseen difficulties and expenditures that may arise in connection with integration;
- the difficulty in determining the appropriate purchase price of acquired companies or assets may lead to the overpayment for certain acquisitions and the potential impairment of intangible assets and goodwill acquired in the acquisitions;
- the difficulty in successfully evaluating and utilizing the acquired products, technology or personnel;
- the potential incurrence of debt, contingent liabilities, amortization expenses or restructuring charges in connection with any acquisition;
- the need to implement controls, procedures and policies appropriate for a larger public company at companies that prior to acquisition may not have as robust controls, procedures and policies;
- the difficulty in accurately forecasting and accounting for the financial impact of an acquisition transaction, including accounting charges and integrating and reporting results for acquired companies that follow different accounting methods;
- the fact that the Company may be required to pay contingent consideration in excess of the initial fair value, and contingent consideration may become payable at a time when the Company does not have sufficient cash available to pay such consideration;
- under purchase accounting, the Company may be required to write off deferred revenue which may impair its ability to recognize revenue that would have otherwise been recognizable which may impact its financial performance or that of the acquired company;
- risks associated with the Company's expansion into new international markets and doing business internationally;
- in the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries;
- the need to transition operations and customers onto the Company's existing or new platforms and the potential loss of, or harm to, its relationships with employees, customers and other suppliers as a result of integration of new technologies;
- the implications of the Company's management team balancing levels of oversight over acquired businesses which continue their operations under earnout provisions in acquisition agreements;
- the Company's dependence on the accuracy and completeness of statements and disclosures made or actions taken by the companies it acquires or their representatives, when conducting due diligence and evaluating the results of such due diligence; and
- liability for activities of an acquired company before an acquisition, including intellectual property and other litigation claims or disputes, information security vulnerabilities, violations of laws, rules and regulations, commercial disputes, tax liabilities and other known and unknown liabilities.

The benefits of an acquisition or investment may also take considerable time to develop, and the Company cannot be certain that any particular acquisition or investment will produce the intended benefits, which could adversely affect the Company's business, financial condition or results of operations. The Company's ability to grow through future acquisitions will depend on the availability of suitable acquisition and investment candidates at an acceptable cost, its ability to compete effectively to attract these candidates and the availability of financing to complete larger acquisitions. Acquisitions could result in potential dilutive issuances of equity securities, use of significant cash balances or incurrence of debt (and increased interest expense), contingent liabilities or amortization expenses related to intangible assets or write-offs of goodwill and/or intangible assets, which could adversely affect the Company's results of operations and dilute the economic and voting rights of its stockholders.

If the Company does not manage its growth effectively, the quality of its platform and solutions may suffer, and its business, results of operations and financial condition may be adversely affected.

The continued growth in the Company's business may place demands on its infrastructure and our operational, managerial, administrative and financial resources. The Company's success will depend on the ability of its management to manage growth effectively. Among other things, this will require the Company at various times to:

- strategically invest in the development and enhancement of its platform and data center infrastructure;
- improve coordination among its engineering, product, operations and other support organizations;
- manage multiple relationships with various partners, customers and other third parties;
- manage international operations;
- develop its operating, administrative, legal, financial and accounting systems and controls; and
- recruit, hire, train and retain personnel, especially those possessing extensive engineering skills and experience in complex technologies and data sciences, of which there is limited supply and increasing demand.

If the Company does not manage its growth well, the efficacy and performance of its platform may suffer, which could harm our reputation and reduce demand for its platform and solutions. Failure to manage future growth effectively could have an adverse effect on its business, results of operations and financial condition.

If the Company fails to detect or prevent fraud or malware intrusion on its platform, devices, or systems, or into the systems or devices of its customers and their consumers, publishers could lose confidence in the Company's platform, and the Company could face legal claims, any of which could adversely affect its business, results of operations and financial condition.

The Company may be the target of fraudulent or malicious activities undertaken by persons seeking to use its platform for improper purposes. For example, someone may attempt to divert or artificially inflate customer purchases through its platform, or to disrupt or divert the operation of the systems, and devices of its publishers, and their consumers in order to misappropriate information, generate fraudulent billings or stage cyberattacks, or for other unauthorized or illicit purposes. Those activities could also introduce malware through the Company's platform in order to commandeer or gain access to confidential information or personal information. The Company uses third-party tools and proprietary technology to identify non-human traffic and malware, and may reduce or terminate relationships with customers that it finds to be engaging in such activities. Perpetrators of fraudulent impressions and malware frequently change their tactics and may become more sophisticated over time, requiring both the Company and third parties to improve processes for assessing the quality of publisher inventory and controlling fraudulent activity. In the meantime, new or changing data privacy laws (in particular outside the US) could potentially interfere with the data collection required in order to detect fraud. If the Company fails to detect or prevent fraudulent or malicious activity of this sort, the Company's reputation could be damaged, customers may contest payment, demand refunds or fail to give the Company future business, or the Company could face legal claims from customers. Even if the Company is not directly involved in fraud or malicious activity, any sustained failures of others in the Company's industry to adequately detect and prevent fraud could generate the perception that digital marketing is unsafe and lead the Company's customers to avoid digital marketing products like those of the Company.

The Company is subject to payment-related risks if customers dispute or do not pay their invoices, and any decreases or significant delays in payments could have a material adverse effect on our business, results of operations and financial condition. These risks may be heightened as a result of the COVID-19 pandemic and resulting economic downturn.

The Company may become involved in disputes with its customers over the operation of its platform, the terms of its agreements or its billings for purchases made by them through the Company's platform. Customers may seek to slow their payments to the Company or be forced into filing for bankruptcy protection, resulting in delay or cancellation of their pending payments to the Company. These challenges may be exacerbated by the COVID-19 pandemic and the resulting economic impact as a number of customers experience financial difficulties and liquidity constraints. Certain of the Company's contracts with marketing agencies state that if their customer does not pay the agency, the agency is not liable to the Company, and the Company must seek payment solely from their customer, a type of arrangement called sequential liability. Contracting with these agencies, which in some cases have or may develop higher-risk credit profiles, may subject the Company to greater credit risk than if the Company were to contract directly with the customer.

If the Company is unable to collect customers' fees on a timely basis or at all, the Company could incur write-offs for bad debt, which could have a material adverse effect on its results of operations for the periods in which the write-offs occur. In the future, bad debt may exceed reserves for such contingencies, and the Company's bad debt exposure may increase over time. Any increase in write-offs for bad debt could have a materially negative effect on the Company's business, financial condition and operating results. Even if the Company is not paid by its customers on time or at all, it may still be obligated to pay for the inventory it has purchased for its customers' marketing campaigns, and consequently, the Company's results of operations and financial condition would be adversely impacted.

The Company is subject to laws and regulations concerning privacy, information security, data protection, consumer protection and protection of minors, and these laws and regulations are continually evolving. The Company's actual or perceived failure to comply with these laws and regulations could harm its business.

The Company receives, stores and processes personal information from and about consumers in addition to personal information and other data from and about its customers, employees and service providers. There are numerous federal, state, provincial and local laws around the world regarding privacy and the storing, sharing, use, processing, disclosure and protection of personal information, the scope of which are changing, subject to differing interpretations, and may be inconsistent between countries or conflict with other rules. In addition, in some cases, the Company will be dependent upon its platform providers to solicit, collect and provide information regarding consumers that is necessary for compliance with these various types of regulations.

Various government and consumer agencies have called for new regulation and changes in industry practices and are continuing to review the need for greater regulation for the collection of information concerning consumer behavior, including regulation aimed at restricting certain targeted advertising practices. New regulations have created enhanced individual privacy rights and have imposed worldwide obligations on companies processing personal data, which may create a greater compliance burden for the Company, and subjects violators to substantial monetary penalties. Compliance with new regulations may require the Company to devote significant operational resources and incur significant expenses.

The Company strives to comply with all applicable laws, policies, legal obligations and industry standards and codes of conduct relating to privacy and data protection, to the extent reasonably attainable. However, it is possible that these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or the Company's practices. It is also possible that new laws, policies, legal obligations or industry codes of conduct may be passed, or existing laws, policies, legal obligations or industry codes of conduct may be interpreted in such a way that could prevent the Company from being able to offer services to citizens of a certain jurisdiction or may make it costlier or more difficult for it to do so. Any failure or perceived failure by the Company to comply with its privacy policy and terms of service, its privacy-related obligations to consumers or other third parties, or its privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other consumer data, may result in governmental enforcement actions, litigation or public statements against the Company by consumer advocacy groups or others and could cause customers to lose trust in the Company, which could have an adverse effect on the business, financial condition or results of operations of the Company. Additionally, if third parties it works with, such as advertisers, publishers, vendors or developers violate applicable laws or its policies, such violations may also put consumer information at risk and could, in turn, have an adverse effect on the business, financial condition or results of operations of the Company.

The Company's business depends on its ability to collect, use, and disclose data to deliver advertisements. Any limitation imposed on the Company's collection, use or disclosure of this data could significantly diminish the value of its solution and cause it to lose publishers, buyers, and revenue. Consumer tools, regulatory restrictions and technological limitations all threaten the Company's ability to use and disclose data.

As the Company processes transactions through its platform, it collects large amounts of data about advertisements and where they are placed, such as advertiser and publisher preferences for media and advertising content. The Company also collects data on ad specifications such as placement, size and format, ad pricing, and auction activity such as price floors, bid response behavior, and clearing prices. Further, the Company collects data on consumers that does not identify the individual, but includes browser, device location and characteristics, online browsing behavior, exposure to and interaction with advertisements, and inferential data about purchase intentions, and preferences. This data is collected through various means, including from the Company's own systems, pixels that publishers allow the Company to place on its websites to track consumer visits, software development kits installed in mobile applications, cookies, and other tracking technologies. The Company's publishers, buyers, and data providers may choose to provide the Company with their proprietary data about consumers.

This data is aggregated and analyzed in order to enhance the Company's services, including the pricing, placement, and scheduling of advertisements. The Company's ability to collect, use and share data about advertising transactions and consumer behavior is critical to the value of its services. Any limitations on this ability could impair the Company's ability to deliver effective solutions, which could adversely affect its business, results of operations, and financial condition.

Cyber security attacks, including breaches, computer viruses and computer hacking attacks, could harm the Company's business, financial condition, results of operations or reputation.

Cyber security attacks, including breaches, computer malware and computer hacking have become more prevalent in the Company's industry. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, or the inadvertent transmission of computer viruses could adversely affect the business, financial condition, results of operations or reputation of the Company. The Company believes that it is taken reasonable steps to protect the security, integrity and confidentiality of the information collected, used, stored and disclosed, but there is no guarantee that in the future inadvertent (e.g., software bugs or other technical malfunctions, employee error or malfeasance, or other factors) or unauthorized data access or use will not occur despite its efforts in the past and in the future. The Company may experience hacking attacks of varying degrees from time to time, including denial-of-service attacks. Techniques used to obtain unauthorized access to personal information, confidential information and/or the systems on which such information are stored and/or to sabotage systems change frequently and generally are not recognized until launched against a target. As a result, the Company may be unable to anticipate these techniques or to implement adequate preventative measures.

In addition, the Company relies on third-party data centers, systems and technologies to operate its business. The Company is dependent on these third-party providers to provide industry standard protection against potential damages such as cyber intrusions, natural disasters, criminal acts and technical maintenance. In the event of damage or interruption, it is unlikely that the Company would be appropriately compensated for the reputational harm that such an interruption would create regardless of any damages we may recover from such third parties or any insurance policy in place. This would in turn reduce the Company's revenue, subject it to liability and may cause it to lose customers, any of which could materially adversely affect its business.

The Company is subject to a number of laws, rules and regulations requiring it to provide notification to consumers, investors, regulators and other affected parties in the event of a security breach of certain personal data, or requiring the adoption of minimum information security standards that are often vaguely defined and difficult to practically implement. The costs of compliance with these laws have increased and may increase in the future. The Company's corporate systems, third-party systems and security measures may be breached due to the actions of outside parties, employee error, malfeasance, a combination of these, or otherwise, and as a result, an unauthorized party may obtain access to its data, its employees' data, its customers' data or any third-party data it may possess. Any such security breach could require the Company to comply with various breach notification laws and may expose the Company to litigation, remediation and investigation costs, increased costs for security measures, loss of revenue, damage to the Company's reputation and potential liability.

If an actual or perceived security breach occurs, the market perception of the Company's security measures could be harmed and it could lose sales and customers and/or suffer other negative consequences to its business. A security breach could adversely affect the operation of the Company's platform and cause the loss or corruption of data, which could harm the Company's business, financial condition and operating results. Any failure to maintain the security of the Company's infrastructure could result in loss of personal information and/or other confidential information, damage to its reputation and customer relationships, early termination of its contracts and other business losses, indemnification of its customers, financial penalties, litigation, regulatory investigations and other significant liabilities. In the event of a major third-party security incident, the Company may incur losses in excess of its insurance coverage. Further, certain incidents that Company can experience may not be covered by the insurance coverage in place at the time.

Moreover, if a high profile security breach occurs with respect to the Company or another digital advertising company, the Company's customers and potential customers may lose trust in the security of its business model generally, which could adversely impact its ability to retain existing customers or attract new ones.

Catastrophic events may disrupt the Company's business.

The Company's systems and operations are vulnerable to damage or interruption from fires, floods, power losses, telecommunications failures, cyber-attacks, terrorist attacks, acts of war, human errors, break-ins and similar events. Additionally, the Company relies on data centers and third-party infrastructure and enterprise applications, internal technology systems and its website for development, marketing and operational support activities. In the event of a catastrophic event, the Company may be unable to continue its operations and may endure system interruptions, reputational harm, delays in application development, lengthy interruptions in services, breaches of data security and loss of critical data, all of which could have an adverse effect on the Company's future operating results.

If the Company does not successfully invest in, establish and maintain awareness of its brand and platform, if it incurs excessive expenses promoting and maintaining its brand, or its platform or if its platform contains defects or objectionable content, the business, financial condition, results of operations or reputation of the Company could be harmed.

The Company believes that establishing and maintaining its brand is critical to maintaining and creating favorable relationships with its customers, as well as competing for key talent. In addition, globalizing and extending its brand and recognition of its platform requires significant investment and extensive management time to execute successfully. Although the Company will make significant sales and marketing expenditures in connection with promoting its platform, these efforts may not succeed in increasing awareness of its brand or platform. Brand promotion activities may not generate consumer awareness or increase revenue, and even if they do, any increase in revenue may not offset the expenses the Company will incur in building its brand. In addition, the Company's brand can be harmed if it experiences adverse publicity for its platform for any reason, including due to "bugs", outages, security breaches or violations of laws. If the Company fails to increase and maintain brand awareness and customer recognition of its platform, its potential revenues could be limited, its costs could increase and its business, financial condition, results of operations or reputation could suffer.

The Company's revenue, and operating margins may decline. The Company also may incur substantial net losses in the future and may not achieve or sustain profitability.

The industry in which the Company operates is highly competitive and rapidly changing, and relies heavily on successful new product launches and continually introducing compelling products and services. As such, if the Company fails to acquire, consolidate, operate, publish, enhance or otherwise deliver such products and services, does not execute its strategy successfully or if its new products and services are delayed, the Company's revenue may decline, and its operating results will suffer.

In addition, the Company's operating margin may experience downward pressure as a result of increasing competition and the other risks discussed in this Management Discussion & Analysis. The Company expects to continue to expend substantial financial and other resources on industry acquisitions and consolidation as well as platform development and marketing. The Company's operating costs will increase and its operating margins may decline if it does not effectively manage costs, launch new products and features on schedule that enhance its platform so that it continues to monetize successfully. In addition, weak economic conditions or other factors could cause the Company's business to further contract, requiring it to implement significant additional cost cutting measures, including a decrease in research and development and sales and marketing, which could harm the Company's long-term prospects.

In addition, as a public company, the Company incurs significant accounting, legal and other expenses that, as a private company, it did not incur. As a result of these increased expenditures, the Company's profitability may take longer than anticipated to achieve. While the Company's revenue is expected to grow, this growth may take longer than anticipated to realize and it may not be sustainable, and the Company may not achieve sufficient revenue growth in future periods to achieve or maintain profitability. In future periods, the Company's revenue could decline or grow more slowly than expected. The Company may also incur significant losses in the future for a number of reasons, including due to the other risks described herein, and it may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors. Accordingly, the Company may not be able to maintain profitability, and it may incur losses in the future.

If the Company's revenues do not increase to offset any additional expenses, if it fails to manage or experience unexpected increases in operating expenses or if it is required to take additional charges related to impairments or restructurings, the Company's financial results and results of operations may suffer.

The Company relies on assumptions and estimates to calculate certain of its key metrics, and real or perceived inaccuracies in such metrics may harm the Company's reputation and negatively affect its business.

Certain of the Company's key metrics are calculated using internal company data from multiple analytics systems that have not been independently verified. While these numbers are based on what the Company believes to be reasonable calculations for the applicable period of measurement, there are inherent challenges in measuring usage and user engagement across its user base and its recently acquired operations, and factors relating to user activity and systems may impact these numbers.

The Company relies on the accuracy and transparency of data provided by individuals and reported by third parties to calculate its metrics and eliminate duplication of data. The Company's advertisers and investors rely on its key metrics as a representation of its performance. The Company regularly reviews and may adjust its processes for calculating its internal metrics to improve their accuracy, but these efforts may not prove successful and the Company may discover material inaccuracies. In addition, its methodology for calculating these metrics may differ from the methodology used by other companies to calculate similar metrics. If the Company determines that it can no longer calculate any of its key metrics with a sufficient degree of accuracy, and it cannot find an adequate replacement for the metric, the Company's business, financial condition or results of operations may be harmed. In addition, if advertisers, platform partners or investors do not perceive the Company's user metrics to be accurate representations of its user base or user engagement, or if the Company discovers material inaccuracies in its user metrics, the Company's reputation may be harmed and advertisers and platform partners may be less willing to allocate their budgets or resources to its products and services, which could negatively affect the Company's business, financial condition or results of operations.

Any restructuring actions and cost reduction initiatives that the Company undertakes may not deliver the expected results and these actions may adversely affect the Company's business.

The Company may implement a number of restructurings in which it undertakes certain restructuring actions and cost reduction initiatives to streamline operations and improve cost efficiencies to better align its operating expenses with its revenue. The Company plans to continue to manage costs to better and more efficiently manage its business. Any restructuring plans and other such efforts could result in disruptions to the Company operations and adversely affect its business, financial condition or results of operations.

The Company actively monitors its costs, however, if it does not fully realize or maintain the anticipated benefits of any restructuring actions and cost reduction initiatives, the Company's business, financial condition or results of operations could be adversely affected, and additional restructuring initiatives may be necessary. In addition, the Company cannot be sure that any cost reduction initiatives will be as successful in reducing its overall expenses as expected or that additional costs will not offset any such reductions. If its operating costs are higher than it expects or if it does not maintain adequate control of its costs and expenses, the Company's operating results will suffer.

In addition, any cost cutting measures by the Company could negatively impact its business, financial condition or results of operations including but not limited to, delaying the introduction of new solutions, products, features or technology, impacting its ability to react nimbly to technology issues, or impacting employee retention and morale.

The Company's business and growth may suffer if it fails to attract, retain and motivate key personnel.

The Company's ability to compete and grow depends in large part on the efforts and talents of its employees and executives. Its success depends in a large part upon the continued service of its senior management team. The Company's management team is critical to the Company's vision, strategic direction, culture, products and technology, and the continued retention of its entire senior management team is important to the success of its operating plan. The loss of any member of its senior management team could cause disruption and harm the business, financial condition, results of operations or reputation of the Company.

In addition, the Company's ability to execute its strategy depends on its continued ability to identify, hire, develop, motivate and retain highly skilled employees. Employees in the digital advertising industry are in high demand and the cost of hiring and retaining such employees is rising. The Company devotes significant resources to identifying, recruiting, hiring, training, successfully integrating and retaining such employees. Any significant turnover in the Company's headcount may place significant demands on its management and its operational, financial and technological infrastructure.

As the Company operates as a public company, volatility of its stock price, changes in its compensation structure for its executive officers that significantly relies on performance-linked stock awards, and any headcount reductions may make it more difficult for the Company to attract and retain top talent. In particular, should the Company's stock price decline it might be difficult for it to attract and retain qualified personnel, since individuals may elect to seek employment with other companies that they believe have better long-term prospects or that present better opportunities for earning equity-based compensation. If the Company is unable to identify, hire and retain its senior management team and its key employees, the Company's business, financial condition or results of operations could be harmed. Moreover, if the Company's team fails to work together effectively to execute its plans and strategies on a timely basis, the Company's business, financial condition or results of operations could be harmed.

The Company may hire a number of key personnel through acquisitions, and as competition for attractive target companies with a skilled employee base persists and increases, the Company may incur significant expenses and difficulty in continuing this practice. In addition, volatility in the Company's operating results and the trading price of its common stock may negatively impact its perceived reputation and make it more difficult and more expensive to successfully retain employees through acquisitions. The loss of talented employees with experience in the assets it acquires could result in significant disruptions to the Company's business and the integration of acquired assets and businesses. If it does not succeed in recruiting, retaining, and motivating these key employees, the Company may not achieve the anticipated results of acquisitions.

The Company's core values of focusing on its customers and acting for the long-term may conflict with the short-term expectations of analysts.

The Company believes that exceeding its customers' expectations is essential to its success and serves the best, long-term interests of the Company and its shareholders. Therefore, the Company may make in the future, significant investments or changes in strategy that it thinks will benefit the Company in the long-term, even if its decision has the potential to negatively impact its operating results in the short-term. In addition, the Company's decisions may not result in the long-term benefits that it expects, in which case the success of its business, financial condition or results of operations could be harmed.

The Company's ability to acquire and maintain licenses to intellectual property may affect its revenue and profitability. Competition for these licenses may make them more expensive and increase the Company's costs.

Competition for proprietary licenses is intense, and may result in increased advances, minimum payment guarantees and royalties that the Company must pay to the licensor. If the Company is unable to obtain and remain in compliance with the terms of these licenses or obtain additional licenses on reasonable economic terms, its revenue and profitability may be adversely impacted.

In addition, if the Company is unable to renew licenses to proprietary source code underlying its platform, or the terms and conditions of these licenses change at the time of renewal its business, financial condition or results of operations could be negatively impacted. If a third-party from whom the Company licenses source code discontinues support for one or more of these platforms, the Company's business, financial condition or results of operations could be negatively impacted.

Failure to protect or enforce the Company's intellectual property rights or the costs involved in such enforcement could harm the Company's business, financial condition or results of operations.

The Company regards the protection of its trade secrets, copyrights, trademarks, service marks, trade dress, domain names, patents, and other product rights as critical to its success. The Company strives to protect its intellectual property rights by relying on federal, provincial and common law rights, as well as contractual restrictions and business practices. The Company enters into confidentiality and invention assignment agreements with its employees and contractors and confidentiality agreements with parties with whom it conducts business in order to limit access to, and disclosure and use of its proprietary information. However, these contractual arrangements and business practices may not prevent the misappropriation of the Company's proprietary information or deter independent development of similar technologies by others. Further, in some instances the Company may be required to obtain licenses to intellectual property in lieu of ownership. Such licenses may be limited in scope and require the Company to renegotiate on a frequent basis for additional use rights.

The Company pursues the registration of its copyrights, trademarks, service marks, domain names, and patents in Canada, the United States and in certain locations outside of Canada and the United States. This process can be expensive and time-consuming, may not always be successful depending on local laws or other circumstances, and the Company also may choose not to pursue registrations in every location depending on the nature of the project to which the intellectual property rights pertain. The Company may, over time, increase its investments in protecting its creative works and innovations through patent filings that are expensive and time-consuming and may not result in issued patents that can be effectively enforced.

Despite such efforts to protect intellectual property rights, unauthorized parties may attempt to copy or otherwise to obtain and use technology used or offered by the Company. Monitoring unauthorized use of its technology is difficult and costly, and the Company cannot be certain that the steps it has taken in the past or the future will prevent piracy and other unauthorized distribution and use of the technology and applications used or offered by the Company. To the extent the Company expands its activities worldwide, exposure to unauthorized copying and use of its technology and proprietary information may increase. In the future, litigation may be necessary to enforce intellectual property rights, protect trade secrets to determine the validity and scope of proprietary rights claimed by others or to defend against claims of infringement or invalidity. Any litigation of this nature, regardless of outcome or merit, could result in substantial costs, adverse publicity or diversion of management and technical resources, any of which could adversely affect the Company's business and operating results. If the Company fails to maintain, protect and enhance its intellectual property rights, its business and operating results may be harmed.

There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that its competitors will not independently develop similar technology. Furthermore, the Company's efforts to enforce its intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of its intellectual property rights. These steps may be inadequate to protect its intellectual property. The Company will not be able to protect its intellectual property if it is unable to enforce its rights or if it does not detect unauthorized use of its intellectual property.

The Company may be subject to intellectual property disputes, which are costly to defend and could require the Company to pay significant damages and could limit its ability to use certain technologies in the future.

From time to time, the Company may face allegations that it has infringed the trademarks, copyrights, patents and other intellectual property rights of third parties, including from its competitors, non-practicing entities and former employers of its personnel. Intellectual property litigation may be protracted and expensive, and the results are difficult to predict. As the Company faces increasing competition and as litigation becomes a more common way to resolve disputes, the Company faces a higher risk of being the subject of intellectual property infringement claims. The Company cannot make any assurances that it will not become, in the future, subject to claims that it has misappropriated or misused other parties' intellectual property rights. If the Company is sued by a third-party that claims that the Company's technology infringes its rights, the litigation (with or without merit) could be expensive and could divert management resources.

As the result of any court judgment or settlement, the Company may be obligated to do one or more of the following:

- cease making, selling, offering for sale or using technologies that incorporate the challenged intellectual property;
- make substantial payments for legal fees, settlement payments or other costs or damages;
- obtain a license, which may not be available on reasonable terms, to sell or use the relevant technology; or
- redesign technology to avoid infringement.

If the Company is required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement claims against the Company, such payments or costs could have a material adverse effect upon the Company's business and financial results.

In addition, the Company uses open source software in its business and expects to continue to use open source software in the future. From time to time, the Company may face claims from companies that incorporate open source software into their products, claiming ownership of, or demanding release of the source code, the open source software and/or derivative works that were developed using such software, or otherwise seeking to enforce the terms of the applicable open source license. These claims could also result in litigation, require the Company to purchase a costly license or require the Company to devote additional research and development resources to change its technology, any of which would have a negative effect on the Company's business, financial condition or results of operations.

The Company may be involved in legal proceedings that may result in adverse outcomes.

The Company may be involved in claims, suits, government investigations, and proceedings arising in the ordinary course of its business, including actions with respect to intellectual property claims, privacy, data protection or law enforcement matters, tax matters, labor and employment claims, commercial and acquisition-related claims, as well as shareholder derivative actions, class action lawsuits, and other matters. Such claims, suits, government investigations, and proceedings are inherently uncertain and their results cannot be predicted with certainty. Regardless of their outcomes, such legal proceedings can have an adverse impact on the Company because of legal costs, diversion of management and other personnel attention, and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in liability, penalties, or sanctions, as well as judgments, consent decrees, or orders preventing the Company from offering certain features, functionalities, products, or services, or requiring a change in its business practices, products or technologies, which could in the future materially and adversely affect the Company's business, financial condition or results of operations.

The Company's business is subject to a variety of Canadian, United States and foreign laws, many of which are unsettled and still developing and which could subject the Company to claims or otherwise harm its business.

The Company is subject to a variety of laws in different jurisdictions that affect its business, including provincial, state and federal laws regarding consumer protection, electronic marketing, protection of minors, data protection, competition, taxation, intellectual property, export and national security, that are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to the Company are often uncertain and may be conflicting, particularly laws outside Canada and the United States. There is a risk that these laws may be interpreted in a manner that is not consistent with the Company's current practices, and could have an adverse effect on the Company's business. It is also likely that as the Company's business grows and evolves and its offerings are made available in a greater number of countries, it will become subject to laws and regulations in additional jurisdictions or other jurisdictions may claim that it is required to comply with their laws and regulations. This may require the Company to expend substantial resources or to modify its products or services, which would harm its business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm the Company's reputation or otherwise impact the growth of its business. Any costs incurred as a result of this potential liability could harm the Company's business and operating results.

If the Company is not able to comply with new or existing laws or regulations or if it becomes liable under these laws or regulations, the Company could be directly harmed, and it may be forced to implement new measures to reduce its exposure to this liability. This may require the Company to expend substantial resources or to modify its products or services, which would harm its business, financial condition and results of operations. In addition, the increased attention focused upon liability issues as a result of lawsuits and legislative proposals could harm the Company's reputation or otherwise impact the growth of its business. Any costs incurred as a result of this potential liability could harm the Company's business, financial condition or results of operations.

The Company's international operations are subject to increased challenges and risks.

The Company has entered into several international markets and expects to enter into additional markets in the future. The Company's ability to expand its business in additional international markets will require considerable management attention and resources and is subject to the particular challenges of supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal systems, alternative dispute systems, regulatory systems and commercial infrastructures. Expanding its international focus may subject the Company to risks that it has not faced before or increase risks that it currently faces, including risks associated with:

- burdens of complying with a variety of foreign laws in multiple jurisdictions;
- potential damage to its brand and reputation due to compliance with local laws;
- recruiting and retaining talented and capable management and employees in foreign countries;
- recruiting and working through local partners;
- challenges caused by distance, language and cultural differences;
- acquiring, consolidating, operating, publishing, enhancing and customizing its platform and other offerings that appeal to the tastes and preferences of customers in international markets;
- new and different sources of competition;
- utilizing, protecting, defending and enforcing its intellectual property rights;
- negotiating agreements with local distribution platforms that are sufficiently economically beneficial to the Company and protective of its rights;
- the inability to extend proprietary rights in its brand, content or technology into new jurisdictions;
- compliance with applicable foreign laws and regulations, including privacy laws and laws relating to content and consumer protection (for example, the United Kingdom's Office of Fair Trading's 2014 principles relating to in-app purchases in FTP games that are directed toward children 16 and under);
- compliance with anti-bribery laws;
- credit risk and higher levels of payment fraud;
- currency exchange rate fluctuations;
- exposure to local banking, currency control and other financial-related risks;
- protectionist laws and business practices that favor local businesses in some countries;
- double taxation of its international earnings and potentially adverse tax consequences due to changes in the tax laws of the jurisdictions in which the Company operates;
- political, economic and social instability;
- natural disasters, including earthquakes, tsunamis and floods;
- inadequate local infrastructure;
- higher costs associated with doing business internationally;
- export or import regulations; and
- trade and tariff restrictions.

If the Company is unable to manage the complexity of its global operations successfully, its business, financial condition and operating results could be adversely affected. Additionally, the Company's ability to successfully gain market acceptance in any particular market is uncertain, and the distraction of its senior management team could harm the Company's business, financial condition or results of operations.

Changes in foreign exchange rates and limitations on the convertibility of foreign currencies could adversely affect the Company's business and operating results.

The Company currently transacts business in several countries and in different currencies. Conducting business in different currencies subjects the Company to fluctuations in currency exchange rates that could have a negative impact on its reported operating results. To date, the Company has not engaged in exchange rate hedging activities, and it does not expect to do so in the foreseeable future.

The delivery of the Company's products and services and a portion of the Company's revenues are dependent on the continued use and expansion of third-party-owned communication networks, including wireless networks and the Internet.

No assurance can be given of the continued use and expansion of these networks as a medium of communications for the Company.

Effective delivery of the Company's products and services through the Internet is dependent on Internet service providers continuing to expand high-speed Internet access, maintaining reliable networks with the necessary speeds, data capacity and security, and developing complementary products and services for providing reliable and timely access and services. Changes in access fees (for example, revising the application of bandwidth caps or other metered usage schemes) to users may adversely affect the ability or willingness of users to access the Company's products and services. Changes in access fees to distributors, such as the Company or its service providers, or a departure from "net neutrality" (the principle that all forms of Internet traffic (including video, voice, and text) are subject to equal treatment in transmission speed and quality) or governing regulations could result in increased costs to the Company. All of these factors are out of the Company's control and the manifestation of any of them could ultimately have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

In addition, increasing traffic, user numbers or bandwidth requirements may result in a decline in Internet (or a subset thereof, including in particular mobile Internet) performance and/or Internet reliability. Internet outages or delays or loss of network connectivity may result in partial or total failure of the Company's services, additional and unexpected expenses to fund further product development or to add programming personnel to complete a development project, loss of revenue because of the inability of customers use the Company's products or services, or the cancellation by customers of their service with the Company, any of which could have a material adverse effect on the Company's prospects, business, financial condition or results of operations.

Changes in the tax treatment of companies engaged in Internet commerce may adversely affect the commercial use of the Company's services and its financial results.

Due to the global nature of the Internet, it is possible that various countries might attempt to regulate transmissions or levy sales, income, consumption, use or other taxes relating to its activities, or impose obligations on the Company to collect such taxes. Tax authorities in various jurisdictions are reviewing the appropriate treatment of companies engaged in Internet commerce such as the sale of virtual items and the provision of online services. The imposition of new or revised tax laws or regulations may subject the Company or its customers to additional sales, income, consumption, use or other taxes. The Company cannot predict the effect of current attempts to impose such taxes on commerce over the Internet. New or revised taxes and, in particular, sales, use or consumption taxes, the Value Added Tax and similar taxes would likely increase the cost of doing business online and decrease the attractiveness of selling virtual items over the Internet. New taxes could also create significant increases in internal costs necessary to capture data and collect and remit taxes. Any of these events could have an adverse effect on the business and results of operations of the Company.

The Company may have exposure to greater than anticipated tax liabilities.

The Company's income tax obligations are based in part on its corporate operating structure and intercompany arrangements, including the manner in which the Company develops, values, manages and uses its intellectual property and the valuation of its intercompany transactions. The tax laws applicable to its business, including the laws of Canada and other jurisdictions, are subject to interpretation and certain jurisdictions are aggressively interpreting their laws in new ways in an effort to raise additional tax revenue. The Company's existing corporate structure and intercompany arrangements have been implemented in a manner that the Company believes is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which the Company operates may challenge its methodologies for valuing developed technology or intercompany arrangements, which could impact the Company's worldwide effective tax rate and harm its financial position and results of operations. In addition, changes to the Company's corporate structure and intercompany agreements, including through acquisitions, could impact its worldwide effective tax rate and harm its financial position and results of operation.

The Company must charge, collect and/or pay taxes other than income taxes, such as payroll, value-added, sales and use, net worth, property and goods and services taxes, in both Canadian and foreign jurisdictions. If tax authorities assert that the Company has a taxable nexus in a jurisdiction, they may seek to impose past as well as future tax liability and/or penalties. Any such impositions could also cause significant administrative burdens and decrease the Company's future sales.

The Company may require additional capital to meet its financial obligations and support business growth, and this capital might not be available on acceptable terms or at all.

The Company intends to make significant investments to support its business growth and may require additional funds to respond to business challenges. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through future issuances of equity or convertible debt securities, its existing shareholders could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences and privileges superior to those of holders of its common shares. Any debt financing that the Company secures in the future could involve restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may not be able to obtain additional financing on terms favorable to it, if at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to the Company when the Company requires it, the Company's ability to support its business growth and to respond to business challenges could be significantly impaired, and the Company's business, financial condition or results of operations may be harmed.

The Company's business may suffer if it is unable to entertain its players, acquire new games, improve the experience of its existing games, and successfully monetize its games.

The Company's business will depend on acquiring, consolidating, operating, publishing, enhancing and continuing to service Free-to-Play ("**FTP**") games that consumers will download and spend time and money playing. The Company will be primarily focused on mobile gaming, offering its games on mobile devices, including smartphones and tablets on Apple's iOS and Google's Android operating systems, and on social networking platforms such as Facebook. The Company expects to devote substantial resources to the research, development, analytics and marketing of its existing and acquired games. The Company's development and marketing efforts are focused on both improving the experience of its existing games (frequently through new content and feature releases for its live services) and acquiring and consolidating new games. The Company will generate revenue primarily through the sale of in-game virtual items and advertising. For games distributed through third-party platforms, the Company is required to share a portion of its revenues from in-game sales with the platform providers. These costs are expected to remain a significant operating expense. In order to remain profitable, the Company needs to generate sufficient bookings and revenues from its existing and new game offerings to offset its ongoing development, marketing and operating costs.

Successfully monetizing FTP games is difficult, and requires that the Company deliver valuable and entertaining player experiences that a sufficient number of players will pay for or the Company is able to otherwise sufficiently monetize its games (for example, by serving in-game advertising). The most successful FTP games tend to include socio-competitive gameplay, deep meta game features, player versus player activities, regularly updated content and other complex technological and creative attributes. While the Company will work to include such features in its games, it may not successfully update its games to include these features or they may not be well received by its players. The success of the Company's games depends, in part, on unpredictable and volatile factors beyond the Company's control including consumer preferences, competing games, new mobile platforms and the availability of other entertainment experiences. If the Company's games do not meet consumer expectations, or if they are not brought to market in a timely and effective manner, the Company's ability to grow revenue and the Company's financial performance will be negatively affected.

The Company's loan agreement with its senior lender(s) contains operating and financial covenants that may restrict our business and financing activities.

The operating and financial restrictions and covenants in the loan agreement with the Company's senior lender, as well as any future financing arrangements that the Company may enter into, may restrict its ability to finance operations, engage in, expand, or otherwise pursue our business activities and strategies. The Company's ability to comply with these or other covenants may be affected by events beyond the Company's control, and future breaches of these or other covenants could result in a default under such loan agreement. If not waived, future defaults could cause all of such outstanding senior indebtedness to become immediately due and payable and the Company's access to further credit may terminate. If the Company does not have or is unable to generate sufficient cash to repay its debt obligations when they become due and payable, either upon maturity or in the event of a default, the Company would be required to obtain additional debt or equity financing, which may not be available on favorable terms, or at all, which may negatively impact the Company's ability to operate and continue its business as a going concern.

The Company relies on third-party platforms to operate certain aspects of its business, in particular Google's platform in respect of the Company's search engine marketing services. Any change to the rules and policies of such third-party platform could adversely impact the Company's operations and harm its business.

The Company expects its dependence on certain third-party platforms to continue. In the event of any material change to such third-party platforms' policies and procedures, the Company may suffer interruptions in service in order to accommodate such changes or, if the Company does not have the resources to implement corresponding changes, the Company may be exposed to liability as a result of its non-compliance. In either case, this could adversely affect the Company's business, financial condition or results of operations.

In many cases the Company acts as an intermediary between a publisher and an advertiser in respect of advertising transactions. The Company relies on its publisher and the advertiser customers to comply with applicable laws and industry standards with respect to the conduct of their respective businesses.

While the Company does make regular efforts to audit its prospective and existing publisher and advertising customers to ensure compliance with applicable laws and industry standards, the Company does not control such customers and thus may be exposed to liability in respect of such customers' unlawful or non-compliant conduct. The Company may not be entitled to indemnification in respect of such liability or may not be capable of pursuing indemnification due to a lack of resources or a lack of information necessary to properly bring a claim for indemnification against such customers. An example of exposure could arise if the Company facilitates an advertising transaction between a publisher and an advertiser, and the publisher distributes the advertiser's content via SMS in violation of the Telephone Consumer Protection Act (TCPA). The Company may, as a result of such advertising transaction, be subject to a claim from the end-user(s) in receipt of the applicable advertisement in violation of such end-user(s)' rights pursuant to the TCPA. This potential exposure to liability may have an adverse impact on the business and results of operations of the Company.

Risks Related to COVID-19

COVID-19 and the potential global outbreak of a contagious disease.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. Depending on the duration and severity of the current COVID-19 pandemic, it may also have the effect of heightening many of the other risks described herein and in any other disclosure documents of the Company including, but not limited to those risks relating to the successful completion of growth and expansion projects, the ability to obtain any required regulatory approvals in the future, the ability to raise additional capital to meet financial obligations and support business growth, the ability to service obligations under any debt securities and other debt obligations; and compliance with the covenants contained in the agreements that govern indebtedness.

The outbreak of COVID-19 may cause also disruptions to the Company's business and operational plans. These disruptions may include disruptions resulting from i) shortages of employees, ii) restrictions that governments impose to address the COVID-19 outbreak, and iii) restrictions that the Company impose to ensure the safety of employees and others. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital.

Risk Associated with the Capital Markets

The price of the Company's common shares may be volatile and may decline regardless of operating performance.

The price of the Company's common shares has fluctuated in the past, and the Company expects the price of the Company's common shares to fluctuate in the future, and to potentially even decline. The trading prices of technology and media companies' securities are highly volatile. The market price of the Company's common shares may fluctuate significantly in response to numerous factors, many of which are beyond the Company's control, including, among others:

- actual or anticipated fluctuations in the Company's revenue and other results of operations, including changes resulting from the addition or loss of any number of customers;

- announcements by the Company or its competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- the financial projections the Company may provide to the public, any changes in these projections, or the Company's failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of the Company, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow the Company, or the Company's failure to meet these estimates or the expectations of investors;
- changes in operating performance and stock market valuations of other technology companies, or those in the Company's industry in particular;
- the size of the Company's public float;
- price and volume fluctuations in the trading of the Company's common shares and in the overall stock market, including as a result of trends in the economy as a whole;
- new laws or regulations or new interpretations of existing laws or regulations applicable to the Company's business or industry, including data privacy, data protection, and information security;
- lawsuits threatened or filed against the Company for claims relating to intellectual property, employment issues, or otherwise;
- changes in the Company's board of directors or management;
- short sales, hedging, and other derivative transactions involving the Company's common shares;
- sales of large blocks of the Company's common shares including sales by the Company's executive officers, directors, and significant shareholders; and
- other events or factors, including changes in general economic, industry, and market conditions, geo-political conflict and trends, as well as any natural disasters, which may affect the Company's operations.

Share price volatility and limited market for securities.

The Company's common shares will be listed on the Exchange. However, in recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for Company's common shares will be subject to market trends generally, notwithstanding the Company's potential success in creating revenues, cash flows or earnings. The value of the Company's common shares will be affected by such volatility. An active public market for the Company's common shares might not develop or be sustained. If an active public market for the Company's common shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

In addition, the stock markets have experienced price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology and media companies. Share prices of many of these companies have fluctuated in a manner unrelated or disproportionate to their operating performance. If the Company were to become involved in securities litigation as a result of this volatility, it could subject the Company to substantial costs, divert resources and the attention of management, and harm the Company's business.

Future sales of Company's common shares by existing shareholders could cause the price of Company's common shares to decline.

Sales of a substantial number of Company's common shares by existing shareholders in the public market could occur at any time. If such shareholders sell, or the market perceives that such shareholders intend to sell substantial amounts of Company's common shares in the public market, the market price of Company's common shares could decline. The magnitude of this risk will be inversely proportional to the size of the public float.

If securities or industry analysts do not publish research or reports about the Company's business, or if they downgrade Company's common shares, the price of Company's common shares could decline.

The trading market for Company's common shares depends, in part, on the research and reports that securities or industry analysts publish about the Company's business. The Company does not have any control over these analysts. If one or more of the analysts who cover the Company downgrade the Company's stock or publish inaccurate or unfavorable research about the Company's business, the price of Company's common shares would likely decline. In addition, if the Company's results of operations fail to meet the forecast of analysts, the price of Company's common shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on the Company regularly, demand for the Company's common shares could decrease, which might cause the price and trading volume of Company's common shares to decline.

Issuance of additional Company's common shares in connection with financings, acquisitions, investments, the Company's equity incentive plans, or otherwise will dilute all other shareholders.

The Company expects to issue additional common shares in the future that will result in dilution to all other shareholders. The Company expects to grant equity awards to employees, directors, and consultants under its equity incentive plans. As part of its business strategy, the Company may acquire or make investments in complementary companies, products, or technologies, and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional common shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of Company's common shares to decline.

The Company may also raise capital through equity financings in the future. Any additional capital raised through the sale of equity may dilute existing shareholders' percentage ownership of Company's common shares and shareholders could be asked in the future to approve the creation of new equity securities which could have rights, preferences and privileges superior to those of holders of Company's common shares.

Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement its growth strategy and grow or maintain its operations.

The Company does not currently intend to pay dividends for the foreseeable future.

The Company generally does not intend to pay dividends to the holders of Company's common shares for the foreseeable future. The Company's ability to pay dividends on the Company's common shares is limited by its existing indebtedness, and may be further restricted by the terms of any future debt incurred or preferred securities issued by it or its Subsidiaries, or by law. Payments of future dividends, if any, will be at the discretion of its board of directors after taking into account various factors, including the Company's business, financial condition, and results of operations, current and anticipated cash needs, plans for expansion and any legal or contractual limitation on its ability to pay dividends. As a result, any capital appreciation in the price of Company's common shares may be an investor's only source of gain on investment in Company's common shares. Any dividends paid by the Company would be subject to tax and, potentially, withholdings.

Shareholders of the Company will have limited control over the Company's operations.

Shareholders of the Company will have limited control over changes in the Company's policies and operations, which increases the uncertainty and risks of an investment in the Company. The board of directors of the Company will determine major policies, including policies regarding debt and equity financing, growth, and any future dividends to shareholders. Generally, the board of directors of the Company will be able to amend or revise these and other policies without a vote of the shareholders. Shareholders of the Company will only have a right to vote in limited circumstances. The board of directors of the Company will have discretion in setting policies and the limited ability of shareholders to exert control over those policies increases the uncertainty and risks of an investment in the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is posted on SEDAR+ at www.sedarplus.ca. The Company's common shares are listed on the TSX Venture Exchange as a Tier I issuer under the symbol "INIK", with shares also trading on OTCQX® Best Market.