



# IONIK CORPORATION

(formerly "PopReach Corporation")

Consolidated Financial Statements  
For the three and nine months ended September 30, 2024 and September 30, 2023  
(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, continuous disclosure obligations, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Ionik Corporation Management team.

**IONIK CORPORATION** (formerly “PopReach Corporation”)  
**Condensed Interim Consolidated Statements of Financial Position**  
(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)

	Note	As at September 30, 2024	As at December 31, 2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$15,326	\$7,396
Accounts receivable, net	5	38,716	29,006
Prepaid expenses and deposits		1,041	1,181
Assets held for sale		—	7,786
Other assets	6	1,347	1,368
<b>Total current assets</b>		<b>56,430</b>	<b>46,737</b>
<b>Non-current assets</b>			
Right-of-use assets	7	487	262
Property and equipment		396	556
Other assets	6	1,290	1,769
Goodwill and intangibles	8	142,557	88,189
Deferred tax asset		3,921	1,943
<b>Total non-current assets</b>		<b>148,651</b>	<b>92,719</b>
<b>Total assets</b>		<b>\$205,081</b>	<b>\$139,456</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable, accrued liabilities and other	9	\$48,373	\$35,289
Taxes payable		3,686	4,855
Current portion of lease liabilities	11	529	575
Deferred revenue	12	390	2,873
Contingent consideration	14	949	91
Loans	16	27,580	11,138
Liabilities held for sale	25	—	511
<b>Total current liabilities</b>		<b>81,507</b>	<b>55,332</b>
<b>Long-term liabilities</b>			
Lease liabilities	11	804	724
Convertible debenture	13	27,487	21,742
Deferred revenue	12	—	206
Loans	16	68,224	60,194
Contingent consideration	14	26,968	—
Derivative liability	15	1,442	—
Deferred tax liability		2,204	349
<b>Total long-term liabilities</b>		<b>127,129</b>	<b>83,215</b>
<b>Total liabilities</b>		<b>\$208,636</b>	<b>\$138,547</b>
<b>Shareholders' equity</b>			
Share capital	17	84,479	83,831
Shares to be issued		1,912	318
Contributed surplus		4,295	3,804
Deficit		(94,293)	(87,049)
Accumulated other comprehensive income		52	5
<b>Total shareholders' equity</b>		<b>(3,555)</b>	<b>909</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$205,081</b>	<b>\$139,456</b>
<b>Nature of operations (note 1)</b>			

Approved on behalf of the Board:

/s/ Ted Hastings  
Ted Hastings, Director

/s/ Ben Colabrese  
Ben Colabrese, Director

*The accompanying notes form an integral part of these condensed interim consolidated financial statements.*

**IONIK CORPORATION** (formerly “PopReach Corporation”)  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the three and nine months ended September 30, 2024 and 2023**  
**(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)**

	Note	For the Three Months Ended		For the Nine Months Ended	
		September 30,		September 30,	
		2024	2023	2024	2023
<b>Revenue</b>	21	\$44,033	\$34,183	\$131,121	\$102,114
Cost of sales		26,916	21,274	82,929	64,049
<b>Gross profit</b>		<b>17,117</b>	<b>12,909</b>	<b>48,192</b>	<b>38,065</b>
<b>Expenses</b>					
Selling and marketing	22	4,412	4,669	13,476	13,452
General and administrative	22	5,445	3,563	15,924	11,278
Technology and development	22	2,166	1,303	5,763	4,766
Depreciation and amortization	7, 8	4,000	3,328	11,265	9,331
		<b>16,023</b>	<b>12,863</b>	<b>46,428</b>	<b>38,827</b>
<b>Other income (loss)</b>					
	10, 11, 13, 14, 15, 16				
Finance costs		(3,092)	(2,024)	(8,297)	(6,592)
Transaction costs		(239)	(148)	(429)	(543)
Foreign exchange loss		(135)	(111)	(391)	(430)
Fair value gain (loss) on financial liabilities	14, 15	(58)	—	33	(1,782)
Gain on disposal of games	25	110	8	2,882	8
Loss on modification/extinguishment of loan	16	—	—	—	(1,129)
Other income		45	—	129	—
<b>Net loss before income taxes</b>		<b>(2,275)</b>	<b>(2,229)</b>	<b>(4,309)</b>	<b>(11,230)</b>
Income tax expense		(1,112)	(105)	(2,640)	(223)
<b>Net loss after tax</b>		<b>(3,387)</b>	<b>(2,334)</b>	<b>(6,949)</b>	<b>(11,453)</b>
Other comprehensive income (loss)		16	(37)	47	(75)
<b>Comprehensive loss from Continuing Operations</b>		<b>\$(3,371)</b>	<b>\$(2,371)</b>	<b>\$(6,902)</b>	<b>\$(11,528)</b>
<b>Net loss and Comprehensive loss from Discontinued operations, after tax</b>	25	(110)	(112)	(295)	(176)
<b>Comprehensive loss</b>		<b>\$(3,481)</b>	<b>\$(2,483)</b>	<b>\$(7,197)</b>	<b>\$(11,704)</b>
<b>Net loss per share - basic and diluted</b>					
Continuing operations		\$(0.01)	\$(0.01)	\$(0.02)	\$(0.04)
Discontinued operations		\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
<b>Weighted average number of shares outstanding - basic and diluted</b>		<b>289,942,894</b>	<b>282,124,828</b>	<b>287,469,877</b>	<b>279,210,806</b>

*The accompanying notes form an integral part of these condensed interim consolidated financial statements.*

**IONIK CORPORATION** (formerly “PopReach Corporation”)  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**  
**For the three and nine months ended September 30, 2024 and 2023**  
**(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)**

	Share Capital					Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Common shares Number	SCS Exchangeable shares	SHIFT44 Exchangeable shares	Amount	Shares to be issued				
<b>Balance – December 31, 2022</b>	<b>275,266,828</b>	<b>-</b>	<b>-</b>	<b>\$73,715</b>	<b>-</b>	<b>\$2,122</b>	<b>\$47</b>	<b>\$(23,980)</b>	<b>\$51,904</b>
Share-based compensation (Note 18)	—	—	—	—	—	938	—	—	938
Issued as consideration for Schiefer Media Inc.	—	4,400	—	3,365	—	188	—	—	3,553
Issued as consideration for OpenMoves LLC	6,858,000	—	—	1,172	—	276	—	—	1,448
Other comprehensive loss	—	—	—	—	—	—	(75)	—	(75)
Net loss from continuing operations	—	—	—	—	—	—	—	(11,453)	(11,453)
Net loss from discontinued operations	—	—	—	—	—	—	—	(176)	(176)
<b>Balance – September 30, 2023</b>	<b>282,124,828</b>	<b>4,400</b>	<b>-</b>	<b>\$78,252</b>	<b>-</b>	<b>\$3,524</b>	<b>\$(28)</b>	<b>\$(35,609)</b>	<b>\$46,139</b>

	Share Capital					Contributed Surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
	Common shares Number	SCS Exchangeable shares	SHIFT44 Exchangeable shares	Amount	Shares to be issued				
<b>Balance – December 31, 2023</b>	<b>284,726,328</b>	<b>4,400</b>	<b>4,790</b>	<b>\$83,831</b>	<b>\$318</b>	<b>\$3,804</b>	<b>\$5</b>	<b>\$(87,049)</b>	<b>\$909</b>
Issued OpenMoves LLC anniversary holdback shares	2,142,000	—	—	\$318	\$(318)	\$—	\$—	\$—	—
Issued in lieu of SCS Exchangeable shares	4,390,000	(878)	—	—	—	—	—	—	—
Issued as consideration for Nimble5, LLC (Note 24)	—	—	—	—	1,912	212	—	—	2,124
Share-based compensation (Note 18)	—	—	—	—	—	609	—	—	609
Issued for vested restricted share units	2,730,431	—	—	330	—	(330)	—	—	—
Other comprehensive income	—	—	—	—	—	—	47	—	47
Net loss from continuing operations	—	—	—	—	—	—	—	(6,949)	(6,949)
Net loss from discontinued operations	—	—	—	—	—	—	—	(295)	(295)
<b>Balance – September 30, 2024</b>	<b>293,988,759</b>	<b>3,522</b>	<b>4,790</b>	<b>\$84,479</b>	<b>\$1,912</b>	<b>\$4,295</b>	<b>\$52</b>	<b>\$(94,293)</b>	<b>\$(3,555)</b>

*The accompanying notes form an integral part of these condensed interim consolidated financial statements.*

**IONIK CORPORATION** (formerly “PopReach Corporation”)  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the three and nine months ended September 30, 2024 and 2023**  
**(expressed in thousands of United States Dollars, except share and per share amounts - unaudited)**

	Note	For the Nine Months Ended	
		September 30 2024	September 30 2023
<b>Cash flows from operating activities</b>			
Net loss after tax		\$(6,949)	\$(11,453)
Changes in non-cash operating items:			
Depreciation and amortization	7, 8	11,265	9,331
Share-based compensation	18	609	938
Fair value gain (loss) on financial liabilities		(33)	1,782
Deferred tax recovery		(926)	(1,434)
Finance costs	10, 11, 13, 14, 15, 16	8,297	6,592
Gain on sale of equipment		—	(8)
Loss on modification/extinguishment of loan		—	1,129
Unrealized foreign exchange		140	37
Change in trade receivables allowed for		(381)	50
Other income		129	—
Gain on disposal of games		(2,882)	—
Changes in working capital			
Accounts receivable		7,960	2,464
Prepaid expenses and deposits		140	176
Other assets		2,555	(908)
Accounts payable, accrued liabilities and other		(12,371)	(2,953)
Taxes payable		(1,169)	189
Deferred revenue		(2,689)	111
<b>Net cash generated from operating activities</b>		<b>3,695</b>	<b>6,043</b>
<b>Cash flows generated from (used in) financing activities</b>			
Lease payments	11	(604)	(551)
Proceeds from loans	16	24,500	62,500
Repayment of loans	16	(8,353)	(49,453)
Repayment of convertible debenture	13	—	(7,500)
Proceeds from bank indebtedness	10	11,500	7,500
Repayment of bank indebtedness	10	(11,500)	(7,500)
Financing fees paid on loans		—	(592)
Payment of interest	10, 16	(5,503)	(4,939)
<b>Net cash generated from (used in) financing activities</b>		<b>10,040</b>	<b>(535)</b>
<b>Cash flows generated from (used in) investing activities</b>			
Additions to property and equipment		(35)	(110)
Additions to intangible assets	8	(209)	(912)
Acquisition of subsidiaries, net cash acquired	24	(13,101)	(3,886)
Proceeds from lessee		—	42
Proceeds from sale of subsidiary and assets	25	7,507	—
Cash disposed with sale of subsidiary	25	(1,906)	—
<b>Net cash used in investing activities</b>		<b>(7,744)</b>	<b>(4,866)</b>
<b>Cash flow from discontinued operations</b>			
		<b>1,812</b>	<b>696</b>
Effect of foreign currency exchange rate changes on cash		127	(200)
Change in cash during the period		7,930	1,138
Cash – beginning of period		7,396	7,795
<b>Cash – end of period</b>		<b>\$15,326</b>	<b>\$8,933</b>
Taxes paid		4,129	22

*The accompanying notes form an integral part of these condensed interim consolidated financial statements.*

**IONIK CORPORATION** (formerly “PopReach Corporation”)  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2024 and 2023**  
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## **1. NATURE OF OPERATIONS**

Ionik Corporation (formerly "PopReach Corporation", doing business as “**Ionik**” or the “**Company**”), was incorporated September 25, 2018 pursuant to the provisions of the Business Corporations Act (Ontario). On April 28, 2022, the Company and Federated Foundry Limited (“**Federated**”, formerly 2810735 Ontario Inc.) entered into a merger agreement (the “**Transaction**”) which constituted a reverse takeover transaction of the Company by Federated with Federated deemed to be the accounting acquirer and having obtained control of the Company. The Company elected to continue its consolidated operations following the Transaction using the name PopReach Corporation (doing business as "Ionik"). Effective November 26, 2024, the Company changed its name to Ionik Corporation.

Ionik is a multi-platform 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's portfolio includes: Q1Media, Inc. (“**Q1Media**”), NotifyAI, LLC (“**Notify**”), Crucial Interactive Holdings Inc. (“**CIHI**”) (doing business as “**Contobox**”), Ubiquity Agency LLC (“**Ubiquity**”), Schiefer Media Inc. (“**SCS**”), OpenMoves LLC (“**OpenMoves**”), SHIFT44, Inc. (“**SHIFT44**”) and Nimble5, LLC (“**Nimble5**”). The majority of PopReach Incorporated operations (“**PopReach Games Business**”), was sold as disclosed in Note 25.

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

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

These condensed interim consolidated financial statements are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the annual audited consolidated financial statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022. Accordingly, these unaudited condensed interim consolidated statements for the three and nine months ended September 30, 2024 and 2023, should be read together with the annual audited consolidated financial statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022.

As a result of the Transaction on April 28, 2022 and pursuant to the Business Combination Agreement dated October 18, 2021 between PopReach Corporation and Federated, first amended on February 14, 2022 and subsequently amended immediately prior to closing of the Transaction, the last date of the fiscal year of Federated was changed from September 30 to December 31. As a result of the change, the Company had a fifteen month year for the fiscal year ending December 31, 2022.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 27, 2024.

### **Basis of presentation**

The condensed interim consolidated financial statements are presented on a historical cost basis except for certain financial instruments that have been measured at fair value.

### **Functional and presentation currency**

The Company’s condensed interim consolidated financial statements are presented in thousands of United States Dollars (“**USD**”), except share and per share amounts.

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Based on an analysis of the primary and secondary indicators, the functional currency of each of the Company and its subsidiaries have been determined to be as follows:

	<b>Functional currency</b>
Federated Foundry Limited	USD
PopReach Corporation ("dba Ionik")	USD
PopReach Incorporated	USD
PopReach Technologies Private Ltd ("PR Tech")	USD
PopReach UK Limited ("PopReach UK")	USD
Q1Media Inc.	USD
Notify AcquisitionCo Inc.	USD
NotifyAI, LLC	USD
Adwora, LLC	USD
Crucial Interactive Holdings Inc.	CAD
Crucial Interactive Inc.	CAD
Okra Media Inc.	CAD
Media Xeo Inc.	CAD
Contobox US Inc.	USD
Ubiquity Agency Acquisition, Inc.	USD
Ubiquity Agency LLC	USD
Sedulen LLC	USD
VeriAS LLC	USD
BW Ventures LLC	USD
Jet Marketing Agency LLC	USD
Hippo Investments LLC	USD
Mosten Media BV	USD
SCS Acquisition, Inc.	USD
Schiefer Media Inc.	USD
Schiefer ChopShop Canada, Inc.	USD
Schiefer Chopshop Inc.	USD
OpenMoves Acquisition Inc.	USD
OpenMoves LLC	USD
SHIFT44, Inc.	USD
Ionik U.S., Inc	USD
Nimble AcquisitionCo Inc.	USD
Nimble5, LLC	USD

On October 18, 2024, the Ubiquity Agency Acquisition, Inc. was renamed as United Service Announcements, Inc.

**Basis of consolidation**

The condensed interim consolidated financial statements for the period ended September 30, 2024 and 2023 comprise of the financial results of the Company and its subsidiaries, which are the entities over which the Company has control. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are fully consolidated from the date that control commences and de-consolidated from the date control ceases. All intercompany balances and transactions are eliminated upon consolidation. All subsidiaries detailed above are fully owned by the Company as at September 30, 2024 and 2023, except those which were acquired in 2023 and sold in 2024. On April 26, 2024, PopReach Technologies Private Ltd and certain assets of PopReach Incorporation were sold as part of the PopReach Games Business sale, refer to Note 25 for more information.

**3. MATERIAL ACCOUNTING POLICIES**

There have been no changes to the significant accounting policies since the annual audited financial statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022.

#### **4. SIGNIFICANT JUDGMENTS AND ESTIMATES**

The preparation of the Company’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The following are the estimates and assumptions that have been made in applying the Company’s accounting policies that have the most significant effect on the amounts in the consolidated financial statements.

##### **Goodwill impairment testing and recoverability of long-lived assets**

The determination of a cash generating unit (“CGU”) is based on management’s judgment and is an assessment of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amounts of the CGUs were estimated based on an assessment of the higher of value in use using a discounted cash flow approach and fair value less costs of disposal. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows projections until the end of an asset or CGUs useful life are extrapolated using the estimated terminal growth rate for value in use impairment analysis. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

##### **Business combinations**

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Further, significant judgments are necessary in assessing the taxable status of the business combinations, which has a direct correlation to the recognition of a deferred tax liability, for any difference in basis between tax and accounting, and corresponding amount in goodwill. An assessment by a tax authority that concluded differently could materially change the deferred tax amounts. The Company bases their judgments on their assessment of the facts of the underlying contractual agreements.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period ends as soon as the Company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

##### **Revenues and deferred revenues**

The Company is required to make estimates that affect the amount of revenue from contracts with customers under IFRS 15. The Company uses judgment to determine (i) whether it is the principal or the agent; and (ii) the timing of the transfer of control, at a point in time or over time.

The Company uses judgment and estimates to determine the amount of revenue to defer for each reporting period. The Company expects that in future periods, there will be changes in estimates of the average playing period of active players who complete in-app purchases (“Payers”) and/or changes in the ability to make such estimates, based on changes to the Company’s portfolio of game franchises. In particular, if the estimated average playing period of Payers increases on average, the amount of revenue recognized in a current or future period may be reduced, perhaps materially. Conversely, if the estimated average playing period of Payers decreases on average, the amount of revenue that is recognized in a current or future period may be accelerated, perhaps materially.

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**Deferred cost of sales and cost of sales**

The Company uses judgment and estimates to determine the amount of cost of sales to defer for each reporting period. The Company expects that in future periods, there will be changes in estimates of the average playing period of Payers and/or changes in the ability to make such estimates, based on changes to the Company’s portfolio of game franchises. In particular, if the estimated average playing period of Payers increases on average, the amount of cost of sales recognized in a current or future period may be reduced, perhaps materially. Conversely, if the estimated average playing period of Payers decreases on average, the amount of cost of sales that is recognized in a current or future period may be accelerated.

**Provision and contingencies**

The amount recognized as a provision, including legal, contractual, constructive and other exposures, obligations or contingent consideration are the best estimate of the consideration required to settle the related liability, including any related interest charges, considering the risks and uncertainties surrounding the obligation. In addition, contingencies will only be resolved when one or more future events occur or fail to occur. Therefore, assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

**Expected credit losses**

The Company monitors the financial stability of its customers and the environment in which they operate to make estimates regarding the likelihood that the individual trade receivable balances will be paid. The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company also reviews current economic conditions from time to time and assesses whether there would be any impact on the expected credit losses.

**Estimated useful lives of long-lived assets**

Management reviews useful lives of depreciable assets at each reporting date. Management assesses that the useful lives represent the expected utilization in terms of duration of the assets to the Company. Actual utilization, however, may vary due to technical obsolescence, particularly relating to acquired technology.

**Fair value of financial instruments**

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

**Leases**

When the Company enters into leases as a lessee, it determines the lease term as the non-cancellable period of the lease together with periods covered by an option to extend the lease if it reasonably expects to exercise such option. In assessing whether it is reasonably certain to exercise an option to extend a lease, the Company considers: the contractual terms and conditions for the optional periods compared with market rates; whether any significant leasehold improvements have been undertaken; the costs of terminating the lease; the importance of the underlying asset to the Company’s operations; and any conditionality associated with exercising the option.

In addition, the Company determines its incremental borrowing rate in order to measure its lease liabilities. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In estimating its incremental borrowing rate, the Company considers the term of the lease, the nature of the leased asset, and its level of indebtedness with reference to market risk-free interest rates.

**Income taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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**Share-based compensation**

The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation which require the use of several input variables. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information of comparable companies), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of share-based compensation.

**Employee benefit obligations**

The Company is required to determine the fair value of employee benefit obligations at the end of each reporting period, which requires judgments over the inputs, including regulatory requirements, an evaluation of relevant discount rates, expected long-term returns on plan liabilities, mortality, expected changes in wages and retirement benefits, analysis of current market conditions, and input from actuaries and other consultants. Changes in these inputs can materially impact the estimated fair value of the employee benefit obligations.

**Technology and development**

There is judgment involved in determining which costs are directly attributable to the intangible asset during the development. Changes in these assumptions can materially impact the carrying value of the intangible asset during its development.

**Going concern**

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern and operate in the normal course by reviewing the Company's performance, resources and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's assessment are derived from actual operating results along with industry and market trends.

**Non-current Assets Held for Sale and Discontinued Operations**

Management exercises significant judgment in assessing whether a component qualifies for classification as discontinued operations. This determination involves evaluating the probability of the sale and the active pursuit of a plan to sell. The fair value less costs to sell is a key estimate used in measuring the assets and liabilities of discontinued operations. Any impairment losses recognized in connection with discontinued operations also involve significant management judgment.

The classification of non-current assets as held for sale is based on management's judgment regarding the criteria outlined in IFRS 5. The determination of fair value less costs to sell for assets held for sale involves estimation and may be influenced by various factors, including market conditions and negotiations with potential buyers.

Retroactive changes to the consolidated statements of loss and comprehensive loss may occur due to revisions in the classification of discontinued operations and assets held for sale. Changes in plans to sell or in the satisfaction of criteria may lead to restatements of prior periods. Such restatements are made in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”.

**Accounting Pronouncements effective on January 1, 2024:**

(a) IAS 1, Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted this amendment in its consolidated financial statement for the annual period beginning January 1, 2024. There was no material impact from the adoption of the amendments on the Company’s Condensed Interim Consolidated Financial Statements.

Non-current liabilities with covenants (amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

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The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company adopted this amendment in its consolidated financial statement for the annual period beginning January 1, 2024. There was no material impact from the adoption of the amendments on the Company’s Condensed Interim Consolidated Financial Statements.

Accounting Pronouncements Issued but not yet effective:

IAS 21, Lack of exchangeability (amendments to IAS 21, the effects of changes in foreign exchange rates)

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify (i) when a currency is exchangeable into another currency and (ii) how a company estimates a spot rate when a currency lacks exchangeability. This amendment is effective on January 1, 2025. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2025. This amendment is not expected to have a material impact on the Company’s Consolidated Financial Statements

**5. ACCOUNTS RECEIVABLE**

	<b>As at September 30, 2024</b>			
	<b>Current</b>	<b>Over 30 days past due</b>	<b>Over 90 days past due</b>	<b>Total</b>
Trade receivables gross balance	\$31,935	\$4,593	\$2,678	\$39,206
Expected credit loss rate	0.0%	0.9%	16.4%	1.2%
Expected credit loss allowance	9	41	440	490
<b>Trade receivables, net of expected credit loss</b>	<b>\$31,926</b>	<b>\$4,552</b>	<b>\$2,238</b>	<b>\$38,716</b>

	<b>As at December 31, 2023</b>			
	<b>Current</b>	<b>Over 30 days past due</b>	<b>Over 90 days past due</b>	<b>Total</b>
Trade receivables gross balance	\$23,976	\$3,510	\$2,730	\$30,216
Expected credit loss rate	0.1%	2.9%	39.8%	4.0%
Expected credit loss allowance	22	101	1,087	1,210
<b>Trade receivables, net of expected credit loss</b>	<b>\$23,954</b>	<b>\$3,409</b>	<b>\$1,643</b>	<b>\$29,006</b>

Below is a continuity schedule of the expected credit loss allowance for the nine months ended September 30, 2024 and twelve months ended December 31, 2023:

	<b>Total</b>
<b>Balance as at December 31, 2022</b>	<b>\$263</b>
Change in trade receivables allowed for Amounts written off	1,039 (92)
<b>Balance as at December 31, 2023</b>	<b>\$1,210</b>
Change in trade receivables allowed for Amounts written off	381 (1,101)
<b>Balance as at September 30, 2024</b>	<b>\$490</b>

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**6. OTHER ASSETS**

	<u>As at September 30,</u> <u>2024</u>	<u>As at December 31,</u> <u>2023</u>
Investment tax credit receivable	\$1,167	\$1,865
Investment in lease receivable	721	957
Deferred cost of sales	—	301
Deferred receivable from sale of discontinued operations	699	—
Other	50	14
<b>Other assets</b>	<b>\$2,637</b>	<b>\$3,137</b>
Current	1,347	1,368
Long-term	1,290	1,769
<b>Total</b>	<b>\$2,637</b>	<b>\$3,137</b>

**7. RIGHT-OF-USE ASSETS**

The Company’s leases consist of eight facility leases as shown below:

<u>Original Commencement Date</u>	<u>Term</u> <u>(months):</u>
November 2021	36
November 2022	24
April 2023	56
April 2023	37
November 2023	15
January 2024	40
February 2024	12
September 2024	36

	<u>Total</u>
<b>Balance as at December 31, 2022</b>	<b>\$472</b>
Disposition of right-of-use asset	(971)
Acquired in business combination	1,496
Amortization - continuing operations	(534)
Amortization - discontinued operations	(188)
Reclassified as assets held for sale	(13)
<b>Balance as at December 31, 2023</b>	<b>\$262</b>
Acquired in business combination (Note 24)	127
Lease additions	494
Amortization - continuing operations	(396)
<b>Balance as at September 30, 2024</b>	<b>\$487</b>

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**8. GOODWILL AND INTANGIBLES**

<b>COST</b>	<b>Customer Relationships</b>	<b>Software</b>	<b>Technology</b>	<b>Brand/ License</b>	<b>Goodwill</b>	<b>Intangibles in development</b>	<b>Total</b>
<b>As at December 31, 2022</b>	<b>\$31,267</b>	<b>\$650</b>	<b>\$27,584</b>	<b>\$5,372</b>	<b>\$58,898</b>	<b>\$3,538</b>	<b>\$127,309</b>
Additions - continuing operations	—	—	—	—	—	1,008	1,008
Additions - discontinued operations (Note 25)	—	—	—	—	—	525	525
Acquired on acquisition	22,910	—	5,640	4,000	26,638	—	59,188
Transferred to technology	—	—	3,788	—	—	(3,788)	—
Transferred to assets held for sale (Note 25)	(445)	—	(9,132)	(2,294)	(9,898)	—	(21,769)
<b>As at December 31, 2023</b>	<b>\$53,732</b>	<b>\$650</b>	<b>\$27,880</b>	<b>\$7,078</b>	<b>\$75,638</b>	<b>\$1,283</b>	<b>\$166,261</b>
Transferred to technology	—	—	1,283	—	—	(1,283)	—
Additions - continuing operations	28,820	—	9,610	810	25,589	209	65,038
<b>As at September 30, 2024</b>	<b>\$82,552</b>	<b>\$650</b>	<b>\$38,773</b>	<b>\$7,888</b>	<b>\$101,227</b>	<b>\$209</b>	<b>\$231,299</b>
<b>ACCUMULATED AMORTIZATION</b>							
<b>As at December 31, 2022</b>	<b>\$5,386</b>	<b>\$162</b>	<b>\$7,060</b>	<b>\$1,131</b>	<b>\$14,345</b>	<b>\$2,395</b>	<b>\$30,479</b>
Transfer to technology	—	—	2,395	—	—	(2,395)	—
Amortization - continuing operations	6,864	109	4,570	647	—	—	12,190
Amortization - discontinued operations (Note 25)	144	—	602	442	—	—	1,188
Impairment loss - continuing operations	2,436	—	2,999	127	35,708	—	41,270
Impairment loss - discontinued operations (Note 25)	—	—	1,659	518	5,156	—	7,333
Transferred to assets held for sale (Note 25)	(265)	—	(7,440)	(1,527)	(5,156)	—	(14,388)
<b>As at December 31, 2023</b>	<b>\$14,565</b>	<b>\$271</b>	<b>\$11,845</b>	<b>\$1,338</b>	<b>\$50,053</b>	<b>\$—</b>	<b>\$78,072</b>
Amortization - continuing operations	6,399	81	3,446	744	—	—	10,670
<b>As at September 30, 2024</b>	<b>\$20,964</b>	<b>\$352</b>	<b>\$15,291</b>	<b>\$2,082</b>	<b>\$50,053</b>	<b>\$—</b>	<b>\$88,742</b>
<b>NET BOOK VALUE</b>							
<b>As at December 31, 2023</b>	<b>\$39,167</b>	<b>\$379</b>	<b>\$16,035</b>	<b>\$5,740</b>	<b>\$25,585</b>	<b>\$1,283</b>	<b>\$88,189</b>
<b>As at September 30, 2024</b>	<b>\$61,588</b>	<b>\$298</b>	<b>\$23,482</b>	<b>\$5,806</b>	<b>\$51,174</b>	<b>\$209</b>	<b>\$142,557</b>

The additions to goodwill and intangibles during the nine months ended September 30, 2024 and twelve months ended December 31, 2023 relate to the acquisition of SCS, OpenMoves, SHIFT44 and Nimble5 and certain salaries and benefits being capitalized as part of the development phase of the development of a software platform. The development costs capitalized have met the criteria for capitalization in accordance with IAS 38, and amortization will commence when the intangibles are available for use, which is upon the completion and commercialization of the software platform.

On December 31, 2023, the PopReach Games business, as defined in Note 23, was classified as held for sale, and therefore the goodwill and intangibles associated with that business have been reclassified. On April 29, 2024, the Company announced the sale of the PopReach Games Business, resulting in disposal of goodwill and intangible assets of \$6,925 (see Note 25).

The geographic location of goodwill and intangibles are broken down as follows:

	<b>As at September 30, 2024</b>	<b>As At December 31, 2023</b>
United States	\$140,615	\$86,111
Canada	1,942	2,078
<b>Total</b>	<b>\$142,557</b>	<b>\$88,189</b>

There were no indicators of impairment for goodwill and intangible assets for the period ended September 30, 2024. There were indicators of impairment at December 31, 2023, based on which management recorded impairment loss of \$41,270 at December 31,

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2023. Refer to Consolidated Audited Financial Statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022.

**9. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND OTHER**

	<u>As at September 30,</u> <u>2024</u>	<u>As at December 31,</u> <u>2023</u>
Trade accounts payable	\$43,583	\$25,014
Accrued liabilities and other	3,790	9,275
Warrant put liability	1,000	1,000
<b>Accounts payable, accrued liabilities and other</b>	<b>\$48,373</b>	<b>\$35,289</b>

As part of the Q1Media acquisition, the Company acquired a warrant put liability. On February 14, 2014 and April 9, 2015, Q1Media entered into loan and security agreements. These loan agreements were accompanied by share purchase warrants as well as a warrant put option. The warrant put option had a maturity of seven years, terminating on February 20, 2021, and April 9, 2022, respectively. The warrant agreements contain a clause extending the maturity date of the warrant agreement until payment of the contractual put price if the holder of the warrant put gives notice of intent to exercise. Per the terms of the put option, in the event of (i) any acquisition or other change in control of Q1Media, (ii) any initial public offering or other listing of Q1Media’s securities, (iii) any winding up, liquidation or deemed liquidation under Q1Media’s Certificate of Incorporation, and (iv) upon expiry of this warrant, the holders have the right to exchange this warrant for the cash sum of \$500 for each of the February 2014 and April 2015 warrants, totaling an undiscounted liability of \$1,000. As of the date of these condensed interim consolidated financial statements, no cash amount has been settled for this warrant put liability. The warrant put liability is recorded at fair value through profit or loss.

The Company paid \$nil in finance costs related to regular day-to-day operations for the three and nine months ended September 30, 2024 (three and nine months ended September 30, 2023 - \$nil).

**10. BANK INDEBTEDNESS**

	<u>Total</u>
<b>Balance as at December 31, 2022</b>	<b>\$—</b>
Proceeds	7,500
Finance costs	200
Repayments of principal and interest	(7,700)
<b>Balance as at December 31, 2023</b>	<b>\$—</b>
Proceeds	11,500
Finance costs	66
Repayments of principal and interest	(11,566)
<b>Balance as at September 30, 2024</b>	<b>\$—</b>

The Company has a \$10,000 Revolving Facility available under its Syndicate Facility (See Note 16), of which \$nil was drawn on September 30, 2024 (December 31, 2023 - \$nil). During the nine months ended September 30, 2024, the Company borrowed and repaid \$11,500 of the revolver facility. Total finance costs for the three and nine months ended September 30, 2024 were \$38 and \$66 respectively (three and nine months ended September 30, 2023 - \$nil and \$200, respectively). Total repayments of interest for the three and nine months ended September 30, 2024 were \$38 and \$66 respectively (three and nine months ended September 30, 2023 - \$nil and \$200, respectively).

During the twelve months ended December 31, 2023, \$7,500 of borrowings were made against its revolving line of credit, with a total of \$7,500 repayments of principal. Total finance costs for the twelve months ended December 31, 2023 was \$200, and interest paid was \$200.

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**11. LEASE LIABILITIES**

The Company’s leases consist of eight facility leases. The Company has recognized right-of-use assets in respect of these leases (Note 7).

The Company has also recognized lease liabilities for these leases, which were initially measured at the present value of the future lease payments, discounted at rates between 5% and 11.25%. Interest on lease liabilities is included in finance costs in the consolidated statements of loss and comprehensive loss. The carrying amount of the Company’s lease liabilities are summarized in the table below.

	<b>Total</b>
<b>Balance as at December 31, 2022</b>	<b>\$537</b>
Acquired in business combination	1,496
Finance costs	84
Lease payments - continuing operations	(644)
Lease payments - discontinued operations	(246)
Foreign exchange gain	85
Reclassified to liabilities held for sale	(13)
<b>Balance as at December 31, 2023</b>	<b>\$1,299</b>
Acquired in business combination (Note 24)	\$127
Lease addition	495
Finance costs	19
Lease payments - continuing operations	(604)
Foreign exchange gain	(3)
<b>Balance as at September 30, 2024</b>	<b>\$1,333</b>
Current portion	529
Long-term portion	804
<b>Total</b>	<b>\$1,333</b>

The following table details the undiscounted cash flows and contractual maturities of the Company’s lease obligations, as at September 30, 2024:

	<b>Within one year</b>	<b>Later than one year but not later than 5 years</b>	<b>More than 5 years</b>
Lease liabilities	\$534	\$837	\$—

**12. DEFERRED REVENUE**

Below is a continuity schedule of deferred revenues for the nine months ended September 30, 2024 and twelve months ended December 31, 2023:

	<b>Total</b>
<b>Balance as at December 31, 2022</b>	<b>\$2,222</b>
Acquired in business combination	672
Net change in deferred revenues from managed services, self-service and other	418
Net change in deferred revenues from in-app purchases	(233)
<b>Balance as at December 31, 2023</b>	<b>\$3,079</b>
Net change in deferred revenues from managed services, self-service and other	(2,689)
<b>Balance as at September 30, 2024</b>	<b>\$390</b>
Current	390
Long-term	—
<b>Total</b>	<b>\$390</b>

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**13. CONVERTIBLE DEBENTURES**

	Convertible debenture - debt host value	Convertible debenture - conversion value (equity)	Total
<b>Balance as at December 31, 2022</b>	<b>\$10,370</b>	<b>\$822</b>	<b>\$11,192</b>
Issued as consideration for business combinations	13,852	842	14,694
Accrued finance costs	1,596	—	1,596
Early prepayment of convertible debenture	(7,500)	—	(7,500)
Loss on modification/extinguishment	3,424	—	3,424
<b>Balance as at December 31, 2023</b>	<b>\$21,742</b>	<b>\$1,664</b>	<b>\$23,406</b>
Issued as consideration for business combinations (Note 24)	3,428	212	3,640
Accrued finance costs	2,317	—	2,317
<b>Balance as at September 30, 2024</b>	<b>\$27,487</b>	<b>\$1,876</b>	<b>\$29,363</b>

***Acquisition of SCS***

In connection with the purchase consideration in accordance with the SCS acquisition dated April 18, 2023 (the “**SCS Acquisition**”), the Company entered into a convertible debenture in the principal amount of \$750 (the “**SCS Debenture**”). The SCS Debenture is convertible at the election of the holders at any time prior to the SCS Maturity Date into common shares of the Company at \$0.78 per share. The SCS Debenture is non-interest bearing, repayable and matures on May 31, 2025 (the “**SCS Maturity Date**”). The SCS Debenture is 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 conversion feature met the fixed-for-fixed criteria, and therefore was recorded as equity.

On May 24, 2023, in conjunction with the closing of the new credit facility described in Note 16, an amendment was made to the SCS Debenture (the “**SCS Debenture Amendment**”), which is further described in Note 16. The SCS Debenture Amendment did not result in a substantial modification of the existing terms of the SCS Debenture and accordingly was accounted for as a modification. The modification resulted in a loss of \$52 which was recorded in the consolidated statement of loss and comprehensive loss.

Total finance costs for the three and nine months ended September 30, 2024 were \$18 and \$52 (three and nine months ended September 30, 2023 - \$16 and \$23).

***Acquisition of OpenMoves***

In connection with the purchase consideration in accordance with the OpenMoves acquisition dated April 26, 2023 (the “**OpenMoves Acquisition**”), the Company entered into a convertible debenture in the principal amount of \$2,000 (the “**OpenMoves Debenture**”). In conjunction with the change in the loan facility (see Note 16), the principal amount of the OpenMoves Debenture was increased subsequently by \$500.

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 \$0.78 per share and the holders have the option to convert accrued and unpaid interest into common shares of the Company at the greater of \$0.78 per share and the lesser of (i) the closing price for the common shares of the Company on the day immediately prior to the conversion and (ii) the lowest price permissible by the TSX Venture Exchange. 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 conversion feature related to principal met the fixed-for-fixed criteria, and therefore was recorded as equity. The conversion feature related to accrued and unpaid interest represented an embedded derivative which met the definition of the financial liability as it did not meet fixed-for-fixed criteria. The Company estimated the fair value of the conversion feature related to the accrued and unpaid interest to be nominal on April 26, 2023 (OpenMoves Acquisition date) and December 31, 2023.

On May 24, 2023, in conjunction with the closing of the new credit facility described in Note 16, an amendment was made to the OpenMoves Debenture (the “**OpenMoves Debenture Amendment**”), which is further described in Note 16. The OpenMoves Debenture Amendment resulted in a substantial modification of the existing terms of the OpenMoves Debenture and accordingly was

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accounted for as an extinguishment. The fair value of the amended OpenMoves Debenture was estimated using the interest rate of 14.6% and resulted in a loss on extinguishment of \$400 which was recorded in the consolidated statement of loss and comprehensive loss.

Total finance costs for the three and nine months ended September 30, 2024 were \$109 and \$321 (three and nine months ended September 30, 2023 - \$50 and \$88).

**Acquisition of SHIFT44**

In connection with the purchase consideration in accordance with the SHIFT44 acquisition dated November 20, 2023 (the “**SHIFT44 Acquisition**”), the Company entered into a convertible debenture in the principal amount of \$16,750 (the “**SHIFT44 Debenture**”).

The SHIFT44 Debenture is non-interest bearing, is repayable on November 30, 2026 (the “**SHIFT44 Maturity Date**”) and convertible into common shares of the Company at the option of the holders, exercisable at any time prior to the SHIFT44 Maturity Date at US\$0.78 per share. The SHIFT44 Debenture is secured by a security interest granted to the holders over the assets of SHIFT44, which security interest ranks subordinate to the Company's senior lender.

The conversion feature met the fixed-for-fixed criteria, and therefore was recorded as equity.

Total finance costs for the three and nine months ended September 30, 2024 were \$417 and \$1,210 (three and nine months ended September 30, 2023 - \$nil and \$nil).

**Acquisition of Nimble5**

In connection with the purchase consideration in accordance with the Nimble5 acquisition dated September 3, 2024 (the “**Nimble5 Acquisition**”), the Company entered into a convertible debenture in the principal amount of \$5,000 (the “**Nimble5 Debenture**”), see Note 24.

The Nimble5 Debenture is non-interest bearing, is repayable on September 3, 2027 (the “**Nimble5 Maturity Date**”) and convertible into common shares of the Company at the option of the holders, exercisable at the Nimble5 Maturity Date at US\$0.78 per share. The Nimble5 Debenture is secured by a security interest granted to the holders over the assets of Nimble5, which security interest ranks subordinate to the Company's senior lender.

The conversion feature met the fixed-for-fixed criteria, and therefore was recorded as equity.

Total finance costs for the three and nine months ended September 30, 2024 were \$33 and \$33 (three and nine months ended September 30, 2023 - \$nil and \$nil).

**14. CONTINGENT CONSIDERATION**

<b>Balance as at December 31, 2022</b>	<b>\$905</b>
Finance costs	108
Issued as consideration for business combinations	89
Fair value gain on financial liabilities	(1,011)
<b>Balance as at December 31, 2023</b>	<b>\$91</b>
Fair value gain on financial liabilities	(91)
Issued as consideration for Nimble Acquisition (see Note 24)	27,636
Finance costs	281
<b>Balance as at September 30, 2024</b>	<b>\$27,917</b>
Current	949
Long term	26,968
<b>Total</b>	<b>\$27,917</b>

The contingent consideration as at December 31, 2023 is associated with the acquisition of SCS. The fair value of the contingent consideration as at September 30, 2024 was estimated at \$nil (December 31, 2023 - \$91). The fair value gain of \$nil and \$nil was recorded in the condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2024, respectively (three and nine months ended September 30, 2023 - \$nil and \$nil). The total amount included in finance costs for the three and nine months ended September 30, 2024 was \$nil and \$nil (three and nine months ended September 30, 2023 - \$27 and \$79).

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The contingent consideration recognized during the three and nine months ended September 30, 2024 is associated with the acquisition of Nimble5 on September 3, 2024 ("**Date of Acquisition**"), see Note 24. The contingent consideration consists of (i) an earnout equal to the lesser of (A) \$10,000; and (B) 25% of the earnings before interest, taxes, depreciation and amortization ("**EBITDA**") generated by Nimble5, calculated as set by the purchase agreement, for the fiscal years ending December 31, 2024, December 31, 2025, December 31, 2026 and December 31, 2027 ("**Earn-out Period**") with the first period prorated from the Date of Acquisition ("**Earn-out Installment Cash**"); and (ii) an earnout of: (A) \$30,000, subject to conditions, if the aggregate EBITDA generated by Nimble5 at the end of 36 months from the Date of Acquisition equals to or is greater than \$25,000; or (B) \$24,000, subject to conditions, if the aggregate EBITDA generated by Nimble5 at the end of 36 months from the Date of Acquisition equals to or is greater than \$20,000 but less than \$25,000, payable 39 months from the date of acquisition ("**Earn-out Lump Sum**").

The fair value of the Earn-out Installment Cash is estimated based on various assumptions including estimate of earnings, discount rates and volatility of the earnings. The fair value of the Earn-out Lump Sum is estimated based on various assumptions and discounted at an effective rate of interest over the life of the contingent consideration. Pursuant to the purchase agreement, the Earn-out Lump Sum Cash is convertible into common shares at a fixed conversion price per common share equal to \$0.78 at the option of the holder ("**Conversion Option**"). The Conversion Option fails to meet the criteria for equity (fixed-to-fixed) due to the variability in the estimated Earn-out Lump Sum. Upon initial recognition, the Conversion Option is classified as derivative financial liability, separate from the underlying contingent consideration, and revalued at each reporting period, see Note 15.

On September 3, 2024, the fair of Earn-out Installment Cash was determined to be \$8,229 based on the assumptions including EBITDA for the Earn-out Period, subject to volatility of 50%, mid-period discount varying from 0.16 years to 2.83 years, effective interest rate ranging from 6.5% to 17.2% by Earn-out period.

At September 30, 2024, the fair value of the Earn-out Installment Cash was estimated to be \$8,313 (December 31, 2023 - \$nil) based on the assumptions including EBITDA for the Earn-out Period, subject to volatility range of 45% - 55%, mid-period discount varying from 0.16 years to 2.75 years, risk free rate and required metric risk premium ranging from 6.5% to 17.2% by Earn-out period. A fair value loss of \$nil was recorded in the condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2024, respectively (three and nine months ended September 30, 2023 - \$nil and \$nil). Total finance costs for the three and nine months ended September 30, 2024, were \$84 and \$84 (three and nine months ended September 30, 2023 - \$nil and \$nil).

On September 3, 2024, the fair of Earn-out Lump Sum was determined to be \$19,407 based on the assumptions including EBITDA for the period 36 months from the Date of Acquisition, subject to volatility of 55%, earnout payment period of 3.24 years, discount rate of 13.5% and effective interest rate of 13.5%.

At September 30, 2024, the fair of Earn-out Lump Sum was determined to be \$19,604. A fair value loss of \$nil was recorded in the condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2024, respectively (three and nine months ended September 30, 2023 - \$nil and \$nil). Total finance costs for the three and nine months ended September 30, 2024, were \$197 and \$197 (three and nine months ended September 30, 2023 - \$nil and \$nil).

Below is a summary of the balances of the outstanding loans at September 30, 2024:

	<u>As At September 30,</u> <u>2024</u>	<u>As At December 31,</u> <u>2023</u>
SCS Contingent consideration	\$—	\$91
Nimble5 Earn-out Installment Cash	8,313	—
Nimble5 Earn-out Lump Sum	19,604	—
<b>Closing Balance</b>	<b>\$27,917</b>	<b>\$91</b>

15.

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**16. DERIVATIVE LIABILITY**

The derivative liability recognized during the three and nine months ended September 30, 2024 is associated with the Earn-out Lump Sum (the "**Earn-out Lump Sum Derivative**") due August 31, 2027 and related to the acquisition of Nimble5, see Note 24. The following table reflects the movement of the Earn-out Lump Sum Derivative during the three and nine months ended September 30, 2024:

<b>Balance as at December 31, 2023</b>	<b>\$—</b>
Issued as consideration for business combinations (Note 24)	1,385
Fair value loss on derivative liabilities	57
<b>Balance as at September 30, 2024</b>	<b>\$1,442</b>

**16. LOANS**

	<b>Total</b>
<b>Balance as at December 31, 2022</b>	<b>\$37,041</b>
Proceeds	80,250
Debt issuance costs	(592)
Issued as consideration for business combinations	5,068
Finance costs	6,896
Repayments of principal	(51,570)
Interest paid	(6,939)
Loss on modification/extinguishment	1,178
<b>Balance as at December 31, 2023</b>	<b>\$71,332</b>
Proceeds	\$21,500
Working capital advance	3,000
Issued as consideration for business combinations (Note 24)	8,153
Finance costs	5,587
Repayments of principal	(8,353)
Interest paid	(5,415)
<b>Balance as at September 30, 2024</b>	<b>\$95,804</b>
Current	27,580
Long term	68,224
<b>Total</b>	<b>\$95,804</b>

The Company’s loan balance is comprised of multiple loans, described as follows:

***Acquisition of SCS***

In connection with the purchase consideration in accordance with the SCS Acquisition, the Company entered into a vendor take-back note in the principal amount of \$5,500 (the “**SCS VTB Note**”). The fair value of the SCS VTB Note on the SCS Acquisition date was estimated at \$5,068.

The SCS VTB Note is non-interest bearing and is repayable as follows: (i) \$4,000 on the earlier to occur of the next senior debt financing and May 31, 2025 (the “**SCS Maturity Date**”); and (ii) \$1,500 on the SCS Maturity Date.

Prior to the SCS Acquisition, the Company sourced bridge financing (the “**SCS Bridge Financing**”) in the principal amount of \$2,000 from a third-party lender (the “**SCS Bridge Lender**”) in order to complete the SCS acquisition. The SCS Bridge Financing, together with a loan fee in the amount of \$500, is repayable on the earlier to occur of (i) the Company’s completion of its next senior debt or equity financing and (ii) June 30, 2025 pursuant to the terms of an unsecured promissory note issued by SCS 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.

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On May 24, 2023, in conjunction with the closing of the new credit facility described below, the amount of \$4,000 was repaid in accordance with the terms of the SCS VTB Note as detailed above and an amendment was made to the remaining amount of the SCS VTB Note (the “**SCS VTB Amendment**”), which is further described below. The SCS VTB Amendment did not result in a substantial modification of the existing terms of the SCS VTB Note and accordingly was accounted for as a modification. The modification resulted in a loss of \$103 which was recorded in the consolidated statement of loss and comprehensive loss.

On May 24, 2023, in conjunction with the closing of the new credit facility described below, the funds from the new credit facility were used to repay the SCS Bridge Financing and associated loan fee of \$500 in full. The loan fee of \$500 was recorded as finance costs in the consolidated statements of loss and comprehensive loss.

Total finance costs for the three and nine months ended September 30, 2024 were \$35 and \$103 (three and nine months ended September 30, 2023 - \$16 and \$23).

***Acquisition of OpenMoves***

Prior to the OpenMoves Acquisition, the Company sourced bridge financing (the “**OpenMoves Bridge Financing**”) in the principal amount of \$4,000 from a third-party lender (the “**OpenMoves Bridge Lender**”) in order to complete the OpenMoves acquisition. The OpenMoves Bridge Financing, together with a loan fee in the amount of \$1,000, is repayable on the earlier to occur of (i) the Company’s completion of its next senior debt or equity financing and (ii) June 30, 2025 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.

On May 24, 2023, in conjunction with the closing of the new credit facility described below, the funds from the new credit facility were used to repay the OpenMoves Bridge Financing and associated loan fee of \$1,000 in full. The loan fee of \$1,000 was recorded as finance costs in the consolidated statements of loss and comprehensive loss.

***Acquisition of Nimble5***

In connection with the purchase consideration in accordance with the Nimble5 Acquisition, see Note 24, the Company entered into a vendor take-back note in the principal amount of \$6,000 bearing coupon rate of 10% due earlier of (i) an increase to Ionik’s senior credit facility; (ii) December 15, 2024, subject to certain payments expected to be received by Nimble5 during the initial three-month period; and (iii) November 30, 2026 (the “**Nimble5 VTB2 Note**”). The Nimble5 VTB2 Note was estimated to be paid on December 15, 2024. The fair value of the Nimble5 VTB Note on the Acquisition date was estimated at \$5,949 with effective interest rate of 11%. Total finance costs for the three and nine months ended September 30, 2024 were \$49 and \$49 (three and nine months ended September 30, 2023 - \$nil and \$nil).

In connection with the purchase consideration in accordance with the Nimble5 Acquisition, see Note 24, the Company held back cash amount of \$2,500 (the “**Holdback Cash**”) due to be paid on September 3, 2025. The fair value of the Holdback Cash was estimated at \$2,204 with an effective interest rate of 12.6%. Total finance costs for the three and nine months ended September 30, 2024 were \$21 and \$21 (three and nine months ended September 30, 2023 - \$nil and \$nil).

***BMO Facilities***

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**” or the “**Agent**”), which was subsequently closed by the Company on May 12, 2022. The BMO Facilities consisted of an \$8,000 revolving facility (the “**Revolver**”), a \$25,000 non-revolving term facility (the “**BMO Term Loan**”), and an “accordion” option for up to an additional \$15,000 acquisition facility subject to Lender and other typical approvals (the “**Acquisition Line**”) to support the Company’s mergers and acquisitions growth strategy. The Company agreed to secure all of the Company’s obligations under the BMO Facilities by granting the lender a first ranking security interest on all of its respective assets. 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 (the “**Additional BMO Draw**”). After the amendment, the BMO Facilities were comprised of a \$40,000 BMO Term Loan and an unamended \$8,000 Revolver. All other material terms of the BMO Facilities remained unchanged.

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The BMO Facilities bore interest at a rate of Lender’s US Base Lending Rate plus an applicable margin. The Initial BMO Draw was amortized 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 was amortized monthly beginning the first full month post-closing, with equal repayments over a five year term. Interest on the BMO Facilities was payable monthly in arrears.

On May 25, 2023, the Company entered into a Credit Agreement (the “**Credit Agreement**”) and closed a new \$115,000 syndicated credit facility (the “**Syndicate Facility**”) with BMO as the administrative agent (the “**Agent**”), and including the National Bank of Canada, Export Development Canada and Toronto Dominion Bank as syndicate lenders (collectively the “**Syndicate**”). The Syndicate Facility replaced and represented an increase from the Company's previous BMO Facilities. The repayment of BMO Facilities was accounted for as an extinguishment of debt and resulted in a loss on extinguishment of \$1,075, including transactions fees of \$592, which was recorded as finance costs in the consolidated statements of loss and comprehensive loss.

The Syndicate Facility consists of a \$10,000 revolving facility (the “**Syndicate Revolver**”), a \$45,000 non-revolving term facility (the “**Syndicate Term Loan**”), and \$60,000 in delayed draw term loans (the “**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 (the “**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 ending May 25, 2026 with the remaining balance due at maturity.

As a condition precedent to Closing, the Company entered into the following amendments, each dated May 24, 2023: (i) the Ubiquity Debenture Amendment; (ii) the SCS Debenture Amendment; (iii) the SCS VTB Amendment; and (iv) 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 (the “**Ubiquity Contingent Amount**”) and the interest rate will be further increased to 15% per annum, calculated from the Original Ubiquity Maturity Date until full repayment is made. Pursuant to the Ubiquity Debenture Amendment, conversion of the Ubiquity Contingent Amount and any interest accrued thereon shall be subject to the prior approval of the TSX Venture Exchange.

The SCS Debenture Amendment and the SCS VTB Amendment each extends the respective maturity dates of the SCS Debenture and the SCS VTB Note to the New Maturity Date and further provides that if the Company does not voluntarily opt to (i) prepay the SCS Debenture in full prior to the SCS Maturity Date, the principal amount will increase by \$75; and (ii) prepay the SCS VTB Note in full prior to the SCS 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 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 increase of \$500 to the principal amount related to the acquisition of OpenMoves. The OpenMoves Debenture was not prepaid prior to October 23, 2023, and therefore the principal amount increased by a total of \$750, and an additional 1,000,000 common shares of the Company were issued.

On September 3, 2024, the Company increased the loan amount under the DDTL by \$21,500 for the acquisition of Nimble5 from available room (see Note 24). As of September 30, 2024, the Company had \$9,250 available to draw upon from the DDTL.

As of September 30, 2024, the Company had a \$3,000 promissory note, bearing 10% interest (the "Nimble5 Working Capital Note") (December 31, 2023 - \$nil).

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Total finance costs for the BMO Facilities and Syndicate Facility for the three and nine months ended September 30, 2024 were \$1,889 and \$5,347 (three and nine months ended September 30, 2023 - \$1,626 and \$3,682).

The Credit Agreement and all subsequent amendments introduced a number of affirmative, financial, negative and reporting covenants which the Company was in compliance with as at September 30, 2024.

Below is a summary of the balances of the outstanding loans at September 30, 2024:

	<u>As At September 30,</u> <u>2024</u>	<u>As At December 31,</u> <u>2023</u>
Syndicate Facility	\$83,159	\$70,013
SCS VTB Note	1,422	1,319
Nimble5 VTB2 Note	5,998	—
Nimble5 Holdback Cash	2,225	—
Nimble5 Working Capital Note	3,000	—
<b>Closing Balance</b>	<b>\$95,804</b>	<b>\$71,332</b>

**17. SHARE CAPITAL**

The Company has an unlimited number of common shares authorized for issuance, with no par value. The Company has authorized 4,400 Class B non-voting shares in SCS Acquisition, Inc. (“SCS Exchangeable Shares”) and 4,790 Class B non-voting shares in SHIFT44 (“SHIFT44 Exchangeable Shares”), which are exchangeable for common shares of the Company.

For the nine months ended September 30, 2024:

- During February 2024, the Company issued 1,637,747 Common Shares to settle 1,637,747 restricted share units (Note 18). The fair value assigned to these restricted share units of \$227 was reclassified from contributed surplus to share capital.
- On April 26, 2024, the Company issued 2,142,000 Common Shares designated as anniversary holdback shares related to the acquisition of the OpenMoves LLC on April 26, 2023 (refer to the Note 26 of the Audited Financial Statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022).
- During May and June 2024, the Company issued 575,252 Common Shares to settle 575,272 restricted share units (Note 18). The fair value assigned to these restricted share units of \$57 was reclassified from contributed surplus to share capital.
- On August 19, 2024, the Company issued 4,390,000 Common Shares in lieu of 878 SCS Exchangeable Shares (refer to the Note 26 of the Audited Financial Statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022).
- During August and September 2024, the Company issued 517,432 Common Shares to settle 517,432 restricted share units (Note 18). The fair value assigned to these restricted share units of \$46 was reclassified from contributed surplus to share capital.

For the nine months ended September 30, 2023:

- On April 18, 2023, 4,400 Exchangeable Shares were issued in connection with the acquisition of SCS, refer to the Note 26 of the Annual Audited Financial Statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022.
- On April 26, 2023, 6,858,000 Common Shares were issued in connection with the acquisition of OpenMoves, refer to the Note 26 of the Annual Audited Financial Statements for the twelve months ended December 31, 2023 and fifteen months ended December 31, 2022.

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Below is a continuity of share capital during the nine months ended September 30, 2024 and twelve months ended December 31, 2023:

	Common shares Number	SCS Exchangeable shares	SHIFT44 Exchangeable shares
<b>Balance – December 31, 2022</b>	<b>275,266,828</b>	-	-
Issued as consideration for Schiefer Media Inc	—	4,400	—
Issued as consideration for OpenMoves LLC	7,858,000	—	—
Issued as consideration for SHIFT44	—	—	4,790
Issued for vested restricted share units	1,601,500	—	—
<b>Balance – December 31, 2023</b>	<b>284,726,328</b>	<b>4,400</b>	<b>4,790</b>
Issued OpenMoves LLC anniversary holdback shares	2,142,000	—	—
Issued in lieu of SCS Exchangeable shares	4,390,000	(878)	—
Issued for vested restricted share units	2,730,431	—	—
<b>Balance – September 30, 2024</b>	<b>293,988,759</b>	<b>3,522</b>	<b>4,790</b>

For the nine months ended September 30, 2024 and twelve months ended December 31, 2023, the Company is in a net loss position. As a result, the Company’s convertible debentures (Note 13), contingent consideration (Note 14), share options and restricted share units (Note 18) are considered anti-dilutive.

**18. SHARE-BASED COMPENSATION**

**Description of the share-based payment arrangements with employees and directors**

The Company has a share option plan with the objective of attracting, retaining, and motivating key employees, officers and directors in the long-term success of the Company. In accordance with this plan, options are exercisable at the exercise price of each option as determined on the grant date, and vest over 4 years or such earlier date as may be set out in the participant's award agreement. Each share option expires on the date that is the earlier of 5 years from the date of grant or such earlier date as may be set out in the participant’s award agreement.

The following is a summary of the share options for the nine months ended September 30, 2024 and twelve months ended December 31, 2023:

	For the Nine months ended September 30,		For the Twelve months ended December 31,	
	2024		2023	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
<b>Balance, beginning of the period</b>	C\$0.71	7,069,500	C\$0.71	7,424,500
Granted during the period	C\$0.25	1,500,000	C\$0.30	1,000,000
Forfeited during the period	C\$0.25 - C\$0.80	(1,182,500)	C\$0.31 - C\$0.85	(488,350)
Exercised during the period	—	—	—	—
Expired during the period	C\$0.31 - C\$0.80	(764,500)	C\$0.31 - C\$0.85	(866,650)
<b>Balance, end of the period</b>	C\$0.69	6,622,500	C\$0.71	7,069,500
<b>Vested and exercisable, end of the period</b>	<b>C\$0.74</b>	<b>3,412,188</b>	<b>C\$0.68</b>	<b>2,855,125</b>

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Grant Date	Expiry Date	Exercise price	Share options September 30, 2024	Share options December 31, 2023
Jan 2019 - Oct 2019	Jan 2024 - Oct 2024	C\$0.31	—	762,000
Jul 2020	Jul 2025	C\$0.85	—	50,000
Nov 2020	Nov 2022 - Nov 2025	C\$1.25	50,000	50,000
Apr 2021	Apr 2026	C\$0.85	45,000	45,000
Sep 2021 - Dec 2021	Apr 2023 - Dec 2026	C\$0.80	255,000	380,000
May 2022	May 2027	C\$0.80	3,415,000	3,417,500
Aug 2022	Aug 2027	C\$0.80	1,357,500	1,365,000
December 2023	December 2028	C\$0.30	1,000,000	1,000,000
June 2024	June 2029	C\$0.25	500,000	—
<b>Total</b>			<b>6,622,500</b>	<b>7,069,500</b>
<b>Weighted average remaining contractual life of options outstanding at end of period (in years)</b>			<b>3.80</b>	<b>3.25</b>

**Inputs for measurement of grant date fair values**

The grant date fair value of share options was estimated using the Black-Scholes option pricing model and the assumptions at grant dates.

The Company evaluated similar public companies in order to estimate volatility over the estimated life of the option. Changes in these variables can materially impact the estimated fair value of share-based compensation and consequently, the related amount recognized to general and administrative, selling and marketing, and technology and development expenses in the consolidated statements of loss and comprehensive loss. Below is the summary of the assumptions used to calculate the fair value of share-based compensation on grant dates during the nine months ended September 30, 2024 and twelve months ended December 31, 2023 and the fifteen months ended December 31, 2022.

**Grant dates - for the nine months ended September 30, 2024**

Expected volatility	99.92%
Expected life	5 years
Risk-free interest rate	3.52%
Dividend yield	0%
Exercise price	C\$0.25
Share price	C\$0.16
Forfeiture rate	0%

**Grant dates - for the twelve months ended December 31, 2023**

Expected volatility	80.46%
Expected life	5 years
Risk-free interest rate	3.00%
Dividend yield	0%
Exercise price	C\$0.30
Share price	C\$0.20
Forfeiture rate	0%

**Grant dates - for the fifteen months ended December 31, 2022**

Expected volatility	75.00% - 80.26%
Expected life	5 years
Risk-free interest rate	2.61% - 3.20%
Dividend yield	0%
Exercise price	C\$0.80
Share price	C\$0.31 - C\$0.33
Forfeiture rate	0%

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**Description of the restricted share unit arrangements with employees and directors**

The Company has a restricted share unit plan with the objective of attracting, retaining and motivating key employees, officers and directors in the long-term success of the Company. In accordance with this plan, restricted share units are awarded at the grant date of each unit, and vest over 4 years, or such earlier date as may be set out in the participant’s award agreement.

The following is a summary of the restricted share units for the nine months ended September 30, 2024 and twelve months ended December 31, 2023:

	<u>For the Nine months ended September 30,</u>		<u>For the Twelve months ended December 31,</u>	
	<u>2024</u>		<u>2023</u>	
	<u>Share price on grant date</u>	<u>Number of units</u>	<u>Share price on grant date</u>	<u>Number of units</u>
<b>Balance, beginning of the period</b>	<u>C\$0.27</u>	<u>11,752,500</u>	<u>C\$0.30</u>	<u>7,854,000</u>
Granted during the period	C\$0.13 - C\$0.16	5,050,000	C\$0.23 - C\$0.24	6,250,000
Forfeited during the period	C\$0.32	(1,093,750)	C\$0.30	(750,000)
Issued as shares during the period	C\$0.17 - C\$0.25	(2,730,431)	C\$0.26 - C\$0.30	(1,601,500)
<b>Balance, end of the period</b>	<u>C\$0.22</u>	<u>12,978,319</u>	<u>C\$0.27</u>	<u>11,752,500</u>
<b>Vested and exercisable, end of the period</b>	<u>C\$0.32</u>	<u>3,000,000</u>	<u>C\$0.30</u>	<u>3,000,000</u>

<u>Grant Date</u>	<u>Share price</u>	<u>Restricted share units September 30, 2024</u>	<u>Restricted share units December 31, 2023</u>
May 2022 - Dec 2022	C\$0.26 - C\$0.30	4,023,629	5,502,500
May 2023 - June 2023	C\$0.23-C\$0.24	3,904,690	6,250,000
June 2024	C\$0.16	4,000,000	—
September 2024	C\$0.13	1,050,000	—
<b>Total</b>		<u>12,978,319</u>	<u>11,752,500</u>

The fair value of the restricted share units equals the value of the shares on the grant date. The total share-based compensation expense for the three and nine months ended September 30, 2024 is \$202 and \$609 (three and nine months ended September 30, 2023 - \$242 and \$938).

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Financial instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following financial instruments are measured at fair value using Level 3 inputs. The sensitivity of these instruments to the Level 3 inputs noted are as follows:

- SCS Contingent consideration – The contingent consideration issued as consideration for the acquisition of SCS is based on the Black-Scholes model. An increase or decrease of 5% in the volatility would not have a material impact.
- Nimble5 Earn-out Installment – The Earn-out Installment issued as consideration for the acquisition of Nimble5 is based on the Black-Scholes model. An increase or decrease of 5% in the volatility would not have a material impact.
- Nimble5 Earn-out Lump Sum – The Earn-out Lump Sum issued as consideration for the acquisition of Nimble5 is based on the Black-Scholes model. An increase or decrease of 5% in the volatility would not have a material impact.
- Nimble5 Earn-out Lump Sum Conversion Option - The derivative liability related to the Earn-out Lump Sum issued as consideration for the acquisition of Nimble5 is based on the Black-Scholes model. An increase or decrease of 5% in the volatility would not have a material impact.

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There was no movement between Level 2 and Level 3 during the three and nine months ended September 30, 2024 and 2023, and no changes in fair value models used.

**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 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 United States 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, 2024, in their originating currencies:

	CAD	EUR
Cash	\$275	1
Accounts receivable, net	581	120
Accounts payable, accrued liabilities and other	1,249	118

The table below details the effect on earnings before tax of a 10% strengthening or weakening of the USD exchange rate at the consolidated statement of financial position date, for the items denominated in the currencies listed above:

Currency	10% Strengthening/ weakening
CAD	\$(39)
EUR	0

**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 cash balances.

Historically, the Company’s sole source of funding has been from financing and third-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.

The following is an analysis of the contractual maturities of the Company’s undiscounted financial liabilities and leases as at September 30, 2024:

	As at September 30, 2024		
	Within one year	Between one and five years	More than five years
Accounts payable, accrued liabilities and other	\$48,373	\$—	\$—
Convertible debenture <sup>1</sup>	—	32,730	—
Lease liabilities <sup>1</sup>	534	837	—
Loans payable <sup>1</sup>	35,994	72,324	—
Contingent consideration	949	26,968	—
<b>Total</b>	<b>\$85,850</b>	<b>\$132,859</b>	<b>\$—</b>

<sup>1</sup>Includes principal and interest

**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.

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The Company's Syndicate Facility 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 a rate based on the Agent's US Secured Overnight Financing rate plus an applicable margin. As a result, the Company is exposed to interest rate risk due to fluctuations in the US. Finance costs have been recorded in the consolidated statements of loss and comprehensive loss. A change of 1.00% in the US Base Rate would increase or decrease the interest expense by \$832 on an annual basis based on the amount currently drawn.

**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 account receivables. 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 history and other factors.

The Company had one customer which accounts for approximately 37.4% of the accounts receivable as of September 30, 2024 (December 31, 2023 - \$nil).

**20. CAPITAL MANAGEMENT**

The Company manages and adjusts its capital structure based on the funds available to the Company, 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, 2024. The Company is not subject to externally imposed capital requirements other than those disclosed in the Loans (Note 16).

**21. REVENUE**

The following table presents revenue disaggregated based on the geographic location of our customers:

	For the Three months ended		For the Nine months ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
United States	\$37,769	\$28,201	\$115,017	\$86,280
Other	6,264	5,982	16,104	15,834
<b>Total revenue</b>	<b>\$44,033</b>	<b>\$34,183</b>	<b>\$131,121</b>	<b>\$102,114</b>

The following table presents revenue disaggregated based on nature of revenue:

	For the Three months ended		For the Nine months ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Managed services and self-service	\$44,033	\$34,183	\$131,121	\$102,114
<b>Total revenue</b>	<b>\$44,033</b>	<b>\$34,183</b>	<b>\$131,121</b>	<b>\$102,114</b>

**22. EXPENSES CLASSIFIED BY NATURE**

Expenses are classified by function on the consolidated statements of loss and comprehensive loss. Below is a breakdown of expenses by nature:

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	For the Three months ended		For the Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Media costs	\$25,699	\$22,552	\$79,245	\$65,595
Employee compensation	9,151	6,828	28,217	20,599
Office and administrative	563	419	1,827	1,717
Technology	789	498	2,399	1,779
Legal and professional fees	644	(363)	1,577	280
Travel, meals, and entertainment	241	204	666	625
Advertising and promotion	113	133	474	423
Consulting fees	797	345	2,134	1,546
Insurance	86	(46)	213	94
Bad debt expense	653	(2)	730	(50)
Share-based compensation	203	241	610	937
Transaction costs	239	148	429	543
<b>Total</b>	<b>\$39,178</b>	<b>\$30,957</b>	<b>\$118,521</b>	<b>\$94,088</b>

The above expenses are presented in the consolidated statements of loss and comprehensive loss as follows:

	For the Three months ended		For the Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Cost of sales	\$26,916	\$21,274	\$82,929	\$64,049
Selling and marketing	4,412	4,669	13,476	13,452
General and administrative	5,445	3,563	15,924	11,278
Technology and development	2,166	1,303	5,763	4,766
Transaction costs	239	148	429	543
<b>Total</b>	<b>\$39,178</b>	<b>\$30,957</b>	<b>\$118,521</b>	<b>\$94,088</b>

### 23. 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, as well as certain key management personnel of the Company's subsidiaries.

The following table presents the compensation of the key management personnel recognized in the consolidated statements of net loss and comprehensive loss:

	For the Three months ended		For the Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Management salaries, bonuses and other benefits	\$468	\$395	\$1,456	\$1,180
Director fees	37	54	129	245
Share-based compensation - management	6	71	12	466
Share-based compensation - directors	—	—	—	39
<b>Total</b>	<b>\$511</b>	<b>\$520</b>	<b>\$1,597</b>	<b>\$1,930</b>

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.

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

	<u>As at September 30,</u> <u>2024</u>	<u>As at December 31,</u> <u>2023</u>
Balances included in right-of-use asset	133	98
Balances included in accounts payable, accrued liabilities and other	(89)	(150)
Balances included in lease liabilities	(135)	(102)
Balances included in convertible debentures <sup>1</sup>	(7,284)	(4,834)
Balances included in contingent consideration	(10,807)	—
Balances included in loans	(3,197)	—
<b>Net related party balances owing</b>	<b>\$(21,379)</b>	<b>\$(4,988)</b>

<sup>1</sup> Includes cash interest

As at September 30, 2024, the convertible debenture, contingent consideration and loan balance are related to amounts issued in connection to the Nimble5 acquisition.

As at December 31, 2023, the convertible debenture balance is related to amounts issued in connection to the Ubiquity acquisition. As at September 30, 2024, 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.

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

	<u>For the Three months ended</u>		<u>For the Nine months ended</u>	
	<u>September 30,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2024</u>	<u>September 30,</u> <u>2023</u>
Revenues from related parties	\$—	\$—	\$—	\$7
Cost of sales	—	—	—	25
General and administrative	348	557	875	1,653
Technology and development	52	39	170	973
Finance costs <sup>1</sup>	48	—	229	—

<sup>1</sup> Includes cash interest

During the three and nine months ended September 30, 2024, 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.

During the three and nine months ended September 30, 2024, finance costs are related to the loans, convertible debentures and contingent consideration due to Ubiquity and Nimble5 key management members who are also shareholders, associated with the acquisition of the respective entities.

## **24. BUSINESS COMBINATIONS**

On September 3, 2024, the Company completed the acquisition of Nimble5, a performance marketing company specializing in omni-channel user acquisition and search engine marketing headquartered in San Diego, California. A new wholly owned subsidiary of the Company, Nimble Acquisition, Inc. (the “**Acquisition Subsidiary**”) was formed, where the Acquisition Subsidiary acquired all of the assets of Nimble5.

The total consideration paid consisted of (i) \$20,000 in cash (the “**Nimble Cash Consideration**”), (ii) 30 million Common Shares of the Company to be held back until four months from the date of acquisition, (iii) the issuance of a convertible vendor take back loan in the principal amount of \$5,000 convertible at a fixed ratio of \$0.78 per share as described in Note 15, (iv) the issuance of vendor take back loan in the principal amount of \$6,000 as described in the Note 16, (v) earn-out installment payment up to 25% of EBITDA earned each year ending December 31, 2024 (prorated), December 31, 2025, December 31, 2026 and December 31, 2026, up to a maximum of \$10,000 and (vi) Earn-out Lump Sum payment of \$30,000 if Nimble5's EBITDA in the 3-year period following the acquisition date is greater than \$25,000, or \$25,000 if Nimble5's EBITDA in such period is greater than \$20,000, convertible to the Common Shares of the Company at fixed ratio of \$0.78 at the option of the holder, as described in Note 14. \$2,500 of the Nimble 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. Nimble5 was acquired as part of the Company’s growth strategy.

The acquisition of Nimble5 was accounted for as a business combination under the requirements of IFRS 3. The following table summarizes the preliminary estimated fair value of the identifiable assets and liabilities acquired at the date of acquisition:

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<b>Total consideration</b>	<b>\$64,226</b>
Cash	8,399
Accounts receivable	17,310
Right-of-use asset	127
Accounts payable, accrued liabilities and other	(25,455)
Lease liabilities	(127)
Deferred tax liability	(857)
<b>Total acquisition date fair value of assets acquired, and liabilities assumed</b>	<b>\$(603)</b>
Customer relationships	28,820
Technology	9,610
Brand	810
Goodwill	25,589
<b>Goodwill and intangibles</b>	<b>\$64,829</b>
Cash	17,500
Holdback cash	2,204
Shares to be issued	1,912
Pre-existing relationship	4,000
Vendor take back loan	5,949
Convertible debenture - debt host value	3,428
Convertible debenture - conversion value (equity)	212
Contingent consideration - installment	8,229
Contingent consideration - lump sum	19,407
Contingent consideration - lump sum conversion derivative	1,385
<b>Total consideration</b>	<b>\$64,226</b>

Goodwill represents acquired workforce and other synergies and is expected to be deductible for tax purposes. If the acquisition had occurred on January 1, 2024, Nimble5 would have contributed an additional \$11,280 of revenues and \$5,656 of income to the consolidated revenues and net loss of the Company, respectively. Since the date of acquisition, Nimble5 has contributed \$1,436 of revenues and \$513 of income before income taxes to consolidated revenues and net loss, respectively.

The value of the held back common shares included in the consideration was calculated using a 21.5% discount rate for lack of marketability, as the shares have certain trading restrictions and recorded to the contributed surplus, refer to the Condensed Interim Consolidated statements of Changes in Shareholder's Equity.

The holdback cash was recorded at discount rate of 13.4%, see Note 16. The vendor take back loan was recorded at discount rate of 10%, see Note 16.

The value of the debt host portion of the convertible debenture was calculated using a 13.4% discount rate, see Note 13. The conversion value of the convertible debenture was calculated using the Black-Scholes model with the following assumptions:

Expected volatility	130%
Expected life	3.0 Years
Risk-free interest rate	3.88%
Dividend yield	0.0%
Exercise price	\$0.78

The value of the Derivative Liability Installment was calculated using discount rates ranging from 21.7% to 22.98% based on the year of the installment payment, see Note 14.

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The value of the Derivative Liability Lump Sum Conversion portion was calculated using the Black-Scholes model with the following assumptions, see Note 14:

Expected volatility	130%
Expected life	3.16 Years
Risk-free interest rate	3.88%
Dividend yield	0.0%
Exercise price	\$0.78
Share price	\$0.11

## 25. DISCONTINUED OPERATIONS

During the year ended December 31, 2023, the Company initiated plans for the disposal of all of the assets and liabilities from PopReach Incorporated, including the shares of PR Tech (“**PopReach Games Business**”) as part of its strategic realignment. The associated assets and liabilities within the disposal group were presented as held for sale and the associated net loss is presented as discontinued operations in the consolidated financial statements. The assets and liabilities held for sale were measured at the lower of their carrying amounts and fair value less costs to sell. The PopReach Games Business does not represent a separate operating segment under IFRS 8, as the CODM considers the entire business of the Company from a single operating segment perspective and assesses the performance of the segment based on measures of profit and loss as well as assets and liabilities.

On April 29, 2024, the Company announced the sale of the PopReach Games Business to Phoenix Games Holdings UK Ltd. (“Phoenix”) (the “Transaction”). The Transaction was completed pursuant to a share purchase agreement (the “Share Purchase Agreement”) and an asset purchase agreement (the “Asset Purchase Agreement”), each entered into on April 26, 2024 between Phoenix and PopReach Incorporated. As a result, the associated financial information of the PopReach Games Business has been reclassified as discontinued operations on the condensed interim consolidated statement of net loss and comprehensive loss for the three and nine months ended September 30, 2024 and 2023.

Pursuant to the Asset Purchase Agreement, PopReach Incorporated sold its intellectual property rights in substantially all of its owned and operated mobile games to Phoenix in exchange for aggregate consideration of up to \$8,236, being comprised of \$6,073 payable in cash on closing (“Closing”) and the issuance of a promissory note in the principal amount of \$2,300 (the “Deferred Note”). The Deferred Note is non-interest bearing and repayable as to (i) \$1,500 on the 6-month anniversary of Closing, (ii) \$600 on the 12-month anniversary of Closing, (iii) \$100 on the 24-month anniversary of Closing, and (iv) \$100 on the 36-month anniversary of Closing (collectively, the “Deferred Payments”). The fair value of the Deferred Note recognized upon sale is \$2,163. For the three and nine months ended September 30, 2024, the Company recognized accretion as other income related to the Deferred Note of \$24 and \$41 (three and nine months ended September 30, 2023 - \$nil and \$nil).

Pursuant to the Share Purchase Agreement, PopReach Incorporated sold all of the issued and outstanding shares of PR Tech to Phoenix in exchange for aggregate consideration of \$1,500 payable in cash on Closing subject to finalization of actual cash compared to target cash, and actual net working capital compared to target working capital net of withholding taxes. The fair value of the consideration for the Share Purchase Agreement is \$1,434 as of September 30, 2024.

The Deferred Payments are subject to reduction, if any, in connection with PopReach Incorporated’s obligations pursuant to the indemnification provisions in the Asset Purchase Agreement and Share Purchase Agreement, PopReach Incorporated’s satisfactory performance of certain transition services pursuant to a transition services agreement entered into between PopReach Incorporated and Phoenix on Closing.

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The following table outlines the combined assets and liabilities disposed of, the consideration received and the gain on sale of PopReach Games for the disposal group that is presented at fair value, before the costs of disposal:

	<u>April 26,</u> <u>2024</u>
<b>Fair value of consideration received</b>	
Cash	\$7,507
Deferred receivable from the sale of discontinued operations	2,163
<b>Total fair value of consideration received</b>	<u><u>\$9,670</u></u>
<b>Fair value of net assets sold</b>	<u><u>\$6,788</u></u>
<b>Gain on sale of subsidiary and assets, before transaction costs</b>	<u><u>\$2,882</u></u>

During the nine months ended September 30, 2024, the Company incurred transaction fees of \$315 related to the sale of the PopReach Games Business.

	<u>As at April 26,</u> <u>2024</u>	<u>As at December</u> <u>31,</u> <u>2023</u>
Cash	\$1,906	\$94
Accounts receivable, net	11	47
Prepaid expenses and deposits	54	73
Other assets	395	—
Property and equipment	60	70
Right-of-use asset	—	13
Goodwill and Intangible assets	6,925	7,381
Deferred tax asset	78	108
<b>Total Assets</b>	<u><u>\$9,429</u></u>	<u><u>\$7,786</u></u>
Accounts payable, accrued liabilities and other	\$200	\$100
Taxes payable	112	—
Deferred revenue	1,919	—
Lease liability	—	13
Employee benefit obligations	410	398
<b>Total Liabilities</b>	<u><u>\$2,641</u></u>	<u><u>\$511</u></u>

Below is the statement of net loss and comprehensive loss for the disposal group:

	<u>For the Three Months Ended</u> <u>September 30,</u>		<u>For the Nine Months Ended</u> <u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenue</b>	\$—	\$3,431	\$3,732	\$11,115
Cost of sales	—	1,270	1,352	3,999
<b>Gross profit</b>	—	<u>2,161</u>	<u>2,380</u>	<u>7,116</u>
<b>Expenses</b>				
Selling and marketing	—	235	229	997
General and administrative	—	764	1,055	2,494
Technology and development	—	867	421	2,587
Depreciation and amortization	—	386	479	1,088
	—	<u>2,252</u>	<u>2,184</u>	<u>7,166</u>
<b>Other income (loss)</b>				
Finance costs	—	(29)	—	(89)
Transaction costs	—	(10)	(315)	(2)
Foreign exchange loss	—	26	—	26
<b>Net loss before income taxes</b>	—	<u>(104)</u>	<u>(119)</u>	<u>(115)</u>
Income tax expense	(110)	(8)	(176)	(61)
<b>Net loss and comprehensive loss after tax</b>	<u><u>\$(110)</u></u>	<u><u>\$(112)</u></u>	<u><u>\$(295)</u></u>	<u><u>\$(176)</u></u>

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Below is the statement of cash flows for the disposal group:

	<b>For the Nine months ended</b>	
	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Cash flows from operating activities</b>		
Net loss after tax	\$(295)	\$(176)
Changes in non-cash operating items:		
Depreciation and amortization	479	1,088
Deferred tax recovery	(30)	—
Finance costs	—	89
Unrealized foreign exchange	(132)	(38)
Changes in non-cash working capital		
Accounts receivable	36	94
Prepaid expenses and deposits	19	88
Other assets	(395)	95
Accounts payable, accrued liabilities and other	100	(218)
Deferred revenue	1,919	71
Taxes payable	112	—
Employee benefit obligations expensed	12	54
Employee benefit obligations paid	—	5
<b>Net cash provided by operating activities</b>	<b>1,825</b>	<b>1,152</b>
<b>Cash flows used in financing activities</b>		
Lease payments	(13)	(74)
<b>Net cash used in financing activities</b>	<b>(13)</b>	<b>(74)</b>
<b>Cash flows used in investing activities</b>		
Additions to property and equipment	—	(12)
Additions to intangible assets	—	(370)
Proceeds from lessee	—	—
<b>Net cash used in investing activities</b>	<b>—</b>	<b>(382)</b>
Effect of foreign currency exchange rate changes on cash	—	—
Change in cash during the period	1,812	696
Cash – beginning of period	94	—
<b>Cash – end of period</b>	<b>1,906</b>	<b>696</b>

The following table summarizes the intangibles and goodwill related to discontinued operations:

	<b>Customer Relationships</b>	<b>Software</b>	<b>Technology</b>	<b>Brand/ License</b>	<b>Goodwill</b>	<b>Intangibles in development</b>	<b>Total</b>
<b>Held for sale COST</b>							
As at December 31, 2023	445	—	9,132	2,294	9,898	—	21,769
Disposal of goodwill and intangible	(445)	—	(9,132)	(2,294)	(9,898)	—	(21,769)
<b>As at April 26, 2024</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Held for sale ACCUMULATED AMORTIZATION</b>							
As at December 31, 2023	265	—	7,440	1,527	5,156	—	14,388
Amortization - discontinued operations	46	—	244	166	—	—	456
Disposal of goodwill and intangible	(311)	—	(7,684)	(1,693)	(5,156)	—	(14,844)
<b>As at April 26, 2024</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net Book Value</b>							
As at December 31, 2023	180	—	1,692	767	4,742	—	7,381
<b>As at April 26, 2024</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## **26. SUBSEQUENT EVENTS**

### **(a) Acquisition of Rise4, Inc.**

On November 19, 2024, the Company announced the acquisition of Rise4, Inc. ("Rise4"), a lead generation and performance marketing company headquartered in Guelph, Ontario for a total aggregate purchase price of \$19,879, being comprised of (i) \$8,500 in cash (the "**Rise4 Cash Consideration**"), (ii) \$9,500 in non-interest bearing vendor take-back debt (the "**Rise4 VTB**"), maturing on November 30, 2025 and convertible by, at the option of the sellers at any time prior to maturity into common shares of the Company at fixed ratio of \$0.78 per common share, (iii) the issuance of 23.0 million common shares of the Company (the "**Rise4 Consideration Shares**") with an approximate value of \$1,878 based on November 15, 2024 closing price of C\$0.115 and a USD:CAD exchange rate of 1.4079 and (iv) earn-out consideration (the "**Rise4 Earn-out**") equal to 25% of Rise4's EBITDA for the five-year period following the acquisition date (the "Rise4 Earn-Out Period") up to a maximum of \$25,000. Earn-out payments will be made at the end of the Rise4 Earn-Out Period, except in where Rise4's EBITDA for any particular year during the Rise4 Earn-Out Period (A) exceeds \$3,000 but is less than \$7,000, then a portion of the Rise4 Earn-Out attributable to the Rise4's EBITDA above \$3,000 will be paid within ninety days after the end of that year, or (B) exceeds \$7,000, then the entire Rise4 Earn-Out amount attributable to the \$7,000 will be paid within ninety days after the end of that year.

The Rise4 Consideration Shares and any common shares of the Company issued in connection with the conversion of the Debenture Rise4 VTB (collectively, the "Rise4 Locked-up Shares"), over a three year period, with 1/3 of such Lock-Up Shares being released from such Rise4 restrictions every 12 months commencing on the one-year anniversary of the acquisition date. \$250 of the Rise4 Cash Consideration will be held back for one year from the acquisition date and will be subject to reductions, if any, pursuant to indemnification and net working capital adjustment provisions set forth in the purchase agreement. The net current liabilities assumed by the Company on Rise4's balance sheet in connection with the acquisition are expected to be \$nil.

The Management is in process of identifying the acquired assets and liabilities assumed, but does not yet have enough information to determine the initial accounting for the business combination as of the date of authorization of these condensed interim consolidated financial statements.

**(b)** On November 19, 2024, the Company increased the loan amount under DDTL by \$8,500 for the acquisition of Rise4, Inc. from available room.

**(c)** On November 22, 2024, the Company announced the change of its legal name to Ionik Corporation, effective November 26, 2024.