

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This MD&A for the three and nine months ended September 30, 2022 should be read in conjunction with VerticalScope Holdings Inc.'s (the "Company", "VerticalScope", "us", "we" or "our") audited annual consolidated financial statements, along with the related notes thereto. This MD&A is presented as of November 7, 2022 and was reviewed by the Audit Committee and approved by our Board of Directors (the "Board"). The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in thousands of U.S. dollars, except per user figures and where otherwise indicated. Numbers may not add due to rounding.

Caution Regarding Forward-Looking Information

This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "forward looking information") within the meaning of applicable securities laws. Forward-looking statements include or may relate to our financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives.

In some cases, these forward-looking statements can be identified by words or phrases such as "forecast", "may", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "believe", "predict", or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information.

This forward-looking information includes, but is not limited to, statements regarding industry trends; our growth rates and growth strategies; addressable markets for our products and solutions; expansion of our product offerings; expectations regarding the growth of our customer base; expectations regarding our revenue and revenue generation potential; our business plans and strategies; and our competitive position in our industry. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information.

This forward-looking information and other forward-looking information are provided as of the date of the MD&A and are based on management's opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions are material factors made in preparing forward-looking information and management's expectations, including: our ability to grow and retain users, user engagement and average revenue per user; our ability to deliver modern user experiences, generate high quality content, and deliver modern infrastructure and performance; our ability to access multiple, third-party advertising and e-commerce networks; our ability to grow partnerships; our ability to deliver on monetization opportunities and improve products on our platform; our ability to migrate communities to our platform; our ability to identify and complete acquisitions under acceptable terms and successfully integrate the acquired communities with our existing communities; future investment in our platform; our ability to retain existing customers and attract new customers; our ability to recruit and retain key talent; our ability to execute on our growth strategies; our ability to reduce our exposure to foreign currency and interest rate risks; the impact of competition; changes in trends in our industry or macroeconomic conditions, including the impact of the ongoing COVID-19 pandemic and its ongoing impact on consumer behaviour and supply chains; the impact of Russia's invasion of Ukraine and its impact on the global supply chain and consumer spending; seasonality and the impact on customer budgets and consumer spending; and the changes in laws, rules, regulations, and global standards.

We do not undertake to update any such forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Actual results may differ materially from those indicated or underlying forward looking statements as a result of various factors, including those contained in this MD&A. Accordingly, prospective investors should not place undue reliance on forward-looking information. We caution that the list of risk factors and uncertainties is not exhaustive, and other factors could also adversely affect our results. Many factors, including factors that are beyond our control, may have a detrimental impact on our operating performance.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements.

Cautionary Note Regarding Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures, operating metrics and key performance indicators (KPIs). These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Such non-IFRS measures are operating metrics used in our industry. We also include these measures because we believe certain investors use these measures and metrics as a means of assessing financial performance and that such measures highlight trends in our financial performance that may not otherwise be apparent when one relies solely on IFRS measures. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts, to confirm compliance with covenants under the Credit Agreement and to determine components of management compensation. Non-IFRS measures should not be considered in isolation, nor as a substitute for analysis of the financial information reported under IFRS including revenue, net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with IFRS, and may not be comparable to similarly titled measures used by other companies.

The KPIs and the non-IFRS measures presented in the MD&A are as follows with reconciliations to their nearest IFRS measures provided below:

"Adjusted EBITDA" is calculated as net income (loss) excluding interest, income tax expense (recovery), and depreciation and amortization, or EBITDA, adjusted for share-based compensation, share performance related bonuses, unrealized gains or losses from changes in fair value of derivative financial instruments, severance, adjustments to contingent consideration liabilities measured at fair value through profit and loss, gain or loss on sale of assets, gain or loss on sale of investments, foreign exchange loss (gain), impairment and other charges that include direct and incremental business acquisition related costs and costs directly incurred in connection with the Initial Public Offering that are not deducted from the equity proceeds.

"Adjusted EBITDA Margin" measures Adjusted EBITDA as a percentage of revenue.

"Free Cash Flow" means Adjusted EBITDA less capital expenditures and income taxes paid during the period.

"Free Cash Flow Conversion" is equal to Free Cash Flow for the period divided by Adjusted EBITDA for the period.

"Working Capital" is equal to current assets less current liabilities.

KPIs

Monthly Active Users (MAU)

Monthly active users is defined as the number of individuals who have visited our communities within a calendar month, based on data as measured by Google Analytics. It is calculated as the sum of the monthly users of each of our communities. To calculate average MAU in a given period, we sum the total MAU for each month in that period, divided by the number of months in that period. We view our MAU as a key indicator of the attractiveness of our platforms and their content, and the quality of our user experience. Measuring MAU is important to us and we believe it provides useful information to our investors because our digital advertising and e-commerce revenue streams depend, in part, on our ability to provide customers and partners with connections to our users.

Average Revenue Per Monthly Active User (ARPU)

ARPU is defined as our average revenue over a given period divided by the average MAU over the same period. Similarly, each of our revenue streams can be used as the numerator in this measure to determine the ARPU for each revenue stream. We believe that measuring ARPU is reflective of how we are monetizing the users across our communities.

The following table sets forth a reconciliation of Adjusted EBITDA and Free Cash Flow to net loss:

(in thousands of US dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net loss	(\$6,044)	(\$2,077)	(\$24,916)	(\$5,586)
Net interest expense	859	1,071	2,096	5,581
Income tax recovery	(993)	(410)	(2,567)	(1,259)
Depreciation and amortization	9,813	4,770	29,629	13,870
EBITDA	3,635	3,354	4,242	12,606
Share-based compensation	2,577	1,665	8,246	2,697
Share performance related bonuses	(287)	337	(1,080)	337
Unrealized loss from changes in derivative fair value of financial instruments	65	8	110	79
Severance ⁽¹⁾	167	—	801	105
Loss (gain) on sale of assets	(4)	12	3	14
Foreign exchange loss (gain)	(5)	(22)	55	91
Impairment of investment	—	250	—	250
Adjustment to contingent considerations	150	—	9,016	—
Other Charges ⁽²⁾	729	321	2,233	3,466
Adjusted EBITDA	7,026	5,926	23,624	19,645
Less capital expenditures	(1,212)	(1,286)	(4,432)	(3,729)
Income taxes received (paid)	(1,195)	(22)	(1,726)	1
Free Cash Flow	\$4,619	\$4,618	\$17,465	\$15,917

⁽¹⁾ Severance is included in wages and consulting on the consolidated statements of loss and comprehensive loss.

⁽²⁾ Other charges are included in wages and consulting and general and administrative on the consolidated statements of loss and comprehensive loss. For the three and nine months ended September 30, 2022, these charges include direct and incremental asset acquisition or business acquisition related costs. For the three and nine months ended September 30, 2021, these charges are primarily one-time Initial Public Offering related professional fees.

The following table sets forth a summary of the monthly average of our MAU and ARPU for the periods presented:

(MAU in thousands)	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
MAU	110,645	—	109,521	109,036	113,377
ARPU	\$ 0.062	\$ —	\$ 0.060	\$ 0.067	\$ 0.059

	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
MAU	98,784	105,767	93,824	94,813	100,732
ARPU	\$ 0.055	\$ 0.068	\$ 0.050	\$ 0.051	\$ 0.053

	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
MAU	89,953	89,655	86,468	90,919	92,769
ARPU	\$ 0.053	\$ 0.075	\$ 0.051	\$ 0.044	\$ 0.040

	FY 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
MAU	95,747	91,432	96,430	93,584	101,543
ARPU	\$ 0.051	\$ 0.060	\$ 0.047	\$ 0.051	\$ 0.046

MAU increased 16.7% for the three months ended September 30, 2022 compared to the equivalent period in the prior year driven by acquisitions, and inclusive of a 2.9% organic MAU decline. These are improved results when compared to the 15.0% MAU increase reported for the three months ended June 30, 2022, inclusive of a 4.4% organic MAU decline compared to the equivalent period in the prior year. The unwinding of pandemic-induced traffic patterns that drove relatively strong numbers in the prior year is a key driver of the organic decline in both periods.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Non-IFRS Measures”.

OVERVIEW

Business Overview

VerticalScope Holdings Inc. was incorporated on November 19, 2012 under the OBCA. VerticalScope Inc., a subsidiary of VerticalScope HoldCo., was formed by the amalgamation of VerticalScope Inc. (incorporated on July 5, 1999) and TrustedPros Inc. on January 1, 2019 under the OBCA.

We are a technology company that has built and operates a cloud-based digital enthusiast community platform serving over 110 million monthly active users (MAU) and 60 million registered community members across over 1,200 online communities as at September 30, 2022. We focus on hyper-specific subjects that engender strong affinity from online communities of enthusiasts, super fans, experts, pros, hobbyists and armchair analysts. Our brands include dedicated communities for watch geeks, audio nerds, motorheads, fitness-obsessed, mountain bikers, DIYers, deal junkies and enthusiasts of hundreds of additional topics. We maintain separate brands for each of our communities.

We have built our business through a combination of acquisitions and organic initiatives. We believe that adding communities to our platform through acquisitions is an efficient use of capital as it allows us to grow the number of MAU we reach while providing acquired communities with improved technology, user experience and monetization capabilities. We have made over 230 acquisitions in our history and we believe that acquisitions will be an important driver of our future growth.

The Fora Software Platform

In 2018, search engines began increasing their focus on page load speed and modern user experiences in determining the order in which search results were shown. Our multiple legacy software platforms made it extremely challenging to quickly respond to those changes. As a result, our search ranking declined meaningfully, resulting in fewer new users, lower MAU and lower revenue. To enable better infrastructure management and enhance performance and user experience, we began building the Fora platform. Our initial deployment of Fora was completed in early 2019 and we started migrating our forum of communities in batches to the Fora platform in May 2019. We intentionally reduced our digital advertising revenue by removing ads that detracted from our user experience and slowed down our page load speeds. We also temporarily paused our acquisition activity in order to focus our resources on building a software platform that would make future acquisitions more accretive. As at September 30, 2022 there were 1,289 communities running on the Fora platform which represent 91% of designated forum community MAU compared to 1,203 communities or 86% at the start of the year. Fluctuations to this percentage are expected as acquired communities are onboarded and prepared for migration to the Fora platform.

Our Business Model

We have one reporting segment and two main sources of revenue: digital advertising and e-commerce. The digital advertising stream includes revenue generated from (i) direct advertising campaigns, (ii) custom content solutions, and (iii) programmatic advertising. The e-commerce revenue stream includes revenue generated from (i) commissions, (ii) referral payments, and (iii) subscriptions.

Digital Advertising

Our digital advertising revenue comprises direct advertising, custom content solutions and programmatic advertising. Our success in generating digital advertising revenue is dependent on the volume and quality of the users engaging with our communities and the volume of impressions generated in those communities. We engage a direct sales force to secure advertising contracts from major brands and agencies (including OEMs, retailers and insurance providers). We rely on customers to purchase impressions from our communities for future revenue. Our contracts with customers generally do not include long-term obligations.

- **Direct Advertising:** we serve hundreds of direct advertisers primarily in the U.S. and Canada including OEMs, retailers and insurance providers. Our direct advertising efforts focus mainly on larger brands seeking to reach a national base of consumers.
- **Custom Content:** our in-house production studio Geared Content Studios, provides custom content and video solutions specializing in reaching enthusiasts and in-market shoppers.
- **Programmatic Advertising:** includes the monetization of impressions that are not sold by the higher-priced direct sales channel through Real-time Bidding (RTB). Programmatic advertising is driven by connections with the largest ad exchanges and supply-side platforms in North America, which ensures access to advertisers at competitive rates. Programmatic advertising also includes revenue generated through our private marketplace and Programmatic Guaranteed advertising – an invitation-only auction for premium Impression sales with agreed upon price floors. Private marketplace and Programmatic Guaranteed advertising combine the relationship of direct advertising with the technology of RTB.

E-commerce

E-commerce revenue is primarily driven by the monetization of our content through arrangements in respect of commissions and referral payments with e-commerce merchants, brands and marketplaces. We earn revenue from e-commerce transactions that our communities influence, for example through product reviews on our communities. We rely on our internal business development team to secure partnerships with brands and retailers and negotiate competitive rates for commissions and referral payments. Sales are influenced by product reviews from our network of staff and freelance writers and by broader community discussion, which includes user-generated product links posted in our communities. For certain e-commerce partners, we also generate referral payments for traffic directed from our communities, even if no transaction is completed. Also, changes to agreements in respect of commissions and referral payments may also impact e-commerce revenue.

- Commissions and referral payments: we receive a commission from sales attributable to traffic we send to partners, with rates of up to 15% of transaction value. Sales are influenced by product reviews from our network of staff and freelance writers and by broader community discussion, which includes user-generated product links posted in our communities. Commissions are generated from over 70 partners and networks on our communities. For certain e-commerce partners, we also generate referral payments for traffic directed from our communities, even if no transaction is completed.
- Subscription-related e-commerce revenue: is generated from three sources: (i) a native commerce product that enables merchants to maintain a presence on our communities and engage in commercial conversations with our users, (ii) a business directory product that connects consumers with service providers, and (iii) paid user memberships which accounts for an immaterial portion of our current e-commerce revenue.

Consolidated Highlights

Financial Highlights for the Three Months Ended September 30, 2022, otherwise referred to as the quarter or Q3

- Revenue increased 40% year-over-year to \$19.6M, and was the highest grossing third quarter on record.
- Consecutive quarters of double digit growth from Digital Advertising and E-commerce channels, with Digital Advertising growing 33% to \$13.4M and E-commerce growing 58% to \$6.2M in the quarter.
- Adjusted EBITDA grew 19% to \$7.0M. Excluding \$0.9M in Paycheck Protection Loan forgiveness recognized in the prior year, Adjusted EBITDA grew by 40% and Adjusted EBITDA margin was flat to prior year at 36%.
- Free Cash Flow generated in the quarter was \$4.6M inclusive of \$1.2M in cash taxes for the period. Excluding the Paycheck Protection Loan forgiveness in the prior year, Free Cash Flow in the quarter grew by 24%.
- Net loss in the quarter was \$6.0M compared to a net loss of \$2.1M. The loss is related to increased acquisition activity, and more specifically the amortization of acquired intangibles which was \$8.3M in the quarter compared to \$3.5M in the prior year.

Acquisitions

- For the three months ended September 30, 2022, we signed and closed a total of 2 acquisitions, both asset deals, for a total consideration of \$425K. Since our IPO in June 2021, we've completed 34 acquisitions and deployed \$114 million of capital and accrued \$22 million in contingent consideration relating to these acquisitions, and have exceeded the targeted deployment timing of net proceeds

raised from the IPO. These acquisitions are performing as expected and there is no change in the annualized estimate of Adjusted EBITDA provided in the November 9, 2021 press release titled "VerticalScope Announces Three Additional Acquisitions".

Factors Affecting our Performance

We believe that the growth and future success of our business depends on many factors, some of which are discussed below.

Attractiveness of our Communities to Users and Search Engines

Our success in generating digital advertising and e-commerce revenue is dependent on the volume and quality of the users engaging with our communities. Our business model is focused on the growth of our user base, and our financial performance will be significantly affected by our success in adding, retaining, and engaging active users of our communities, services and platform.

Our ability to maintain and grow the number of users, along with improvements to user engagement (e.g., more posts, higher quality content, increased time on site), will increase the appeal of our communities to advertisers and e-commerce partners, and help to drive greater digital advertising and e-commerce revenue. The majority of our MAU are sourced, organically, from online search engines such as Google and Bing. Our ability to deliver modern user experiences, generate high quality content, and deliver modern infrastructure and pages that load quickly are keys to maintaining our visibility in search results. This has a direct impact on our ability to grow MAU, and therefore our ability to monetize and grow revenue.

Additionally, access to multiple, third-party advertising networks ensures access to advertisers at competitive rates.

Ability to Integrate Acquisitions

We have acquired and effectively integrated over 200 online communities. These acquisitions are typically immaterial when considered individually having regard to the overall size and value of our current business and operations. Our ability to identify and complete acquisitions under acceptable terms, to successfully integrate the acquired communities with our existing communities, services and platform, and to realize the anticipated benefits therefrom, may impact our future growth and success.

Investment in our Fora Platform

We plan to continue to invest in research and development as we continue to add new features and solutions, and enhance the ease of use and functionality of our communities and platform. Such investments could reduce our short-term operating results and may not produce the long-term benefits that we expect.

Growth in Monetization

Monetization trends, which are reflected in ARPU, are a key factor that affect our revenue and financial results. We believe we have significant monetization opportunities ahead. We are focused on serving more advertisers, continuing to improve the advertising products we offer and providing additional e-commerce experiences in our communities.

There are many variables that impact digital advertising ARPU, including impressions on our platform and the price we are able to charge per Impression. Our pricing per Impression depends on a number of factors including the engagement of our audience, the number of advertisers, the amount of advertising spend, an advertiser's objectives, the performance and effectiveness of our advertising products, as well as the effect of geographic and community subject matter on each of these factors.

There are many variables that impact e-commerce ARPU, including the volume and relevance of our content, broader market demand for products discussed, availability of commerce relationships with vendors and retailers, the gross merchandise value of the goods purchased and our percentage share of that revenue.

Impact of COVID-19 and the Russia-Ukraine conflict on our Operations

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. In response, many governments implemented preventive or protective measures such as temporary closures of businesses, quarantines or shelter-in-place orders. As a result we embraced a “work from anywhere” model, striking a balance between in-office and remote work, with a majority of our workforce choosing to shift to working entirely remotely without a significant impact on productivity. This approach put the safety of our employees first, extends our reach beyond our physical office locations and provides a greater pool of talent from which to recruit.

Moreover, as a result of the COVID-19 pandemic, the ability and willingness of advertisers to spend on our services has fluctuated due to semiconductor chip shortages, supply chain issues, rising commodity prices and inventory and labor shortages. This had a negative impact to advertising revenue throughout 2020, and continues to affect the ability and willingness of such impacted advertisers to spend on our platform.

In contrast, our revenue from e-commerce activities realized significant growth in 2020 and in the first quarter of 2021, which was accelerated by the lockdown measures imposed by governments in the U.S. and Canada as consumer behaviour accelerated towards making online purchases. As North America moves out of lockdowns and supply chain issues continue to materialize, we are seeing this trend, in part, reverse, although growth trends remain relative to levels prior to COVID-19.

We are currently unable to accurately predict the full impact that the COVID-19 pandemic will have on our financial results due to uncertainties regarding the duration and rate of the ongoing spread of the pandemic, including variants of the COVID-19 virus, including any resurgences, the extent and effectiveness of containment actions and other public health measures, the distribution and public acceptance of vaccines and treatments, and the impact of these and other factors on our employees, users, advertisers, partners and vendors.

In addition, in February 2022 Russian armed forces invaded Ukraine and war commenced. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether the conflict will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may adversely affect global supply chains, consumer spending, customer advertising spending and our financial results. While there is no current or direct material exposure identified for the Company, the ultimate impacts that could be seen are unknown, and management will continue to monitor these events closely to manage risk to the Company.

Macroeconomic Factors and General Trends

Macroeconomic and industry conditions have an impact on the demand for advertising and consumer purchasing behaviour, which can impact digital advertising revenue. These conditions also impact the willingness of our users to make purchases, which can impact e-commerce revenue and ad performance. In uncertain times or during an economic downturn, such as during the COVID-19 pandemic and Russia's invasion of Ukraine, there is generally an adverse impact on consumer spending and advertising budgets. Conversely, in periods of economic growth, there is generally increased consumer and advertising spending.

Aside from macroeconomic conditions, the broad shift from in-person to e-commerce retail and sales is a long-term trend we believe will continue to benefit our growth and success as brands and advertisers look to generate both awareness and sales via our communities.

Foreign Currency

The majority of our revenue is in U.S. dollars, whereas our wages and consulting expenses are primarily in Canadian dollars. From time to time, we enter into forward contracts to reduce our exposure to foreign currency risk and provide more certainty with cash flows. Otherwise, our results of operations may be adversely impacted by a decrease in the value of the U.S. dollar relative to the Canadian dollar.

Seasonality

Our platform can see changes in traffic, specifically over quarterly periods, as a result of expected changes, such as regular seasonal patterns.

Digital advertising expenditures by customers and e-commerce spending tends to be impacted by seasonality. Typically, our fourth quarter generates higher digital advertising and e-commerce revenue relative to other quarters. As a result, we believe the best indicator for performance is year-over-year comparisons.

CONSOLIDATED RESULTS OF OPERATIONS

The following table outlines our consolidated results of operations and certain other items for the periods presented:

(in thousands of US dollars except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	\$19,577	\$14,001	\$61,394	\$44,343
Operating expenses:				
Wages and consulting	9,192	5,516	27,421	17,228
Share-based compensation	2,577	1,665	8,246	2,697
Platform and technology	2,333	1,680	6,701	5,052
General and administrative	1,700	1,545	5,710	6,405
Depreciation and amortization	9,813	4,770	29,629	13,870
Impairment	—	250	—	250
Adjustment to contingent considerations	150	—	9,016	—
Operating loss	(6,187)	(1,425)	(25,329)	(1,159)
Other expenses:				
Loss (gain) on sale of assets	(4)	12	3	14
Net interest expense	859	1,071	2,096	5,581
Foreign exchange loss	(5)	(22)	55	91
	850	1,062	2,154	5,687
Loss before income taxes	(7,037)	(2,487)	(27,483)	(6,845)
Income taxes (recovery)				
Current	330	113	2,093	432
Deferred	(1,324)	(523)	(4,660)	(1,691)
	(993)	(410)	(2,567)	(1,259)
Net loss	(\$6,044)	(\$2,077)	(\$24,916)	(\$5,586)
Other comprehensive loss				
<i>Items that may be reclassified to net loss</i>				
Cumulative translation adjustment	102	(212)	97	(208)
Total comprehensive loss	(\$5,942)	(\$2,289)	(\$24,819)	(\$5,794)
Loss per share:				
Basic	(\$0.28)	(\$0.09)	(\$1.17)	(\$0.27)
Diluted	(0.28)	(0.09)	(1.17)	(0.27)

The following table outlines our summary of the monthly average of our MAU and ARPU, as well as a summary of our revenue, Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow for the periods presented:

(in thousands of US dollars except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Advertising Revenue	\$13,358	\$10,075	\$40,847	\$28,914
E-Commerce Revenues	6,220	3,927	20,547	15,430
Total Revenue	\$19,577	\$14,001	\$61,394	\$44,343
Monthly Average Users (MAUs)	109,521	93,824	110,645	96,456
ARPU - Advertising	\$0.041	\$0.036	\$0.041	\$0.033
ARPU - E-Commerce	\$0.019	\$0.014	\$0.021	\$0.018
ARPU - Total Revenue	\$0.060	\$0.050	\$0.062	\$0.051
Adjusted EBITDA	7,026	5,926	23,624	19,645
Adjusted EBITDA Margin	36%	42%	38%	44%
Free Cash Flow	4,619	4,618	17,465	15,917

DISCUSSION OF OPERATIONS

Revenue

Three Months Ended September 30, 2022

Revenue for the three months ended September 30, 2022 was \$19,577K, an increase of \$5,576K, or 40%, compared to \$14,001K for the equivalent period in the prior year. This increase was primarily attributable to an increase in MAU of 16.7% and an increase in total ARPU of 19.8%.

Digital advertising revenue for the three months ended September 30, 2022 was \$13,358K, an increase of \$3,283K, or 33%, compared to \$10,075K for the equivalent period in the prior year. This increase was primarily attributable to an increase in digital advertising ARPU of 13.6% and an increase in MAU of 16.7%. The increase in digital advertising ARPU was primarily attributable to an increase in direct sales, and contributions from acquisitions.

E-commerce revenue for the three months ended September 30, 2022 was \$6,220K, an increase of \$2,293K, or 58%, compared to \$3,927K for the equivalent period in the prior year. This increase was primarily attributable to an increase in e-commerce ARPU of 36%, and an increase in MAU of 16.7%. The increase was primarily attributable to contributions from acquisitions offset by a decline in categories like Fitness where demand for products was brought forward during the height of the pandemic.

Nine Months Ended September 30, 2022

Revenue for the nine months ended September 30, 2022 was \$61,394K, an increase of \$17,051K, or 38%, compared to \$44,343K for the equivalent period in the prior year. This increase was primarily attributable to an increase in total ARPU of 21% and an increase in MAU of 15%. The increase in MAU was primarily attributable to acquisitions.

Digital advertising revenue for the nine months ended September 30, 2022 was \$40,847K, an increase of \$11,933K, or 41%, compared to \$28,914K for the equivalent period in the prior year. This increase was primarily attributable to an increase in digital advertising ARPU of 23% and an increase in MAU of 15%. The increase in digital advertising ARPU was primarily attributable to an increase in direct sales, higher rates and increased programmatic spend in the period and contributions from acquisitions.

E-commerce revenue for the nine months ended September 30, 2022 was \$20,547K, an increase of \$5,117K, or 33%, compared to \$15,430K for the equivalent period in the prior year. This increase was attributable to an increase in e-commerce ARPU of 16% and an increase in MAU of 15%. The increase was primarily attributable to contributions from acquisitions offset by a decline in categories like Fitness where demand for products was brought forward during the height of the pandemic.

Expenses

(in thousands of US dollars except percentages)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Wages and consulting	\$ 9,192	\$ 5,516	\$ 3,677	67 %	\$27,421	\$17,228	\$10,193	59 %
Share-based compensation	2,577	1,665	912	55 %	8,246	2,697	5,549	206 %
Platform and technology	2,333	1,680	653	39 %	6,701	5,052	1,649	33 %
General and administrative	1,700	1,545	155	10 %	5,710	6,405	(694)	(11)%
Depreciation and amortization	9,813	4,770	5,043	106 %	29,629	13,870	15,759	114 %
Impairment	—	250	(250)	(100)%	—	250	(250)	(100)%
Adjustment to contingent considerations	150	—	150	0 %	9,016	—	9,016	0 %
Total operating expenses	\$25,764	\$15,427	\$10,338	67 %	\$86,723	\$45,502	\$41,221	91 %

Our operating expenses include wages and consulting expenses, share-based compensation, platform and technology expenses, general and administrative expenses, depreciation and amortization and adjustment to contingent consideration. Our largest operating expense is wages and consulting expenses. Platform and technology costs primarily consist of costs related to our cloud hosting infrastructure, cyber security, programmatic and e-commerce platform fees and other licensed software used in our operations. Adjustment to contingent consideration primarily consists of changes in the fair value of earn-out obligations in connection with previously completed acquisitions.

Operating expenses for the three months ended September 30, 2022 and September 30, 2021 were \$25,764K and \$15,427K, respectively. Operating expenses for the nine months ended September 30, 2022 and September 30, 2021 were \$86,723K and \$45,502K, respectively.

The change in operating expenses was primarily attributable to the following:

Wages and consulting expenses increased from \$5,516K to \$9,192K, or 67%, for the three months ended September 30, 2022 compared to the equivalent period in the prior year. Wages and consulting expenses increased from \$17,228K to \$27,421K, or 59%, for the nine months ended September 30, 2022 compared to the equivalent period in the prior year. Excluding \$899K in Paycheck Protection Loan forgiveness recognized during the three months ended September 30, 2021, wages and consulting expenses grew by \$2,777K or 43% year-over-year. Growth in both periods is primarily attributed to wage inflation and employees onboarded from acquisitions completed during the three months ended December 31, 2021. Average headcount for the nine months ended September 30, 2022 was 289 compared to 244 in the prior year period.

Share-based compensation increased from \$1,665K to \$2,577K or 55%, for the three months ended September 30, 2022 compared to the equivalent period in the prior year. Share-based compensation increased from \$2,697K to \$8,246K or 206%, for the nine months ended September 30, 2022 compared to the equivalent period in the prior year. The increases can be largely attributed to grants under the Omnibus Incentive Plan as well as restricted share units and market performance based share units granted since the comparative periods.

Platform and technology expenses increased from \$1,680K to \$2,333K, or 39%, for the three months ended September 30, 2022 compared to the equivalent period in the prior year. Platform and technology expenses increased from \$5,052K to \$6,701K, or 33%, for the nine months ended September 30, 2022 compared to the equivalent period in the prior year. The increase can generally be attributed to an increase in cloud hosting and ad serving costs relative to the growth in MAU and digital advertising revenue for the respective periods ended September 30, 2022.

General and administrative expenses increased from \$1,545K to \$1,700K or 10%, for the three months ended September 30, 2022 compared to the equivalent period in the prior year. General and administrative expenses decreased from \$6,405K to \$5,710K, or 11%, for the nine months ended September 30, 2022 compared to the equivalent period in the prior year. The increase for the three months ended is September 30, 2022 primarily attributed to increases in online advertising and travel expenses. The decrease in the year-to-date period is primarily attributable to professional fees incurred during the prior year period tied to the Initial Public Offering, partially offset by increases in online advertising and travel expenses

Depreciation and amortization increased from \$4,770K to \$9,813K, or 106%, for the three months ended September 30, 2022 compared to the equivalent period in the prior year. Depreciation and amortization increased from \$13,870K to \$29,629K, or 114%, for the nine months ended September 30, 2022 compared to the equivalent period in the prior year. The increase is largely due to amortization of intangibles acquired during the twelve months ended December 31, 2021.

Adjustment to Contingent Considerations

For the nine months ended September 30, 2022, the contingent consideration relating to the FOMOPOP Inc. acquisition was revalued based on performance versus forecast, resulting in a change in expected payout and a fair market value adjustment. The \$15,000K current portion of the contingent consideration is the maximum for the period.

Net Loss

Net loss for the three months ended September 30, 2022 was \$6,044K, an increase in net loss of \$3,967K compared to net loss of \$2,077K for the three months ended September 30, 2021. This increase in net loss was primarily attributable to a decrease in operating income of \$4,762K largely driven by incremental expenses associated to acquisitions, specifically amortization of acquired intangibles of \$8,252K versus \$3,493K in the prior period. This reduction in operating income was partially offset by lower interest expense in the current period due to lower debt levels. Income tax recoveries of \$993K for the three months ended September 30, 2022 were \$583K higher compared to the equivalent period in the prior year.

Net loss for the nine months ended September 30, 2022 was \$24,916K, an increase in net loss of \$19,330K compared to net loss of \$5,586K for the nine months ended September 30, 2021. Operating income decreased by \$24,170K for the nine months ended September 30, 2022 compared to the equivalent period in the prior year largely driven by incremental non-cash expenses associated to acquisitions including amortization and contingent considerations. Amortization of acquired intangibles for the current period was \$25,103K versus \$10,348K for the prior year period. The current period also had \$9,016K in contingent consideration recognition versus nil in the prior year period. This reduction in operating income was partially offset by lower interest expense in the current period due to lower debt levels and interest expense recognized in the prior year tied to the amendment of our credit agreement. General and administrative expenses were also lower as the prior year period included fees associated with our Initial Public Offering. These losses were partially offset by an increase in income tax recoveries of \$1,307K for the nine months ended September 30, 2022 compared to the equivalent period in the prior year.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA for the three months ended September 30, 2022 was \$7,026K an increase of \$1,100K, or 19%, compared to \$5,926K for the three months ended September 30, 2021. Adjusted EBITDA for the nine months ended September 30, 2022 was \$23,624K, an increase of \$3,979K, or 20%, compared to the nine months ended September 30, 2021. In both periods, Adjusted EBITDA growth is attributed to revenue growth partially offset by an increase in operating expenses excluding non-cash items such as amortization and share-based compensation, including an incremental \$872K in public company costs recognized during the nine months ended September 30, 2022 compared to the prior year. The prior year periods also contained an \$899K benefit from Paycheck Protection Loan forgiveness.

Adjusted EBITDA Margin was 36% for the three months ended September 30, 2022, a decrease of 6 percentage points compared to the three months ended September 30, 2021. Adjusted EBITDA Margin was 38% for the nine months ended September 30, 2022, a decrease of 6 percentage points compared to the nine months ended September 30, 2021. Excluding \$899K in Paycheck Protection Loan forgiveness in the prior year period, Adjusted EBITDA margin was 36% for the three months ended September 30, 2021. Declines in e-commerce revenue particularly in the Fitness category coupled with higher costs centered around headcount and wage inflation have adversely impacted Adjusted EBITDA margin over both periods. Incremental public company costs of \$872K recognized during the nine months ended September 30, 2022 have adversely impacted Adjusted EBITDA margin versus the prior year period.

Adjusted EBITDA and Adjusted EBITDA Margin are not recognized measures under IFRS.

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Non-IFRS Measures*” for a reconciliation of net income (loss) to Adjusted EBITDA and Adjusted EBITDA Margin.

Free Cash Flow

Free Cash Flow for the three months ended September 30, 2022 was \$4,619K, an increase of \$1K, or 0%, compared to \$4,618K for the equivalent period in the prior year. Free Cash Flow for the nine months ended September 30, 2022 was \$17,465K, an increase of \$1,548K, or 10%, compared to \$15,917K for the equivalent period in the prior year. The change in Free Cash Flow for the three months ended September 30, 2022 was primarily attributable to increases in cash taxes primarily offset by increases in EBITDA. The increase in Free Cash Flow for the nine months ended September 30, 2022 was primarily attributable to increases in Adjusted EBITDA, partially offset by increases in cash taxes and capital expenditures.

Free Cash Flow is not a recognized measure under IFRS.

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Non-IFRS Measures*” for a reconciliation of net income (loss) to Free Cash Flow.

Additional information relating to the Company is available on SEDAR www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for each of the eight most recently completed quarters.

(in thousands of U.S. dollars except per share amounts) (Unaudited)	Three months ended							
	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022
Total Revenue	\$20,182	\$15,918	\$14,423	\$14,001	\$21,418	\$20,048	\$21,769	\$19,577
Total Operating Expense	14,737	13,455	16,620	15,427	27,751	32,491	28,467	25,764
Adjusted EBITDA	11,217	7,673	6,045	5,926	9,403	7,282	9,316	7,026
Net income (loss)	3,321	854	(4,360)	(2,289)	(6,470)	(11,871)	(7,001)	(6,044)
Net income (loss) per share - basic	\$0.24	\$0.06	(\$0.24)	(\$0.10)	(\$0.31)	(\$0.56)	(\$0.33)	(\$0.28)
Net income (loss) per share - diluted	\$0.24	\$0.06	(\$0.24)	(\$0.10)	(\$0.31)	(\$0.56)	(\$0.33)	(\$0.28)

Historically, our business tends to see revenue and EBITDA lowest during Q1, increasing to a peak in Q4 due to seasonality in digital advertising budgets and e-commerce spending. However, this trend was broken as the three months ended Mar 31, 2021 had a significant e-commerce component in part from a pandemic induced tailwind in online shopping. The subsequent quarters saw declines in e-commerce revenues as (i) the US economy reopened from COVID-19, and (ii) many industries experienced supply chain issues leading to out-of-stock inventory, adversely impacting revenues. Revenues during the three months ended March 31, 2022 did not experience a sequential step down due to a full quarter of revenue contributions from acquisitions completed during the three months ended December 31, 2021.

FINANCIAL POSITION

(in thousands of US dollars)	September 30, 2022	December 31, 2021
Cash and Cash Equivalents	\$7,764	\$20,494
Total Assets	184,504	217,328
Total Liabilities	104,214	121,085
Total Long-Term Liabilities	75,119	96,466

Total Assets

Total assets decreased by \$32,824K or 15% from December 31, 2021 to September 30, 2022. This decrease was primarily attributed to: (i) a \$20,524K reduction in intangible assets as a result of amortization from recent acquisitions, and (ii) a reduction in cash of \$12,730K primarily driven by payments against the revolving loan.

Total Liabilities

Total current liabilities increased by \$4,476K or 18%. Due to better than expected performance, revaluation of the 2022 and 2023 earn-out for FOMOPOP, Inc. resulted in additional contingent consideration of \$7,083K partially offset by payments against accruals and accounts payable.

Total long-term liabilities decreased by \$21,347K or 22%. The decrease was primarily driven by a reduction in long-term debt via voluntary prepayments against the revolving loan. The decrease was partially offset by \$1,932K in additional contingent consideration recognized for FOMOPOP, Inc.

LIQUIDITY AND CAPITAL RESOURCES

Our capital structure consists of shareholders' equity and long-term debt. We manage our capital structure based on the funds available to us in order to support the continuation and expansion of our operations and to fund future acquisitions. We intend to rely on positive cash flows from operations, availability under our Credit Facilities and proceeds from the Initial Public Offering to achieve our growth strategies.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given our relative size, is reasonable. There were no changes in our approach to capital management for the three months ended September 30, 2022. Neither we nor our subsidiaries are subject to externally imposed capital requirements aside from the covenants described in Note 11 of our consolidated financial statements and described under "*Credit Facilities*" and "*Forgivable Loan*" below.

Working Capital

Our primary source of cash flow is revenue from operations. Our principal cash requirements are for working capital, to service our Credit Facilities and to achieve our growth strategies. Our approach to managing liquidity is to ensure that we have sufficient liquidity to meet our liabilities as they become due. We do so by monitoring cash flow, performing budget-to-actual analysis, and forecasting future performance and our effect on cash flow on a regular basis.

For the three and nine months ended September 30, 2022 we generated cash flow from operations totaling 6,360K and 17,314K respectively, which was sufficient to meet our short-term obligations. In addition to cash balances, we are able to, if necessary, draw on Revolving Loans to, among other things, meet ongoing working capital requirements. Given our existing cash and Revolving Loans, along with anticipated cash flow generated from operations in the future, we believe that we will have sufficient liquidity to meet our current, short-term financial obligations. With respect to our Credit Facilities, given our anticipated cash flow generated from operations in the future, we believe that we will have sufficient liquidity to continue to service that debt.

Additionally, on January 14, 2022, the Company filed a final short form base shelf prospectus with the securities regulatory authorities in each of the provinces and territories of Canada. The base shelf prospectus will allow the Company to qualify the distribution of up to \$500 million Canadian dollars of securities during the 25-month period that this prospectus remains in effect. The Company's ability to pursue funding through the base shelf prospectus is intended to provide financing flexibility to execute on its M&A pipeline and strategy.

Prospectus Supplement - Use of proceeds

In the Company's supplemented PREP prospectus dated June 14, 2021, the Company provided a summary of the expected use of proceeds in connection with the Initial Public Offering. The funds were to be primarily used for acquisitions, and in the case of the over-allotment option being exercised, the additional cash raised would be used to invest in our growth strategies, including continued investment in our Fora platform, products and services, as well as working capital needs. Additionally, we also outlined the option to reduce our debt in part or full with the proceeds, and subsequently when needed, draw on our Credit Facilities to fund acquisitions.

On June 21, 2021, the Company completed a TSX initial public offering and issued 5,685,000 Subordinate Voting Shares for a total gross consideration of C\$125.1 million, with an additional 852,750 Subordinate Voting Shares issued on July 6, 2021 as a result of the full exercise of the underwriters' over-allotment option which accounted for an additional C\$18.8 million in gross consideration. In total 6,537,750 Subordinate Voting Shares were issued as part of the initial public offering and the over-allotment for a total gross consideration of C\$143.8 million. Total share issuance costs for both the Initial Public Offering and the over-allotment exercise amounted to C\$8.9 million resulting in total net consideration of C\$135 million. This net consideration along with available Revolving Loans under the new Credit Agreement will be used for future M&A opportunities.

As of the reporting date, we have used all of the proceeds to (i) reduce our debt by \$43,885K under the Amended and Restated Credit agreement (ii) completed thirty asset acquisitions for total cash consideration of \$22,643K, and (iii) completed four business combinations for a total cash consideration of \$64,088K. The Company has \$7,764 in cash at September 30, 2022, along with access to \$64,000K through its Amended and Restated Credit agreement to fund its M&A pipeline.

Cash Flows

The following table presents cash and cash flows from operating, investing and financing activities for the periods presented:

(in thousands of US dollars except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net cash provided by Operating Activities	\$6,360	\$2,990	\$17,314	\$18,193
Net cash provided (used) by financing activities	(7,359)	13,432	(21,237)	55,295
Net cash used in investing activities	(1,631)	(2,278)	(8,648)	(8,212)
Changes in cash during the period	(2,630)	14,143	(12,571)	65,276
Cash and cash Equivalents, beginning of period	10,455	55,517	20,494	4,604
Restricted cash	(1)	—	13	—
Effect of movement of exchange rates on cash held	(59)	215	(172)	(5)
Cash and cash Equivalents, end of period	\$7,764	\$69,875	\$7,764	\$69,875

Cash Flows from Operating Activities

Cash flows from operating activities for the three months ended September 30, 2022 were \$6,360K, an increase of \$3,370K, or 113%, compared to the equivalent period in the prior year. Net income less items not involving cash and change in non-cash operating assets and liabilities increased by \$4,594K. Interest paid decreased by \$51K compared to the equivalent period in the prior year due to lower debt levels and timing of interest payments. Taxes paid increased by \$1,172K due to installment payments made during the three months ended September 30, 2022 compared to the the equivalent period in the prior year.

Cash flows from operating activities for the nine months ended September 30, 2022 were \$17,314K, a decrease of \$880K, or 5%, compared to the equivalent period in the prior year. Net income less items not involving cash and change in non-cash operating assets and liabilities increased by \$659K. Interest paid decreased by 189K compared to the equivalent period in the prior year due to lower debt levels. Taxes paid also increased by \$1,727K for the nine months ended September 30, 2022 compared to the equivalent period in the prior year, further decreasing cash flows from operating activities.

Cash Flows Used in Investing Activities

Cash flows used in investing activities for the three months ended September 30, 2022 were \$1,631K, a decrease of \$647K or 28% compared to the equivalent period in the prior year. This decrease in cash flow used was primarily attributable to a reduction in asset acquisitions for the three months ended September 30, 2022.

Cash flows used in investing activities for the nine months ended September 30, 2022 were \$8,648K, an increase of \$435K, or 5%, compared to the equivalent period in the prior year. This increase in cash flow used was tied to increased spend on property & equipment and internally developed software.

Cash Flows Used in/from Financing Activities

Cash flows used in financing activities for the three months ended September 30, 2022 were \$7,359K, a decrease of \$20,791K compared to the equivalent period in the prior year. Cash used in financing activities for the three months ended September 30, 2022 was mainly related to a \$6,500K voluntary prepayment against the revolver in the period relative to cash proceeds received from the IPO in the prior period.

Cash flows used in financing activities for the nine months ended September 30, 2022 were \$21,237K, an decrease of \$76,532K compared to the equivalent period in the prior year. Cash used in financing activities for the nine months ended September 30, 2022 was mainly related to \$19,000K in voluntary prepayments against the revolver in the period. The comparative period contained cash proceeds received from the IPO.

Capital Expenditures

(in thousands of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Capitalized software	\$1,145	\$1,231	\$3,863	\$3,452
Property and equipment	67	55	569	277
Total capital expenditures	\$1,212	\$1,286	\$4,432	\$3,729

We capitalize eligible software costs when certain criteria are met. Capitalized software costs are primarily wages and consulting expenses for third-party contractors.

Capital expenditures for the three months ended September 30, 2022 were \$1,212K, a decrease of \$74K, or 6%, compared to \$1,286K for the equivalent period in the prior year. This decrease was primarily attributable to a decrease in capitalized development costs incurred for the Fora platform.

Capital expenditures for the nine months ended September 30, 2022 were \$4,432K, an increase of \$703K, or 19%, compared to \$3,729K for the equivalent period in the prior year. This increase was primarily attributable to an increase in property and equipment and capitalized development costs incurred for the Fora platform.

Credit Facilities

Previously Existing Credit Agreement

On October 5, 2017, we entered into a credit agreement (the "**Original Credit Agreement**") between VerticalScope OpCo as borrower (the "**Borrower**"), the Company, as guarantor and Capital One, National Association, as lender, providing for credit facilities (as may be amended or restated from time to time, including pursuant to the A&R Credit Agreement (as defined below), the "**Credit Facilities**") that originally consisted of a revolving credit facility (the "**Revolving Loans**") in the amount of \$20 million, initial term loans (the "**Initial Term Loans**") in the amount of \$110 million, and delayed draw term loans (the "**Delayed Draw Term Loans**" and together with the Initial Term Loans the "**Term Loans**") in the amount of up to \$70 million. Delayed Draw Term Loans were drawn in an aggregate amount of \$27.7 million in March 2018 and August 2018. Unused commitments for the Delayed Draw Term Loans terminated on October 5, 2019 in accordance with the terms of the Credit Agreement and commitment fees in respect of the Delayed Draw Term Loans ceased to be payable from that date. As of December 31, 2020, we had borrowings of \$101 million and \$20 million undrawn and available to borrow as Revolving Loans. As of December 31, 2020, all of the outstanding loans bear a floating interest of U.S. dollar LIBOR plus a margin, which is determined by the total net leverage ratio. The Credit Facilities had a maturity date of October 4, 2022. We incurred transaction costs of \$3.1 million, directly

attributable to the establishment of the Credit Facilities, which amount was capitalized against the Credit Facilities and was being amortized using the effective interest method.

On December 20, 2019, we entered into the first amendment to the Original Credit Agreement (the “**First Amendment**”). The First Amendment increased the amortization to 7.5% per annum (from 5%), the maximum total net leverage ratio (as calculated in accordance with the Credit Agreement) to 4.50x (from 3.50x), with such ratio reducing by 0.25 percentage points each fiscal quarter beginning with fiscal quarter ended June 30, 2021, to 3.0x for the fiscal quarter ended September 30, 2022 and decreased the minimum fixed charge coverage ratio (as calculated in accordance with the Credit Agreement) to 1.05x (from 1.25x), with such ratio increasing to 1.10x for the fiscal quarter ending March 31, 2022 and thereafter. We incurred transaction costs of \$476, directly attributable to the issuance of the First Amendment, which were capitalized against the Credit Facilities and were being amortized using the effective interest method. On May 25, 2021, we entered into the second amendment to the Original Credit Agreement (the “**Second Amendment**” and the Original Credit Agreement, as amended by the First Amendment and the Second Amendment, the “**Credit Agreement**”) which provides for certain amendments to the event of default related to a “Change of Control” (as defined in the Credit Agreement).

Amended and Restated Credit Agreement

Following the Initial Public Offering, we entered into an amended and restated credit agreement (the “**A&R Credit Agreement**”), amending and restating the Credit Agreement and the Credit Facilities. As of the effective date of the A&R Credit Agreement, June 24, 2021, the Term Loan and Delayed Draw Term Loan were restated to be a single term loan of \$50 million (the “**Restated Term Loan**”), repayable in quarterly installments at an annual amortization rate of 5%, and the Revolving Facility was restated to \$75 million, with each maturing five years after the effective date. Under the A&R Credit Agreement, there would no longer be any Delayed Draw Term Loans. The maximum total net leverage ratio (as calculated in accordance with the Credit Agreement) is 4.00x (from 4.50x), with such ratio reducing by 0.25 percentage points each fiscal year beginning with fiscal year ended December 31, 2022, to 3.0x for the fiscal year ended December 31, 2025 and the minimum fixed charge coverage ratio (as calculated in accordance with the Credit Agreement) is 1.25x (from 1.05x) upon close and thereafter. All outstanding loans bear a floating interest of U.S. dollar LIBOR plus a margin, which is determined by the total net leverage ratio, with a maximum margin of 3.25% (from 3.50%) and a minimum margin of 2.25% (from 2.50%). The revolving facility incurs fees of 0.5% of the unused balance. There was \$11 million drawn on the Revolving Facility at September 30, 2022.

Forgivable Loan

The U.S. Paycheck Protection Program, offered by the U.S. Small Business Administration (“**SBA**”), was a COVID-19 relief loan designed to provide a direct incentive for small businesses to keep their workers on payroll. We applied for the loan, through our US subsidiaries, and were approved for the amount of \$899K in June 2020. The loan is eligible for forgiveness based on specified criteria from the SBA. Our application for full forgiveness has been reviewed by our lender and approved by the SBA. The loan was removed from our long-term debt on the consolidated balance sheet as at September 30, 2021.

Contractual Obligations

There were no material changes to the contractual obligations during the three months ended September 30, 2022. In particular, obligations tied to the Amended and Restated Credit Agreement are markedly lower versus those due under the previously Existing Credit Agreement. The updated debt commitments are summarized below.

(in thousands of U.S. dollars)	Total	Payments Due by Period			
		1 year	2 – 3 years	4 – 5 years	> 5 years
Debt	\$57,875	\$2,500	\$5,000	\$50,375	\$—
Purchase Obligations ⁽¹⁾	9,009	2,184	5,460	1,365	—
Total Contractual Obligations	\$66,884	\$4,684	\$10,460	\$51,740	\$—

Notes:

⁽¹⁾ "Purchase Obligation" means an agreement to purchase goods or services that is enforceable and legally binding on us that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

Contingencies

We are, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. As of the date hereof, we do not believe that adverse decisions in any pending or threatened proceedings, or any amount we may be required to pay by reason thereof, will have a material adverse effect on our financial condition or future results of operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on our results of operations or financial condition as at the date hereof. All of our liabilities and commitments are reflected in our statement of financial position.

TRANSACTIONS WITH RELATED PARTIES

There were no related party transactions during the nine months ended ended September 30, 2022.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements often involves management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the year in which the estimates are revised and may impact future years as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

Significant areas requiring the use of management estimates include:

Areas requiring the use of management estimates and judgments include the expected credit losses on trade and other receivables, the recognition of government grants including investment tax credits and receivables, property and equipment and intangible asset impairment assessments, goodwill impairment assessments, the determination of the estimated useful lives of property and equipment and intangibles assets, inputs used in the

determination of the fair value of share option grants, the determination of the incremental borrowing rate and lease term for lease contracts for right of use assets and lease contract liability, and deferred income taxes.

Areas requiring the use of significant management estimates and judgements are:

(i) Valuation of acquired intangibles

In a business combination or asset acquisition, all identifiable net assets acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management with assistance from an independent valuation expert develops the fair value using appropriate valuation techniques which are based on a forecast of the total expected future net cash flows. In determining the fair value of the intangible assets at the acquisition date, the Company's significant assumptions include the future net cash flows, royalty rates and discount rate applied. 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. However, the measurement period will not be for more than one year from the acquisition date.

In addition, the Company determines the value of contingent considerations associated with acquisitions based on an assessment of probabilities attached to the achievement of performance targets as set out in the related agreements. Changing probabilities can result in material adjustments to the fair value of contingent consideration amounts.

(ii) Internally generated intangibles

Management exercises significant judgment in determining whether an item meets the criteria in the definition of an intangible asset which, in part, requires that the software is technically feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Judgment is required to distinguish those expenditures that develop the business as a whole, which cannot be capitalized as intangible assets and are expensed in the years incurred.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Financial Statements have been prepared using the accounting policies outlined in note 3 of the audited consolidated financial statements as at and for the year ended December 31, 2021.

New and revised IFRS:

(i) Amendments to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract:

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property and equipment in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted. The adoption of the amendments to this standard did not have a material impact on the interim financial statements in the current period.

(ii) Reference to the Conceptual Framework - Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, Levies, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The adoption of the amendments to this standard did not have a material impact on the interim financial statements in the current period.

(iii) Annual improvements to IFRS Standards 2018-2020 cycle:

In May 2020, the IASB issued minor amendments to certain standards including IFRS 1, IFRS 9, Financial Instruments and IFRS 16, Leases ("IFRS 16"). The annual improvements process is used to make necessary but non-urgent changes to IFRS that are not included in other projects. The amendments issued are effective for annual periods beginning on or after January 1, 2022. The adoption of the amendments to this standard did not have a material impact on the interim financial statements in the current period.

(iv) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure Initiative – Accounting Policies

The amendments are to help companies provide useful accounting policy disclosures. The key amendments include:

- requires companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifies that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifies that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are applied for annual periods beginning on or after January 1, 2023

The Company is currently evaluating the impact of these amendments and do not expect the amendments to have a material impact on the interim financial statements.

(vi) Amendments to IAS 8 - Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are applied for annual periods beginning on or after January 1, 2023

The Company is currently evaluating the impact of these amendments and do not expect the amendments to have a material impact on the interim financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at September 30, 2022, our financial instruments consist of financial assets comprised of \$7,764K in cash, and \$14,571K trade and other receivable as well as financial liabilities comprised of \$7,668K accounts payable and accrued liabilities, \$3,855K lease liability, \$58,617K in debt, \$91K derivative instruments, and \$22,396K in contingent considerations.

The fair values of these financial instruments, excluding long-term debt and contingent considerations, approximate their carrying value due to their short-term maturity. The carrying value of our long-term debt approximates fair value due to the variable interest rate in the relevant agreements. The carrying value of our contingent considerations approximates fair value due to the specific financial performance requirements to be achieved during a two year period.

Credit Risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations. We are exposed to credit risk on accounts receivable from our customers. To the extent necessary, we take steps to monitor the credit risk of clients. Balances for trade accounts receivable are managed on an ongoing basis to ensure allowances for doubtful accounts that correspond to the specific credit risk of our customers, which are established and maintained at an appropriate amount.

As at September 30, 2022, there was a concentration of credit risk with 24% of our trade receivables balance with one e-commerce customer, compared to 21% of our trade receivables balance with two customers for 11% and 10% respectively as at December 31, 2021. These customers are in the digital advertising and e-commerce streams.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our Credit Facilities, which bear interest at a LIBOR plus a margin determined by our net leverage ratio. We are also exposed to interest rate risk on the utilized portion of the Credit Facilities. Based on the amount owing at September 30, 2022, a 1% change in LIBOR would result in an increase (decrease) of \$579K in interest expense annually. Based on the amount owing at September 30, 2021, a 1% change in LIBOR would result in an increase (decrease) of \$497K in interest expense annually.

Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The following table provides a summary of our exposure expressed in thousands of U.S. dollars:

(in thousands of U.S. dollars)	CAD	EUR	GBP	ILS	KYD	Total
Cash	\$1,176	\$153	\$165	\$518	\$1	\$2,013
Trade and other receivables	1,159	(11)	1	88	—	1,237
Investment tax credits recoverable	75	—	—	—	—	75
Prepaid Expenses	652	2	—	3	2	659
Accounts payable and accrued liabilities	(1,893)	(59)	(73)	(583)	—	(2,608)
Net financial position exposure	\$1,169	\$84	\$94	\$25	\$3	\$1,376

For the nine months ended September 30, 2022, we had various CAD-denominated operating expenses from continuing operations in the amount of \$15,227K (nine months ended September 30, 2021 - \$16,093K). We received nil (nine months ended September 30, 2021 - \$115K) in CAD-denominated tax credits which offset these expenses. As at September 30, 2022, a 1% depreciation or appreciation of the Canadian dollar against the U.S. dollar would have resulted in an approximate \$151K and \$154K increase or decrease, respectively, in income before income taxes.

From time to time, we enter into foreign exchange contracts with financial institutions to hedge the value of foreign currency-denominated liabilities or future commitments. Gains and losses from these contracts offset the losses and gains from the underlying hedged transactions.

Liquidity Risk

Liquidity risk is the risk that we will be unable to fulfill our obligations on a timely basis or at a reasonable cost. We manage our liquidity risk by monitoring our operating requirements. As at September 30, 2022, we had working capital of \$(4,566)K. We plan to cover short term obligations with future cash flows from operations and funding sources such as our revolving loan. As at December 31, 2021, we had working capital of \$13,602K to cover short term obligations.

Concentration Risk – Industry

We operate in the social networking industry with a significant focus on the automotive sector and are affected by general economic trends. A decline in economic conditions, consumer interest or other adverse conditions in the social networking industry or automotive sector, could lead to reduced revenue and gross margin. We will face more risks than if it were diversified broadly over numerous industries or sectors.

DISCLOSURE OF OUTSTANDING SECURITY DATA

Our authorized share capital consists of: (i) an unlimited number of Multiple Voting Shares; (ii) an unlimited number of Subordinate Voting Shares; and (iii) an unlimited number of Preferred Shares, issuable in series. As of the date of this MD&A, 2,957,265 Multiple Voting Shares and 18,353,478 Subordinate Voting Shares were issued and outstanding. As of such date, we also had 1,289,590 outstanding share options, 135,591 outstanding restricted share units, 1,225,369 market performance-based share units and 19,578 outstanding deferred share units.

Internal Control over Disclosure and Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures to ensure that material information is being recorded,

processed, summarized, and reported to senior management, on a timely basis, so that appropriate decisions can be made regarding public disclosure. In addition, the CEO and CFO are responsible for establishing and maintaining internal controls over financial reporting to a standard that provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Limitations on the effectiveness of disclosure controls and internal controls over financial reporting

It should be noted that while the Company's CEO and CFO believe that the Company's internal control system and disclosure controls and procedures provide a reasonable level of assurance that the objectives of the control systems are met, they do not expect that the Company's control systems will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurances that any designs will succeed in achieving its stated goals under all potential conditions.

The Company has an established process in place which includes the continuous testing and reporting of the results to senior management and the Board on the effectiveness of the disclosure controls and internal controls over financial reporting.

Changes in internal control over financial reporting

There were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the three months ended September 30, 2022.