

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

This MD&A for the three and nine months ended September 30, 2023 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 8, 2023 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"). Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars. Due to rounding, certain totals and subtotals may not sum and certain percentages may not reconcile.

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 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 (loss), 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.

"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:

(Unaudited) (in thousands of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net loss	(\$516)	(\$6,044)	(\$7,025)	(\$24,916)
Net interest expense	1,299	859	3,880	2,096
Income tax recovery	(52)	(993)	(2,447)	(2,567)
Depreciation and amortization	4,901	9,813	16,688	29,629
EBITDA	5,633	3,635	11,096	4,242
Share-based compensation	1,249	2,577	3,631	8,246
Share performance related bonus ⁽¹⁾	—	(287)	—	(1,080)
Unrealized loss from changes in derivative fair value of financial instruments	2	65	10	110
Severance ⁽²⁾	30	167	1,470	801
Loss (gain) on sale of assets	(160)	(4)	(171)	3
Gain on sale of investments	—	—	(2)	—
Foreign exchange loss (gain)	(6)	(5)	(30)	55
Adjustment to contingent considerations	—	150	(1,051)	9,016
Other charges ⁽³⁾	71	729	282	2,233
Adjusted EBITDA	6,819	7,026	15,236	23,624
Less capital expenditures	(710)	(1,212)	(1,827)	(4,432)
Income taxes paid	(131)	(1,195)	(937)	(1,726)
Free Cash Flow	\$5,978	\$4,619	\$12,472	\$17,465

⁽¹⁾ Share performance related bonus is included in wages and consulting on the condensed consolidated interim statements of loss and comprehensive loss.

⁽²⁾ Severance is included in wages and consulting on the condensed consolidated interim statements of loss and comprehensive loss.

⁽³⁾ Other charges are included in wages and consulting and general and administrative on the condensed consolidated interim statements of loss and comprehensive loss. For the three and nine months ended September 30, 2023, these charges include one-time legal related costs. For the three and nine months ended September 30, 2022, these charges are primarily direct and incremental asset acquisition or business acquisition related costs.

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

(MAU in thousands)	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
MAU	99,898		100,497	98,753	100,443
ARPU	\$ 0.048		\$ 0.051	\$ 0.049	\$ 0.043
	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
MAU	111,392	113,636	109,521	109,036	113,377
ARPU	\$ 0.060	\$ 0.056	\$ 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

For the three months ended September 30, 2023, MAU decreased 8.2% compared to the equivalent period in the prior year. For the nine months ended September 30, 2023, MAU decreased 9.7% compared to the equivalent period in the prior year. The decline in MAUs for the three and nine months ended September 30, 2023 is largely attributable to macro-economic impacts on consumer online spending behavior, and search engine algorithm updates.

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 Holdings Inc., 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 100 million monthly active users (MAU) and 62 million registered community members across over 1,200 online communities as at September 30, 2023. 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. As part of the migration, we intentionally reduced our digital advertising revenue by removing ads that detracted from our user experience and slowed down our page load speeds. During this time, 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, 2023 there were 1,287 communities running on the Fora platform compared to 1,264 communities at the start of the year. The number of communities running on the Fora platform are impacted by acquisitions and organic initiatives.

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) programmatic advertising, and (iii) custom content solutions. 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, programmatic advertising and custom content solutions. 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.
- **Programmatic Advertising:** includes the monetization of display and video 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.
- **Custom Content:** includes our in-house production studio Geared Content Studios which provides custom content, in particular, video solutions specializing in reaching enthusiasts and in-market shoppers. Our wider Content team also manages and produces a range of branded content for advertisers, including product reviews, articles, e-mail features, and short videos.

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 60 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 and Nine Months Ended September 30, 2023 ("Q3" and "YTD" respectively). All comparatives, unless otherwise noted, are versus the same period in the prior year.

- Q3 revenue improved by 6% sequentially to \$15.5M as a result of digital advertising product improvements including the introduction of video advertising on the Fora platform and improved MAU trending resulting from successive positive search algorithm updates.
- Q3 adjusted EBITDA was \$6.8M and adjusted EBITDA margins expanded to 44%, an 8 percentage point improvement when compared to prior year. The improvement is attributed to cost optimizations across the business with a particular focus on lowering the costs of our e-commerce operation.
- Q3 Free Cash Flow converted at an all-time high of 88% on \$6.0M in Free Cash Flow generated, compared to a 66% conversion rate in the prior year.
- In Q3 and YTD, \$3.5M and \$11.0M in cash flow from operations was generated and we made \$2.4M and \$10.9M in principal payments against our credit facility respectively, \$1.7M and \$9.0M of which were voluntary.
- Net Loss of \$0.5M and Earnings Per Share of negative \$0.02 in Q3 were \$7.0M and \$0.33 better than prior year, respectively. YTD Net Loss of \$7.0M is \$17.9M ahead of prior year and YTD Net Earnings Per Share of negative \$0.33 is a \$0.58 improvement over prior year.

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.

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 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.

Impact of the Israel-Hamas Conflict on our Operations

We operate a subsidiary in Israel that has been substantially unaffected by the recent conflict in the region. Although the security situation remains a concern, our operations in Israel have been able to continue without significant disruptions.

While the conflict in Israel has generated uncertainty in the overall geopolitical and economic landscape of the region, our business in Israel has not experienced any material adverse impact during the reporting period. Our subsidiary's performance in Israel continues to contribute positively to our overall financial results.

The Company continues to monitor the conflict in Israel and potential impacts the conflict could have on the Company's personnel and business in Israel and the recorded amounts of assets and liabilities related to the Company's operations in Israel. The extent to which the conflict may impact the Company's personnel, business and activities will depend on future developments which remain highly uncertain and cannot be predicted. It is possible that the recorded amounts of assets and liabilities related to the Company's operations in Israel could change materially in the near term.

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:

(Unaudited) (in thousands of U.S. dollars except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$15,509	\$19,577	\$43,046	\$61,394
Operating expenses:				
Wages and consulting	6,229	9,192	21,258	27,421
Share-based compensation	1,249	2,577	3,631	8,246
Platform and technology	1,525	2,333	5,237	6,701
General and administrative	1,040	1,700	3,078	5,710
Depreciation and amortization	4,901	9,813	16,688	29,629
Adjustment to contingent considerations	—	150	(1,051)	9,016
Operating income (loss)	565	(6,187)	(5,795)	(25,329)
Other expenses:				
Loss (gain) on sale of assets	(160)	(4)	(171)	3
Net interest expense	1,299	859	3,880	2,096
Loss (gain) on investments	—	—	(2)	—
Foreign exchange loss (gain)	(6)	(5)	(30)	55
	1,133	850	3,677	2,154
Loss before income taxes	(568)	(7,037)	(9,472)	(27,483)
Income taxes (recovery)				
Current	111	330	317	2,093
Deferred	(163)	(1,324)	(2,764)	(4,660)
	(52)	(993)	(2,447)	(2,567)
Net loss	(\$516)	(\$6,044)	(\$7,025)	(\$24,916)
Other comprehensive income				
<i>Items that may be reclassified to net loss</i>				
Foreign currency differences on translation of foreign operations	63	102	22	97
Total comprehensive loss	(\$452)	(\$5,942)	(\$7,003)	(\$24,819)
Loss per share:				
Basic	(\$0.02)	(\$0.28)	(\$0.33)	(\$1.17)
Diluted	(0.02)	(0.28)	(0.33)	(1.17)

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:

(Unaudited) (in thousands of U.S. dollars except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Digital Advertising Revenue	\$12,827	\$13,358	\$34,807	\$40,847
E-Commerce Revenue	2,682	6,220	8,239	20,547
Total Revenue	\$15,509	\$19,577	\$43,046	\$61,394
Monthly Average Users (MAUs)	100,497	109,521	99,898	110,645
ARPU - Digital Advertising	\$0.043	\$0.041	\$0.039	\$0.041
ARPU - E-Commerce	\$0.009	\$0.019	\$0.009	\$0.021
ARPU - Total Revenue	\$0.051	\$0.060	\$0.048	\$0.062
Adjusted EBITDA	6,819	7,026	15,236	23,624
Adjusted EBITDA Margin	44%	36%	35%	38%
Free Cash Flow	5,978	4,619	12,472	17,465

DISCUSSION OF OPERATIONS

Revenue

For the three months ended September 30, 2023, revenue decreased 21% to \$15.5M, compared to \$19.6M in the same period of the prior year, largely driven by year-over-year declines in e-commerce, especially the video streaming category. Revenue for the nine months ended September 30, 2023 decreased by 30% to \$43.0M compared to \$61.4M during the same period in the prior year. This decrease was primarily due to decrease in ARPU as a result of macro and sector-driven pressures across all revenue channels, as well as a decrease in MAU of 8% and 10% for the three and nine months ended September 30, 2023, respectively. Despite these year-over-year headwinds, the business experienced a sequential improvement in our quarterly results, with revenue during the three months ended September 30, 2023 increasing by 6% when compared to the three months ended June 30, 2023. This sequential growth includes full quarter contributions from enhancements in ad tech and layout, and new contributions from video advertising.

Digital Advertising Revenue

For the three months ended September 30, 2023, digital advertising revenue decreased by \$0.5M, or 4%, to \$12.8M, in comparison to the same period in the prior year. The decrease was mainly caused by an 8% decrease in MAU partially offset by a 5% increase in digital advertising ARPU. Despite the year-over-year decline, the channel experienced a sequential improvement in quarterly results, with digital advertising revenue during the three months ended September 30, 2023 increasing by 6% when compared to the three months ended June 30, 2023 which decreased 15% year-over-year to \$2.1M.

For the nine months ended September 30, 2023, digital advertising revenue was down by \$6.0M, or 15%, to \$34.8M, stemming from a 6% decrease in digital advertising ARPU and a 10% decrease in MAUs in comparison with the prior year. The decrease in ARPU is attributable to reduced digital advertising demand due to macroeconomic pressures on budgets, partially offset by our investments in ad tech and layout, and the addition of video advertising. The decrease in MAU over both periods is the result of a decrease in search engine traffic to our platform.

We anticipate a return to growth will also be aligned with improved macroeconomic conditions. Despite the challenging market conditions, our investments in the advertising offerings on our platform have had a positive impact on results.

E-commerce Revenue

The e-commerce channel faced a difficult comparison due to the exceptional revenue performance achieved by the video streaming category in the previous year. The primary reasons for the year-over-year decline in the category are a reduction in commissions received from major streaming partners due to a pullback in user acquisition and marketing budgets, and lower traffic from search engines.

During the three months ended September 30, 2023, our e-commerce revenue experienced a decline of \$3.5M, or 57%, reaching \$2.7M compared to the same period in the prior year. This decrease can be mainly attributed to a 53% decline in e-commerce ARPU and a 8% decrease in MAU. Despite the year-over-year decline, the channel experienced a sequential improvement in quarterly results, with e-commerce revenue during the three months ended September 30, 2023 increasing by 4% when compared to the three months ended June 30, 2023 which decreased 66% year-over-year to \$2.6M.

During the nine months ended September 30, 2023, our e-commerce revenue decreased by \$12.3M or 60%, totaling \$8.2M compared to the prior year. This decline was predominantly due to a 56% decrease in e-commerce ARPU led by commission declines in the video streaming category and a 10% decrease in MAU.

Expenses

(Unaudited) (in thousands of U.S. dollars except percentages)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Wages and consulting	\$ 6,229	\$ 9,192	\$ (2,963)	(32)%	\$ 21,258	\$ 27,421	\$ (6,163)	(22)%
Share-based compensation	1,249	2,577	(1,328)	(52)%	3,631	8,246	(4,615)	(56)%
Platform and technology	1,525	2,333	(808)	(35)%	5,237	6,701	(1,464)	(22)%
General and administrative	1,040	1,700	(660)	(39)%	3,078	5,710	(2,632)	(46)%
Depreciation and amortization	4,901	9,813	(4,911)	(50)%	16,688	29,629	(12,941)	(44)%
Adjustment to contingent considerations	—	150	(150)	(100)%	(1,051)	9,016	(10,067)	(112)%
Total operating expenses	\$ 14,944	\$ 25,764	\$(10,820)	(42)%	\$ 48,841	\$ 86,723	\$(37,882)	(44)%

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.

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

Wages and consulting

For both the three and nine months ended September 30, 2023, wages and consulting expenses experienced significant decreases year-over-year driven by a lower average headcount post the workforce reduction announced on February 1, 2023.

During the three months ended September 30, 2023, wages and consulting expenses decreased by \$3.0M, or 32% to \$6.2M, compared to \$9.2M in the previous year. This decrease can be primarily attributed to a lower average full-time headcount of 199 in the period, compared to 283 in the prior year, and a reduction in third-party consultants.

Similarly, for the nine months ended September 30, 2023, wages and consulting expenses decreased by \$6.2M, or 22% to \$21.3M, compared to \$27.4M in the previous year. This decrease was largely due to a lower average full-time headcount of 210 in the period, compared to 289 in the prior year, and the settlement of acquisition-related bonuses recognized in the prior year period. However, the decrease was partially offset by increased termination costs associated with the Company's announced workforce reduction on February 1, 2023.

Share-based compensation

For the three months ended September 30, 2023, the Company experienced a decline of 52% in share-based compensation, decreasing from \$2.6M to \$1.2M compared to the same period in the previous year. The main reason for this reduction was due to the completion of vesting periods.

Similarly, for the nine months ended September 30, 2023, the Company's share-based compensation decreased by 56%, declining from \$8.2M to \$3.6M compared to the same period in the prior year. This decrease was primarily driven by the forfeiture of an acquisition-related retention grant in the period and the completion of vesting periods.

Platform and technology

For the three months ended September 30, 2023, platform and technology expenses experienced a reduction of 35%, declining from \$2.3M to \$1.5M when compared to the corresponding period in the previous year.

Similarly, for the nine months ended September 30, 2023, platform and technology expenses decreased by 22%, from \$6.7M to \$5.2M, compared to the same period in the prior year. This decrease was driven by strategic initiatives during the nine months ended period which included optimizations to our cloud hosting environment and improvements to our advertising technology. These investments in our platform and technology will continue to generate operational efficiencies, resulting in improved performance and profitability.

General and administrative

For the three months ended September 30, 2023, general and administrative expenses decreased 39% from \$1.7M to \$1.0M compared to the equivalent period in the prior year. This decrease is primarily attributed to decreases in search engine marketing expenses and travel.

For the nine months ended September 30, 2023, general and administrative expenses decreased 46% from \$5.7M to \$3.1M compared to the equivalent period in the prior year. This decrease is primarily attributed to decreases in search engine marketing expenses, travel and professional fees, with the prior year period recognizing costs related to the January 14, 2022 filing of our short form base shelf prospectus.

Depreciation and amortization

For the three months ended September 30, 2023, depreciation and amortization decreased by 50%, from \$9.8M to \$4.9M compared to the equivalent period in the prior year. For the nine months ended September 30, 2023, depreciation and amortization decreased by 44%, from \$29.6M to \$16.7M compared to the equivalent period in

the prior year. The decrease is the result of acquired intangibles that have now completed their amortization as well as reduced amortization due to no acquisitions completed in the period.

Adjustment to contingent considerations

During the nine months ended September 30, 2023, the Company paid the maximum year one contingency of \$15M to the former shareholders of FOMOPOP, Inc. On March 31, 2023, the Company amended its purchase agreement to extend the measurement period of the year two contingency to June 30, 2024. During the nine months ended September 30, 2023, the fair market value of the year two contingent consideration related to the acquisition of FOMOPOP Inc. was revalued to nil.

Net loss

For the three and nine months ended September 30, 2023, we saw improvements in our financial performance compared to the corresponding periods in the prior year, primarily driven by an improvement in operating income (loss). Operating income (loss) during the three and nine months ended September 30, 2023 improved by \$6.8M to \$0.6M, and by \$19.5M to \$(5.8)M respectively due to decreases in operating expenses. The decrease in operating expenses is mainly attributed to the organizational changes announced on February 1, 2023, changes in share-based compensation due to the completion of vesting periods, reductions in adjustment to contingent considerations, and acquired intangibles that have now completed their amortization period.

For the three months ended September 30, 2023, net loss was \$0.5M, a decrease of \$5.5M from the net loss of \$6.0M in the prior year. This decrease was primarily due to an increase in operating income of \$6.8M, which was driven by a \$10.8M decrease in operating expenses, offset by a \$4.1M decrease in revenue. The decrease in operating expenses was largely driven by a \$3.0M decrease in wages and consulting; \$1.3M decline in share-based compensation; \$0.1M reduction in adjustment to contingent considerations, and a \$4.9M decrease in depreciation and amortization driven by acquired intangibles.

For the nine months ended September 30, 2023, net loss was \$7.0M, a decrease of \$17.9M from the net loss of \$24.9M in the prior period. This decrease was primarily due to a decrease in operating loss of \$19.5M, which was driven by a \$37.9M decrease in operating expenses, offset by a \$18.3M decrease in revenue. The decrease in operating expenses was largely driven by a \$6.2M decrease in wages and consulting; \$4.6M decline in share-based compensation; \$10.1M reduction in adjustment to contingent considerations, and a \$12.9M decrease in depreciation and amortization driven by acquired intangibles.

Adjusted EBITDA and Adjusted EBITDA Margin

During the three and nine months ended September 30, 2023, our strategic initiatives focused on reducing costs, improving our advertising technology, and adding video advertising to our platform have yielded positive results for our Adjusted EBITDA and Adjusted EBITDA margin. By optimizing our cost base, we are well-positioned to increase profitability through monetization initiatives and improved macroeconomic conditions. However, despite these positive trends, we experienced a decline in Adjusted EBITDA for the three and nine months ended September 30, 2023 compared to the same periods in the prior year. This decline was primarily due to a decrease in revenue when compared to strong results in the prior year. This decline was partially offset by a reduction in operating expenses resulting from organizational changes, optimizations to our cloud hosting environment, and improvements to our advertising technology.

For the three months ended September 30, 2023, Adjusted EBITDA was \$6.8M, reflecting a decline of \$0.2M or 3% compared to the same period in the prior year. Despite the decline in Adjusted EBITDA, our Adjusted EBITDA margin for the period increased by 8 percentage points to 44% compared to the same period last year.

For the nine months ended September 30, 2023, Adjusted EBITDA was \$15.2M, representing a decrease of \$8.4M or 36% compared to the same period in the prior year. Similarly, the Adjusted EBITDA margin for the nine months ended September 30, 2023 decreased 3 percentage points to 35% when compared to the same period in the year.

Despite the year-over-year declines in Adjusted EBITDA, both our Adjusted EBITDA and Adjusted EBITDA margin showed improvement compared to the previous quarter. Specifically, our Adjusted EBITDA increased by 24% or \$1.3M during the three months ended September 30, 2023 compared to the three months ended June 30, 2023, which recorded a 41% year-over-year decline to \$5.5M. Additionally, our Adjusted EBITDA margin improved by 7 percentage points compared to the 37% margin generated during the three months ended June 30, 2023.

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

Free Cash Flow

For the three months ended September 30, 2023, Free Cash Flow increased by 29% to \$6.0M achieving a Free Cash Flow Conversion of 88%, from \$4.6M or 66% conversion in the prior year. The increase in Free Cash Flow is primarily attributed to \$0.5M reduction in capital expenditures and a decrease in cash taxes of \$1.1M for the three months ended September 30, 2023.

For the nine months ended September 30, 2023, Free Cash Flow decreased by 29% to \$12.5M achieving a Free Cash Flow Conversion of 82%, from \$17.5M or 74% conversion in the prior year. The decrease in Free Cash Flow is primarily attributed to \$8.4M decrease in Adjusted EBITDA partially offset by a \$2.6M decrease in capital expenditures.

Free Cash Flow and Free Cash Flow Conversion 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 loss to Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow.

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, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023	Jun 30, 2023	Sep 30, 2023
Total Revenue	\$21,418	\$20,048	\$21,769	\$19,577	\$19,094	\$12,872	\$14,665	\$15,509
Total Operating Expenses	27,751	32,491	28,467	25,764	17,795	17,956	15,941	14,944
Adjusted EBITDA	9,403	7,282	9,316	7,026	7,245	2,936	5,481	6,819
Net income (loss)	(6,470)	(11,871)	(7,001)	(6,044)	144	(4,498)	(2,012)	(516)
Net income (loss) per share - basic	(\$0.31)	(\$0.56)	(\$0.33)	(\$0.28)	\$0.01	(\$0.21)	(\$0.10)	(\$0.02)
Net income (loss) per share - diluted	(\$0.31)	(\$0.56)	(\$0.33)	(\$0.28)	\$0.01	(\$0.21)	(\$0.10)	(\$0.02)

Historically, our business has typically seen revenue and Adjusted EBITDA at its lowest during the first quarter of the year, increasing to its peak in the fourth quarter due to seasonality in digital advertising budgets and e-commerce spending. Our quarterly net income (loss) may experience variations depending on the timing of certain expenses or gains. The three months ended March 31, 2022 did not experience a material sequential decrease in revenues due to a full quarter of revenue contributions from acquisitions completed during the three

months ended December 31, 2021. The three months ended December 31, 2022 also did not experience a sequential increase relative to the three months ended September 30, 2022, due to unfavorable macro factors affecting MAU and ARPU such as declines in search traffic, advertising rates and commerce activity. The three months ended March 31, 2023 experienced a decline in revenues relative to the three months ended December 31, 2022 partially due to the seasonality in addition to continued unfavorable macro factors. The three months ended June 30, 2023 and September 30, 2023 experienced an increase in revenue sequentially in part due to seasonality, strategic investments in advertising technology and layout and the introduction of video advertising.

FINANCIAL POSITION

(Unaudited)	September 30, 2023	December 31, 2022
(in thousands of U.S. dollars)		
Cash and Cash Equivalents	\$6,435	\$8,767
Total Assets	156,055	177,556
Total Liabilities	78,175	96,060
Total Long-Term Liabilities	66,691	67,050

Total Assets

During the period from December 31, 2022 to September 30, 2023, total assets decreased by \$21.5M or 12%. This decrease can be attributed to a \$14.1M reduction in intangible assets due to amortization, as well as a \$5.1M decrease in trade and other receivables, which is consistent with the decline in revenue.

Total Liabilities

During the period from December 31, 2022 to September 30, 2023, total current liabilities decreased by \$17.5M or 60%. This decrease is primarily attributable to the payment of \$15M in contingent consideration to the former shareholders of FOMOPOP, Inc. and a \$3.7M decrease in accounts payable and accrued liabilities due to lower operating expenses.

During the period from December 31, 2022 to September 30, 2023, total long-term liabilities increased by \$0.4M, or 1%, primarily due to a draw on the Revolving Loan of \$15M to settle FOMOPOP, Inc.'s year one contingent consideration. This increase was partially offset by a \$1.1M reversal of FOMOPOP, Inc.'s year two contingent consideration and a total of \$9.0M in voluntary payments against the Revolving Loan.

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 and availability under our Credit Facilities 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 nine months ended September 30, 2023. Aside from the covenants described in Note 11 of our audited annual consolidated financial statements and described under "*Credit Facilities*" below, we are not subject to externally imposed capital requirements.

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, 2023 we generated cash flow from operations totaling \$3.5M and \$11.0M, respectively, which was sufficient to meet our short-term obligations. In addition to cash balances, we are able to, if necessary, draw on the Revolving Loan to, among other things, meet ongoing working capital requirements. Given our existing cash and Revolving Loan, along with anticipated cash flow generated from operations in the future, we believe that we will have sufficient liquidity to meet our 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, we 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. Our ability to pursue funding through the base shelf prospectus is intended to provide financing flexibility to execute on our M&A pipeline and strategy. As of the date of this MD&A, there has been no distribution of securities as part of the final short form base shelf prospectus.

Cash Flows

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

(Unaudited) (in thousands of US dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 3,527	\$ 6,360	\$ 10,967	\$ 17,314
Net cash provided (used) by financing activities	(2,659)	(7,359)	3,397	(21,237)
Net cash used in investing activities	(547)	(1,631)	(16,643)	(8,648)
Changes in cash during the period	320	(2,630)	(2,279)	(12,571)
Cash and cash equivalents, beginning of period	6,126	10,455	8,767	20,494
Change in restricted cash balances	2	(1)	29	13
Effect of movement of exchange rates on cash and restricted cash held	(13)	(59)	(81)	(172)
Cash and cash equivalents, end of period	\$ 6,435	\$ 7,764	\$ 6,435	\$ 7,764

Cash Flows from Operating Activities

During the three months ended September 30, 2023, cash flows from operating activities decreased by \$2.8M, or 45%, compared to the same period in the prior year. The decrease was mainly driven by a decline of \$2.7M in net loss less items not involving cash combined with the change in non-cash operating assets and liabilities, and a \$1.2M increase in interest paid due to higher interest rates and timing of prior year interest payments. These variances were offset by a \$1.1M decrease in income taxes paid during the period when compared to the prior year.

For the nine months ended September 30, 2023, cash flows from operating activities decreased by \$6.3M, or 37%, compared to the same period in the prior year. The decrease was mainly driven by a decline of \$5.3M in net loss less items not involving cash combined with the change in non-cash operating assets and liabilities, and a \$1.8M increase in interest paid due to higher interest rates. These variances were offset by a \$0.8M decrease in income taxes paid during the period when compared to the prior year.

Cash Flows Used in/from Financing Activities

For the three months ended September 30, 2023, cash flows provided by financing activities decreased by \$4.7M compared to the same period in the prior year. This was driven primarily by a voluntary prepayment of \$1.8M against the Revolving Loan, compared to a voluntary prepayment of \$6.5M against the Revolving Loan in the prior year.

For the nine months ended September 30, 2023, cash flows provided by financing activities increased by \$24.6M compared to the same period in the prior year. This was driven primarily by a \$15.0M draw on the Revolving Loan to settle the FOMOPOP, Inc. year one contingent consideration, in addition to a voluntary prepayment of \$9.0M against the Revolving Loan, compared to a voluntary prepayment of \$19.0M against the Revolving Loan for the same period in the prior year.

Cash Flows Used in Investing Activities

For the three months ended September 30, 2023, cash flows used in investing activities decreased by \$1.1M compared to the same period in the prior year. This decrease was primarily attributable to a decrease in additions to property and equipment and intangible assets as a result of no acquisitions completed in the period.

For the nine months ended September 30, 2023, cash flows used in investing activities increased by \$8.0M compared to the same period in the prior year. This increase was largely attributed to the \$15M payment of the year one contingent consideration related to the acquisition of FOMOPOP, Inc., offset by a decrease in additions to property and equipment and intangible assets as a result of no acquisitions completed in the period.

Capital Expenditures

(Unaudited) (in thousands of U.S. dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Capitalized software	\$ 691	\$ 1,145	\$ 1,763	\$ 3,863
Property and equipment	19	67	64	569
Total capital expenditures	\$ 710	\$ 1,212	\$ 1,827	\$ 4,432

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

For the three months ended September 30, 2023, capital expenditures decreased to \$0.7M from \$1.2M for the same period in the prior year, a decrease of 41%. For the nine months ended September 30, 2023, capital expenditures decreased to \$1.8M from \$4.4M for the same period in the prior year, a decrease of 59%. This decline was largely due to a shift in focus towards new product areas on the Fora platform, which resulted in fewer upfront development costs that are eligible for capitalization.

Credit Facilities

On October 5, 2017, the Company entered into a credit agreement with Capital One, National Association, as successor from Antares Capital LP (the "Original Credit Agreement"), which provided for credit facilities consisting of a revolving credit facility of \$20,000,000, a term loan of \$110,000,000, and a delayed draw term loan of \$70,000,000, each bearing interest at a floating rate of LIBOR plus a margin determined by the Company's net leverage ratio and expiring on October 4, 2022.

On December 20, 2019, the Company and Capital One entered into an amendment to the Original Credit Agreement (the "First Amendment"), which increased the amortization to 7.5% per annum, maximum total net leverage to 4.50x, and minimum fixed charge coverage ratio to 1.05x. On May 25, 2021, the Company and

Capital One entered into a second amendment to the Original Credit Agreement (the "Second Amendment"), which provided for certain amendments to the event of default related to a "Change of Control" (as defined in the Original Credit Agreement).

On June 24, 2021, the Company and Capital One entered into an amended and restated credit agreement (the "A&R Credit Agreement" or "Credit Facilities"). As of the effective date of the A&R Credit Agreement, the term loan and the delayed draw term loan were restated into a single term loan of \$50,000,000 (the "Term Loan"), repayable in quarterly installments at an annual amortization rate of 5%, and the revolving loan was restated to \$75,000,000 (the "Revolving Loan" or "Revolver"), with each maturing five years after the effective date. The maximum total net leverage ratio is 4.00x, with such ratio reducing by 0.25 percentage points each fiscal year beginning with the fiscal year ended December 31, 2022, to 3.0x for the fiscal year ended December 31, 2025 and the minimum fixed charge coverage ratio is 1.25x 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% and a minimum margin of 2.25%.

On May 18, 2023, The Company and Capital One, National Association entered into an amended credit agreement referred to as the "First Amendment to Credit Agreement". This amendment replaces LIBOR with Adjusted Term SOFR as the benchmark interest rate. The effective date of this change is July 1, 2023.

The Company is required to pay a quarterly commitment fee for the total undrawn amount of the revolving loan. As at September 30, 2023, the fee was 0.25% per annum. The fee is dependent on the Company's total net leverage ratio as set forth in the First Amendment to Credit Agreement. There was \$17M drawn on the Revolving Loan at September 30, 2023.

Contractual Obligations

There were no material changes to the contractual obligations during the three and nine months ended September 30, 2023. The debt commitments and payment commitments with respect to a hosting agreement are summarized below.

(Unaudited) (in thousands of U.S. dollars)	Payments Due by Period				
	Total	1 year	2 – 3 years	4 – 5 years	> 5 years
Debt	\$61,375	\$2,500	\$5,000	\$53,875	\$—
Purchase Obligations ⁽¹⁾	\$6,825	\$2,730	\$4,095	\$—	\$—
Total Contractual Obligations	\$68,200	\$5,230	\$9,095	\$53,875	\$—

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 September 30, 2023.

MATERIAL 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. We review these 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.

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, right-of-use asset, property and equipment and intangible asset impairment assessments, goodwill impairment assessments, the determination of the estimated useful lives of property and equipment, right-of-use assets 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 most significant management estimates and judgements are outlined below:

(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, 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, we determine 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 we intend to and have 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 ADOPTIONS

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 years ended December 31, 2022.

New and revised IFRS:

(a) 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:

- requirements for companies to disclose their material accounting policies rather than their significant accounting policies;
- clarification that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarification 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 adoption of the amendments to this standard did not have a material impact on the interim financial statements in the current period.

(b) 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 adoption of the amendments to this standard did not have a material impact on the interim financial statements in the current period.

(c) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants

The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which a company must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability. If a liability has any conversion options, then those generally affect its classification as current or non-current, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

The amendments are applied for annual periods beginning on or after January 1, 2024. 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, 2023, our financial instruments consist of financial assets comprised of \$6.4M in cash and cash equivalents, and \$10.7M trade and other receivables as well as financial liabilities comprised of \$4.7M in accounts payable and accrued liabilities, \$3.7M in lease liability, \$0.01M in derivatives, \$62.5M in long-term debt, and nil 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 the trade receivables from our customers. To the extent necessary, we take steps to monitor the credit risk of clients. Balances for trade receivables are managed on an ongoing basis to ensure a credit loss provision that corresponds to the specific credit risk of our customers, which are established and maintained at an appropriate amount.

As at September 30, 2023, there was no individual customer comprising more than 10% of our trade receivables balance, compared to a concentration of credit risk as at December 31, 2022 with one digital advertising customer comprising 16% of our trade receivables balance.

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 Adjusted Term SOFR 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, 2023, a 1% change in Adjusted Term SOFR would result in an increase (decrease) of \$0.6M in interest expense annually. Based on the amount owing at September 30, 2022, a 1% change in Adjusted Term SOFR would result in an increase (decrease) of \$0.6M 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:

(Unaudited)	CAD	EUR	GBP	ILS	KYD	Total
Cash	\$38	(\$52)	\$68	\$239	\$2	\$295
Trade and other receivables	1,029	(1)	5	17	—	1,050
Investment tax credits recoverable	168	—	—	—	—	168
Lease Receivable	1,070	—	—	—	—	1,070
Prepaid expenses and other assets	659	—	—	(20)	—	639
Accounts payable and accrued liabilities	(1,461)	(33)	(9)	(173)	—	(1,676)
Deferred revenue	(79)	—	(8)	—	—	(87)
Lease liabilities	(2,501)	—	—	—	—	(2,501)
Net financial position exposure	(\$1,077)	(\$86)	\$56	\$63	\$2	(\$1,042)

For the nine months ended September 30, 2023, we had various CAD-denominated operating expenses from continuing operations in the amount of \$10.3M (nine months ended September 30, 2022 - \$15.2M). We received nil (nine months ended September 30, 2022 - \$0.1M) in CAD-denominated tax credits which offset these expenses. For the nine months ended September 30, 2023, a 1% depreciation or appreciation of the Canadian dollar against the U.S. dollar would have resulted in an approximate \$0.1M and \$0.1M increase or decrease, respectively, in loss before income taxes (nine months ended September 30, 2022, \$0.2M and \$0.2M increase or decrease, respectively)

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. We maintain sufficient cash on hand and access to additional shareholder funding to ensure we have sufficient funds to fulfil our obligations. As at September 30, 2023, we had working capital of \$7.8M to cover short-term obligations. As at December 31, 2022 we had a working capital deficiency of \$2.7M. We plan to cover short term obligations with future cash flows from operations and funding sources such as our Revolving Loan.

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 18,391,307 Subordinate Voting Shares were issued and outstanding. As of such date, we also had 1,120,362 outstanding share options, 633,792 outstanding restricted share units, 1,527,429 market performance-based share units and 62,354 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.

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 nine months ended September 30, 2023.

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.