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

This MD&A for the three and nine months ended September 30, 2024 should be read in conjunction with VerticalScope Holdings Inc.'s (the "Company", "VerticalScope", "us", "we" or "our") audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022, along with the related notes thereto. This MD&A is presented as of November 12, 2024 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all dollar amounts are expressed in US 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:

“**EBITDA**” is calculated as net income (loss) excluding interest, income tax expense (recovery), and depreciation and amortization.

“**Adjusted EBITDA**” is calculated as 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.

**Industry Metrics**

***Cost Per Thousand Impressions (CPM)***

CPM means the cost paid for one thousand impressions of an advertisement.

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

| (Unaudited) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands of US dollars) | 2024 | 2023 | 2024 | 2023 |
| Net income (loss) | $1,207 | ($516) | $645 | ($7,025) |
| Net interest expense | 986 | 1,299 | 3,223 | 3,880 |
| Income tax expense (recovery) | 442 | (52) | 874 | (2,447) |
| Depreciation and amortization | 4,428 | 4,901 | 13,493 | 16,688 |
| EBITDA | 7,062 | 5,633 | 18,235 | 11,096 |
| Share-based compensation | 385 | 1,249 | 1,174 | 3,631 |
| Share performance related bonus (1) | — | — | (3) | — |
| Unrealized loss (gain) from changes in derivative fair value of financial instruments | (23) | 2 | 52 | 10 |
| Severance (2) | — | 30 | — | 1,470 |
| Gain on sale of assets | (5) | (160) | (10) | (171) |
| Loss (gain) on investments | (1) | — | (17) | (2) |
| Foreign exchange loss (gain) | (16) | (6) | 12 | (30) |
| Adjustment to contingent considerations | — | — | — | (1,051) |
| Other charges (3) | 34 | 71 | 296 | 282 |
| Adjusted EBITDA | 7,437 | 6,819 | 19,740 | 15,236 |
| Less capital expenditures | (494) | (710) | (1,327) | (1,827) |
| Income taxes paid | (530) | (131) | (273) | (937) |
| Free Cash Flow | $6,414 | $5,978 | $18,140 | $12,472 |

(1) Share performance related bonus is included in wages and consulting on the condensed consolidated interim statements of income (loss) and comprehensive income (loss).
(2) Severance is included in wages and consulting on the condensed consolidated interim statements of income (loss) and comprehensive income (loss).
(3) Other charges are included in general and administrative on the condensed consolidated interim statements of income (loss) and comprehensive income (loss). For the three and nine months ended September 30, 2024 and September 30, 2023, these charges include non-recurring legal 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 2024** | **Q4 2024** | **Q3 2024** | **Q2 2024** | **Q1 2024** |
|---|---|---|---|---|---|
| MAU | 118,857 | | 121,901 | 121,885 | 112,786 |
| ARPU | $ 0.046 | | $ 0.049 | $ 0.046 | $ 0.044 |

| | FY 2023 | Q4 2023 | Q3 2023 | Q2 2023 | Q1 2023 |
|---|---|---|---|---|---|
| MAU | 101,844 | 107,684 | 100,497 | 98,753 | 100,443 |
| ARPU | $ 0.050 | $ 0.055 | $ 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 |

For the three months ended September 30, 2024, MAU increased 21% compared to the equivalent period in the prior year. For the nine months ended September 30, 2024, MAU increased 19% compared to the equivalent period in the prior year. The positive MAU trends during the three and nine months ended September 30, 2024 is primarily driven by an increase in search engine traffic. This growth reflects a broader shift towards authentic online content, with search engines prioritizing forum content over content driven by artificial intelligence.

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 Ontario Business Corporation Act (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 120 million monthly active users (MAU) and 65 million registered community members across over 1,200 online communities as at September 30, 2024. 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, 2024 there were 1,303 communities with more than 1,000 MAU running on the Fora platform, compared to 1,284 communities at the start of the year. The number of communities running on the Fora platform are impacted by migrations, acquisitions and organic initiatives.

### *The Fora Communities Mobile App*

In 2023, we launched the Fora Communities mobile app, providing a dedicated mobile platform to access our forum communities. Previously, mobile users relied on a mobile web experience or a third-party app which is no longer supported to access our communities. While users can still access our communities through a mobile browser, the app provides enhanced features and functionality, and allows mobile users to seamlessly engage with all of our communities from one central location. The app is available for download on both the Apple App Store and Google Play Store.

## 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 US 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

**Consolidated Highlights**

***Financial Highlights for the Three Months Ended September 30, 2024 ("Q3"). All comparatives, unless otherwise noted, are versus the same period in the prior year.***

- Revenue increased by 15% to $17.8M, driven by a 22% increase in Digital Advertising revenue. The growth in Digital Advertising is attributed to strong performance from our programmatic channel, driven by new partnerships and a 21% increase in MAU.

- Adjusted EBITDA increased by 9% to $7.4M and Adjusted EBITDA Margins were 42%, compared to 44% margins in the prior year.

- Free Cash Flow generated was $6.4M, an increase of 7%, and reflected a strong conversion rate of 86%.

- Cash flow from operations of $5.9M allowed us to further strengthen our balance sheet through strategic debt reduction. In Q3, the Company made a total of $5.6M in principal payments towards our credit facility, of which $5.0M was voluntary. Net leverage as defined by our credit facility improved to 1.3x compared to 1.5x at the beginning of the quarter.

- Net income of $1.2M and Earnings Per Share of $0.06 were $1.7M and $0.08 better than the prior year, respectively.

***Acquisitions***

During the nine months ended September 30, 2024 we acquired one website asset for a total consideration of $0.2M.

***Subsequent Events***

- On October 4, 2024, the Company and Capital One entered into an amended and restated credit agreement amending and restating the Company's existing credit agreement with Capital One (the "Second A&R Credit Agreement") to, among other things, remove the Term Loan under the Company existing amended credit agreement ("Amended Credit Agreement" or "Credit Facility") and increase the Revolving Loan under the Amended Credit Agreement to $100 million. The Credit Facility has been extended and will now mature on October 4, 2028. The Second A&R Credit Agreement contains representations and warranties, affirmative and negative covenants and events of default, and is secured on a basis consistent in material respects with the Amended Credit Agreement. We incurred transaction costs of $1.5M directly attributable to this amendment, which were included within accounts payable and accrued liabilities as at September 30, 2024.

- Subsequent to September 30, 2024 and as of the date of this MD&A, the Company repurchased and canceled 198,100 of its SVS for an aggregate purchase price of $1.2M.

**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.

***Technological Advancements***

Our industry is characterized by rapid technological advancement and evolving consumer preferences. To remain competitive, we are focused on staying at the forefront of innovation. Emerging technologies such as generative artificial intelligence (e.g., ChatGPT) present both opportunities and challenges such as impacting the use of search engines and consumer web browsing behavior, which could lead to a reduction in the volume of traffic and posting that occurs in our communities. Our ability to leverage these advancements to enhance our products and user experience, improve operational efficiency, and create new revenue streams may impact our future growth and success.

### *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, 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 Conflict in Israel 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 US dollars, whereas a significant portion of our cash operating expenses are in Canadian dollars and Israeli New Shekels. This exposure to foreign currency fluctuations could negatively impact our results of operations if the US dollar were to weaken relative to these currencies. To mitigate this risk, we may enter into forward contracts to hedge against potential currency fluctuations.

***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)<br>(in thousands of US dollars except per share data) | Three Months Ended September 30, 2024 | Three Months Ended September 30, 2023 | Nine Months Ended September 30, 2024 | Nine Months Ended September 30, 2023 |
|---|---|---|---|---|
| **Revenue** | **$17,787** | **$15,509** | **$49,198** | **$43,046** |
| Operating expenses: | | | | |
| Wages and consulting | 7,261 | 6,229 | 21,023 | 21,258 |
| Share-based compensation | 385 | 1,249 | 1,174 | 3,631 |
| Platform and technology | 1,920 | 1,525 | 5,139 | 5,237 |
| General and administrative | 1,180 | 1,040 | 3,641 | 3,078 |
| Depreciation and amortization | 4,428 | 4,901 | 13,493 | 16,688 |
| Adjustment to contingent considerations | — | — | — | (1,051) |
| **Operating income (loss)** | 2,612 | 565 | 4,727 | (5,795) |
| Other expenses (income): | | | | |
| Gain on sale of assets | (5) | (160) | (10) | (171) |
| Net interest expense | 986 | 1,299 | 3,223 | 3,880 |
| Loss (gain) on investments | (1) | — | (17) | (2) |
| Foreign exchange loss (gain) | (16) | (6) | 12 | (30) |
| | 964 | 1,133 | 3,208 | 3,677 |
| Income (loss) before income taxes | 1,649 | (568) | 1,519 | (9,472) |
| Income tax expense (recovery) | | | | |
| Current | 427 | 111 | 680 | 317 |
| Deferred | 15 | (163) | 194 | (2,764) |
| | 442 | (52) | 874 | (2,447) |
| **Net income (loss)** | **$1,207** | **($516)** | **$645** | **($7,025)** |
| **Other comprehensive income (loss)** | | | | |
| *Items that may be reclassified to net income (loss)* | | | | |
| Foreign currency differences on translation of foreign operations | (65) | 63 | (52) | 22 |
| Total comprehensive income (loss) | **$1,141** | **($452)** | **$593** | **($7,003)** |
| **Earnings (loss) per share:** | | | | |
| Basic | $0.06 | ($0.02) | $0.03 | ($0.33) |
| Diluted | 0.06 | (0.02) | 0.03 | (0.33) |

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[1]:

| (Unaudited) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands except percentages and ARPU) | **2024** | **2023** | **2024** | **2023** |
| Digital Advertising Revenue | $15,643 | $12,827 | $42,648 | $34,807 |
| E-Commerce Revenue | 2,143 | 2,682 | 6,550 | 8,239 |
| Total Revenue | $17,787 | $15,509 | $49,198 | $43,046 |
| MAU | 121,901 | 100,497 | 118,857 | 99,898 |
| ARPU - Digital Advertising | $0.043 | $0.043 | $0.040 | $0.039 |
| ARPU - E-Commerce | $0.006 | $0.009 | $0.006 | $0.009 |
| ARPU - Total Revenue | $0.049 | $0.051 | $0.046 | $0.048 |
| Adjusted EBITDA | 7,437 | 6,819 | 19,740 | 15,236 |
| Adjusted EBITDA Margin | 42% | 44% | 40% | 35% |
| Free Cash Flow | 6,414 | 5,978 | 18,140 | 12,472 |

## DISCUSSION OF OPERATIONS

### *Revenue*

For the three months ended September 30, 2024, revenue increased 15% to $17.8M, compared to $15.5M in the prior year. This growth was primarily due to a 22% increase in digital advertising revenue largely driven by a 21% increase in MAU, and partially offset by a 5% decline in ARPU.

For the nine months ended September 30, 2024, revenue increased by 14% to $49.2M compared to $43.0M in the prior year. This growth was primarily due to a 23% increase in digital advertising revenue largely driven by a 19% increase in MAU, and partially offset by a 4% decline in ARPU.

### *Digital Advertising Revenue*

For the three months ended September 30, 2024, digital advertising revenue increased by $2.8M, or 22%, to $15.6M, compared to $12.8M in the prior year. The increase was driven by a 21% increase in MAU, partially offset by a 1% decline in digital advertising ARPU.

For the nine months ended September 30, 2024, digital advertising revenue increased by $7.8M, or 23%, to $42.6M compared to $34.8M in the prior year. The increase was driven by a 19% increase in MAU and a 3% increase in ARPU driven by strong programmatic performance which included incremental contributions from video and improved CPMs.

### *E-commerce Revenue*

For the three months ended September 30, 2024, e-commerce revenue declined by $0.5M, or 20%, to $2.1M, compared $2.7M in the prior year. The decline was driven by a 34% decline in e-commerce ARPU, partially offset by a 21% increase in MAU.

[1] For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Non-IFRS Measures*".

For the nine months ended September 30, 2024, e-commerce revenue declined by $1.7M or 21%, to $6.6M, compared to $8.2M in the prior year. The decline was driven by a 33% decrease in e-commerce ARPU, partially offset by a 19% increase in MAU.

In both periods, the decline in ARPU was led by commission declines in key categories such as home fitness and video streaming.

While e-commerce represents a smaller portion of our overall revenue, it remains a key area of future growth across our platform. We continue to focus on strategies that will engage our growing product-focused audience and drive e-commerce activity.

***Operating Expenses***

| (Unaudited)<br>(in thousands of US dollars except percentages) | Three Months Ended September 30, 2024 | 2023 | $ Change | % Change | Nine Months Ended September 30, 2024 | 2023 | $ Change | % Change |
|---|---|---|---|---|---|---|---|---|
| Wages and consulting | $ 7,261 | $ 6,229 | $ 1,032 | 17 % | $ 21,023 | $ 21,258 | $ (234) | (1)% |
| Share-based compensation | 385 | 1,249 | (864) | (69)% | 1,174 | 3,631 | (2,457) | (68)% |
| Platform and technology | 1,920 | 1,525 | 395 | 26 % | 5,139 | 5,237 | (98) | (2)% |
| General and administrative | 1,180 | 1,040 | 141 | 14 % | 3,641 | 3,078 | 563 | 18 % |
| Depreciation and amortization | 4,428 | 4,901 | (473) | (10)% | 13,493 | 16,688 | (3,195) | (19)% |
| Adjustment to contingent considerations | — | — | — | 0 % | — | (1,051) | 1,051 | (100)% |
| **Total operating expenses** | **$ 15,174** | **$ 14,944** | **$ 230** | 2 % | **$ 44,471** | **$ 48,841** | **$ (4,370)** | (9)% |

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. General and administrative costs primarily consist of professional fees including legal, accounting and tax, occupancy costs, travel related expenses and public company costs. 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 year-over-year was primarily attributable to the following:

***Wages and consulting***

For the three months ended September 30, 2024, wages and consulting expenses increased by $1.0M, or 17% to $7.3M, compared to $6.2M in the prior year, primarily driven by an increase in performance-based accruals and a decline in the rate of capitalized wages.

For the nine months ended September 30, 2024, wages and consulting expenses decreased by $0.2M, or 1% to $21.0M, compared to $21.3M in the prior year. This decrease can be primarily attributed to $1.4M in one-time termination costs recognized in the prior year related to the workforce reduction announced on February 1, 2023, as well as a 9% decline in average full-time headcount in the period to 191 employees, compared to 210 employees in the prior year. This decrease was offset by an increase in performance-based accruals and a decline in the rate of capitalized wages.

***Share-based compensation***

For the three months ended September 30, 2024, the Company experienced a decline of 69% in share-based compensation, decreasing from $1.2M to $0.4M compared to the prior year. The decrease was primarily driven by the completion of vesting schedules.

For the nine months ended September 30, 2024, the Company's share-based compensation decreased by 68%, declining from $3.6M to $1.2M compared to the prior year. This decrease was primarily driven by the forfeiture of unvested grants and the completion of vesting schedules, partially offset by one-time grants in the prior year relating to the cancellation of December 31, 2022 discretionary bonuses.

***Platform and technology***

For the three months ended September 30, 2024, platform and technology expenses increased by 26%, from $1.5M to $1.9M, compared to the prior year. This increase was driven by an increase in ad serving costs relative to changes in MAU and an increase in platform fees relating to programmatic revenue partnerships.

For the nine months ended September 30, 2024, platform and technology expenses remained consistent to prior year at $5.2M.

***General and administrative***

For the three months ended September 30, 2024, general and administrative expenses increased 14% from $1.0M to $1.2M compared to the prior year. For the nine months ended September 30, 2024, general and administrative expenses increased 18% from $3.1M to $3.6M compared to the prior year. In both periods, the increase is primarily driven by increased travel, professional fees and a favorable adjustment to bad debt in the prior year.

***Depreciation and amortization***

For the three months ended September 30, 2024, depreciation and amortization decreased by 10%, from $4.9M to $4.4M compared to the prior year. For the nine months ended September 30, 2024, depreciation and amortization decreased by 19%, from $16.7M to $13.5M compared to the prior year. The decrease is the result of a lower cost base of Intangible Assets due to ongoing amortization and lower additions in recent periods.

***Adjustment to contingent considerations***

The Company paid the maximum year one contingency of $15M to the former shareholders of FOMOPOP, Inc. on January 6, 2023. On March 31, 2023, the purchase agreement was amended to extend the measurement period for the potential year two contingent consideration of $15M to June 30, 2024. The earnout period expired on June 30, 2024 without the earnout criteria being met, resulting in no further payment to the former shareholders.

***Net income (loss)***

For the three and nine months ended September 30, 2024, 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, 2024 improved by $2.0M to $2.6M, and by $10.5M to $4.7M respectively primarily due to increases in revenue.

For the three months ended September 30, 2024, net income was $1.2M compared to a net loss of $0.5M in the prior year. This increase in net income (loss) was primarily driven by a $2.0M improvement in operating income as a result of $2.3M in revenue growth for the period, partially offset by a $0.2M increase in operating expenses.

For the nine months ended September 30, 2024, net income was $0.6M compared to a net loss of $7.0M in the prior period. This increase in net income (loss) was primarily driven by a $10.5M improvement in operating income (loss) as a result of $6.2M in revenue growth for the period and a decrease in operating expenses of $4.4M,

An itemized breakdown of the year-over-year operating expense variance is provided in the operating expense table above.

### *Adjusted EBITDA and Adjusted EBITDA Margin*

For the three months ended September 30, 2024, Adjusted EBITDA was $7.4M, reflecting an increase of $0.6M or 9% compared to the same period in the prior year driven by revenue growth and an optimized cost base. Our Adjusted EBITDA margin contracted by 2 percentage points to 42% when compared to the prior year due to higher performance-based compensation accruals in the period as a result of an increased probability of achievement compared to prior year based on current trends.

For the nine months ended September 30, 2024, Adjusted EBITDA was $19.7M, representing an increase of $4.5M or 30% compared to the prior year driven by revenue growth and an optimized cost base. Our Adjusted EBITDA margin for the nine months ended September 30, 2024 expanded by 5 percentage points to 40% when compared to the same period in the year.

Strategic initiatives surrounding headcount, advertising technology, and platform costs have resulted in a more efficient operation that will drive profitability as we scale.

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

### *Free Cash Flow*

For the three months ended September 30, 2024, Free Cash Flow increased by 7% to $6.4M achieving a Free Cash Flow Conversion of 86%, from $6.0M or 88% conversion in the prior year. The increase in Free Cash Flow was driven by a $0.6M increase in Adjusted EBITDA and a $0.2M decrease in capital expenditures, partially offset by a $0.4M increase in cash taxes paid.

For the nine months ended September 30, 2024, Free Cash Flow increased by 45% to $18.1M achieving a Free Cash Flow Conversion of 92%, from $12.5M or 82% conversion in the prior year. The increase in Free Cash Flow was driven by a $4.5M increase in Adjusted EBITDA and a $0.5M decrease in capital expenditures, partially offset by a $0.7M decrease in cash taxes paid.

Free Cash Flow Conversion during the nine months ended September 30, 2024 was positively impacted by a $418K cash tax refund pertaining to a prior period return. Excluding this refund, the Free Cash Flow Conversion for the nine months ended September 30, 2024 would have been 90%.

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 income (loss) to Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow.

Additional information relating to the Company and our Annual Information Form is available on SEDAR Plus at https://sedarplus.ca.

## SUMMARY OF QUARTERLY RESULTS and KPIs

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

| | Three months ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (in thousands except percentages, per share amounts and ARPU) (Unaudited) | **Dec 31, 2022** | **Mar 31, 2023** | **Jun 30, 2023** | **Sep 30, 2023** | **Dec 31, 2023** | **Mar 31, 2024** | **Jun 30, 2024** | **Sep 30, 2024** |
| MAU | 113,636 | 100,443 | 98,753 | 100,497 | 107,684 | 112,786 | 121,885 | 121,901 |
| ARPU | $0.056 | $0.043 | $0.049 | $0.051 | $0.055 | $0.044 | $0.046 | $0.049 |
| Digital Advertising Revenue | $14,243 | $9,897 | $12,083 | $12,827 | $15,168 | $12,473 | $14,531 | $15,643 |
| E-Commerce Revenue | $4,851 | $2,975 | $2,582 | $2,682 | $2,686 | $2,250 | $2,157 | $2,143 |
| Total Revenue | $19,094 | $12,872 | $14,665 | $15,509 | $17,853 | $14,723 | $16,688 | $17,787 |
| Total Operating Expenses | 17,795 | 17,956 | 15,941 | 14,944 | 15,051 | 14,662 | 14,635 | 15,174 |
| Adjusted EBITDA | 7,245 | 2,936 | 5,481 | 6,819 | 8,260 | 5,227 | 7,076 | 7,437 |
| Adjusted EBITDA Margin | 38% | 23% | 37% | 44% | 46% | 36% | 42% | 42% |
| Free Cash Flow | 4,241 | 2,346 | 4,147 | 5,978 | 8,072 | 5,169 | 6,557 | 6,414 |
| Free Cash Flow Conversion | 59% | 80% | 76% | 88% | 98% | 99% | 93% | 86% |
| Net income (loss) | 144 | (4,498) | (2,012) | (516) | 2,074 | (985) | 423 | 1,207 |
| Net earnings (loss) per share - basic | $0.01 | ($0.21) | ($0.10) | ($0.02) | $0.10 | ($0.05) | $0.02 | $0.06 |
| Net earnings (loss) per share - diluted | $0.01 | ($0.21) | ($0.10) | ($0.02) | $0.10 | ($0.05) | $0.02 | $0.06 |

Historically, our business has typically seen revenue, Adjusted EBITDA and Adjusted EBITDA Margin 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 consumer spending. Our quarterly net income (loss) may experience variations depending on the timing of certain expenses or gains.

## FINANCIAL POSITION

| (Unaudited) | | |
|---|---|---|
| (in thousands of US dollars) | **September 30, 2024** | **December 31, 2023** |
| Cash | $5,834 | $6,015 |
| Total Assets | 137,381 | 152,952 |
| Total Liabilities | 55,632 | 72,266 |
| Total Long-Term Liabilities | 42,035 | 60,474 |

### *Total Assets*

From December 31, 2023 to September 30, 2024, total assets decreased by $15.6M or 10%. This decrease can be attributed to a $11.3M reduction in intangible assets due to amortization, a $3.2M decrease in deferred tax asset, a $0.5M decrease in income taxes receivable, a $0.2M decrease in cash, as well as a $0.8M decrease in trade and other receivables. This decrease was partially offset by a $1.5M increase in other current assets attributable to transaction costs related to the credit facility amendment completed on October 4, 2024.

### *Total Liabilities*

From December 31, 2023 to September 30, 2024, total liabilities decreased by $16.6M or 23%. This decrease is primarily due to a $15.4M decrease in long-term debt driven by $13.3M in voluntary payments against the

Revolving Loan, a $3.0M decrease in deferred tax liability, and a $0.9M decrease in lease liability. This decrease was partially offset by a $3.0M increase in accounts payable and accrued liabilities.

## 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, 2024. Aside from the covenants described in Note 11 of our audited consolidated financial statements and described under "*Credit Facilities*" below, we are not subject to externally imposed capital requirements.

### Working Capital[2]

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, 2024 we generated cash flow from operations totaling $5.9M and $17.8M, 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.

### Cash Flows

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

| (Unaudited) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands of US dollars) | 2024 | 2023 | 2024 | 2023 |
| Net cash provided by operating activities | $ 5,879 | $ 3,527 | $ 17,777 | $ 10,860 |
| Net cash provided (used) by financing activities | (5,845) | (2,659) | (16,418) | 3,504 |
| Net cash used in investing activities | (487) | (547) | (1,499) | (16,643) |
| Changes in cash during the period | (454) | 320 | (139) | (2,279) |
| Cash, beginning of period | 6,321 | 6,126 | 6,015 | 8,767 |
| Change in restricted cash balances | (2) | 2 | (1) | 29 |
| Effect of movement of exchange rates on cash and restricted cash held | (31) | (13) | (41) | (81) |
| Cash, end of period | $ 5,834 | $ 6,435 | $ 5,834 | $ 6,435 |

[2] For definitions and reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cautionary Note Regarding Non-IFRS Measures*".

*Cash Flows from Operating Activities*

During the three months ended September 30, 2024, cash flows from operating activities increased by $2.4M, or 67%, compared to the same period in the prior year. The increase was mainly driven by a $1.8M increase in non-cash operating assets and liabilities, a $0.7M improvement in net income (loss) less items not involving cash, partially offset by a $0.4M increase in income taxes paid.

For the nine months ended September 30, 2024, cash flows from operating activities increased by $6.9M, or 64%, compared to the prior year. The increase was mainly driven by a $5.9M improvement in net income (loss) less items not involving cash, a $0.2M increase in non-cash operating assets and liabilities and $0.7M decrease in income taxes paid when compared to the prior year.

*Cash Flows Provided (Used) in Financing Activities*

For the three months ended September 30, 2024, cash flows used in financing activities totaled $5.8M, primarily due to $5.0M in voluntary prepayments against the Revolving Loan. This compares to cash flows used in financing activities of $2.7M in the prior year, primarily due to $1.8M in voluntary prepayments against the Revolving Loan.

For the nine months ended September 30, 2024, cash flows used in financing activities totaled $16.4M, primarily due to $13.3M in voluntary prepayments against the Revolving Loan. This compares to cash flows provided by financing activities of $3.5M in the prior year, which included a $15.0M draw on the Revolving Loan to settle the FOMOPOP, Inc. year one contingent consideration offset by $9.0M in voluntary prepayments against the Revolving Loan.

*Cash Flows Used in Investing Activities*

For the three months ended September 30, 2024, cash flows used in investing activities totaled $0.5M, which remained consistent with prior year.

For the nine months ended September 30, 2024, cash flows used in investing activities totaled $1.5M. This compares to $16.6M in cash flows used in investing activities in the prior year, primarily due to the $15M payment of the year one contingent consideration related to the FOMOPOP, Inc. acquisition.

**Capital Expenditures**

| (Unaudited) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands of US dollars) | **2024** | **2023** | **2024** | **2023** |
| Capitalized software | $ 471 | $ 691 | $ 1,260 | $ 1,763 |
| Property and equipment | 22 | 19 | 67 | 64 |
| Total capital expenditures | $ 494 | $ 710 | $ 1,327 | $ 1,827 |

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, 2024, capital expenditures decreased 30% to $0.5M, from $0.7M for the same period in the prior year. For the nine months ended September 30, 2024, capital expenditures decreased to $1.3M from $1.8M in the prior year, a decrease of 27%. 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 ("Capital One"), 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"). 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 0.25x 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 US 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 entered into an amended credit agreement referred to as the "Amended Credit Agreement" or "Credit Facility". 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, 2024, the fee was 0.25% per annum. The fee is dependent on the Company's total net leverage ratio as set forth in the Amended Credit Agreement. There was nil drawn on the Revolving Loan at September 30, 2024.

As at September 30, 2024, the Company had principal outstanding of $41.9M under its Amended Credit Agreement with $75.0M available to borrow from its Revolver.

On October 4, 2024, the Company and Capital One entered into the Second Amended Credit Agreement, amending and restating the Company's existing credit agreement with Capital One. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Subsequent Events*” for further details on the amendment.

**Contractual Obligations**

There were no material changes to the contractual obligations during the three and nine months ended September 30, 2024. The debt commitments and payment commitments with respect to a hosting agreement are summarized below.

| (Unaudited) | | Payments Due by Period | | | |
|---|---|---|---|---|---|
| (in thousands of US dollars) | **Total** | **1 year** | **2 years** | **3 - 4 years** | **> 4 years** |
| Debt | $41,875 | $2,500 | $2,500 | $36,875 | $— |
| Purchase Obligations [1] | $4,095 | $2,730 | $1,365 | $— | $— |
| Total Contractual Obligations | $45,970 | $5,230 | $3,865 | $36,875 | $— |

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 other than in the normal course of operations during the nine months ended September 30, 2024.

## 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, valuation of long-lived assets, 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) Impairment of long-lived assets, including goodwill

When long-lived assets including goodwill are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates. The recoverable amount is based on the higher of the fair value of the assets less costs of disposal and value-in-use, which is determined using discounted cash flow models. The significant assumptions used by management in estimating the value-in-use of the VerticalScope cash-generating unit ("CGU") include estimated cash flows, discount rate, and long-term growth rate.

(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 management 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, which cannot be capitalized as intangible assets and are expensed in the years incurred.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTIONS

The Interim 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, 2023, except the following:

New and revised IFRS:

(a) 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 retrospectively for annual periods beginning on or after January 1, 2024. The adoption of the amendments to this standard did not have a material impact on the Interim Financial Statements in the current period.

Recently issued accounting pronouncements not yet effective:

(a) Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

The amendments clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company’s objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate. Therefore, when estimating a spot rate a company can use an observable exchange rate without adjustment; or another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2025. 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.

(b) Amendments to IAS 1 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces IAS 1 Presentation of Financial Statements and sets out requirements for the presentation and disclosure of information in general purpose financial statements.

The standard applies to annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. 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, 2024, our financial instruments consist of financial assets comprised of \$5.8M in cash, \$13.4M trade and other receivables, \$1.5M in other current assets and \$0.5M in lease receivable as well as financial liabilities comprised of \$8.5M in accounts payable and accrued liabilities, \$2.5M in lease liability, \$42.6M in long-term debt, and \$0.001M in derivatives.

The fair values of these financial instruments, excluding long-term debt, 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.

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, 2024, there was one digital advertising customer comprising 12% of our trade receivables balance, compared to no individual customer comprising more than 10% of our trade receivables balance as at December 31, 2023.

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, 2024, a 1% change in Adjusted Term SOFR would result in an increase (decrease) of $0.4M in interest expense annually, compared to an increase (decrease) of $0.6M annually in the prior year based on the amount owing at the time.

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 US dollars:

| (Unaudited) | **CAD** | **EUR** | **GBP** | **ILS** | **KYD** | **Total** |
|---|---|---|---|---|---|---|
| Cash and restricted cash | $94 | $22 | $174 | $246 | $1 | $537 |
| Trade and other receivables | 1,394 | (1) | 20 | 8 | — | 1,421 |
| Prepaid expenses and other assets | 893 | 19 | — | 8 | 6 | 926 |
| Lease receivable | 495 | — | — | — | — | 495 |
| Accounts payable and accrued liabilities | (1,680) | (47) | (13) | (369) | — | (2,109) |
| Deferred revenue | (67) | (1) | (9) | — | — | (77) |
| Lease Liabilities | (1,584) | — | — | (733) | — | (2,317) |
| Other long-term liabilities | (27) | — | — | — | — | (27) |
| Net financial position exposure | ($482) | ($8) | $172 | ($840) | $7 | ($1,151) |

For the nine months ended September 30, 2024 our CAD-denominated operating expenses from continuing operations decreased to $10.1M compared to $10.3M in the prior year. No tax credits were received in either period to offset these expenses. A 1% change in the Canadian dollar exchange rate against the US dollar would have resulted in an estimated impact to net income (loss) before income taxes of approximately $0.1M during the nine months ended September 30, 2024, compared to $0.1M in the prior year.

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 our Revolving Loan to ensure we have sufficient funds to fulfil our obligations. As at September 30, 2024, we had working capital of $8.8M and an additional $75.0M available through our Revolving Loan to cover short-term obligations. As at December 31, 2023 we had working capital of $10.7M and an additional $61.8M available through our Revolving Loan to cover short-term obligations. 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 18,423,909 Subordinate Voting Shares were issued and outstanding. As of such date, we also had 664,727 outstanding share options, 885,642 outstanding restricted share units, nil market performance-based share units and 117,738 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, 2024.

### 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.