

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

This MD&A for the three months ended March 31, 2025 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, 2024 and 2023, along with the related notes thereto. This MD&A is presented as of May 13, 2025 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 following 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), realized and unrealized other loss (gain) 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 loss:

(Unaudited) (in thousands of US dollars)	Three Months Ended March 31,	
	2025	2024
Net loss	(\$2,416)	(\$985)
Net interest and financing expense	748	1,163
Income tax recovery	(454)	(124)
Depreciation and amortization	4,424	4,565
EBITDA	2,302	4,619
Share-based compensation	1,252	421
Share performance related bonus ⁽¹⁾	—	(3)
Unrealized loss (gain) from changes in derivative fair value of financial instruments	(50)	56
Gain on sale of assets	—	(4)
Gain on sale of investments	—	(16)
Foreign exchange loss	56	27
Realized other loss	68	—
Unrealized other loss	26	—
Other charges ⁽²⁾	(12)	127
Adjusted EBITDA	3,641	5,227
Less capital expenditures	(446)	(435)
Income taxes received (paid)	(75)	377
Free Cash Flow	\$3,120	\$5,169

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

⁽²⁾ Other charges are included in general and administrative on the condensed consolidated interim statements of loss and comprehensive loss. For the three months ended March 31, 2025 and March 31, 2024, 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 2025	Q4 2025	Q3 2025	Q2 2025	Q1 2025
MAU	103,935				103,935
ARPU	\$ 0.044				\$ 0.044

	FY 2024	Q4 2024	Q3 2024	Q2 2024	Q1 2024
MAU	117,650	114,028	121,901	121,885	112,786
ARPU	\$ 0.049	\$ 0.058	\$ 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

For the three months ended March 31, 2025, MAU declined 8% compared to the same period in the prior year, primarily due to reduced traffic from search engines following core updates to search algorithms.

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 Corporations 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 100 million monthly active users (MAU) and 68 million registered community members across over 1,200 online communities as at March 31, 2025. 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 March 31, 2025, there were 1,312 communities with more than 1,000 MAU running on the Fora platform, compared to 1,288 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 March 31, 2025 ("Q1"). All comparatives, unless otherwise noted, are versus the same period in the prior year.

- Revenue decreased 8% to \$13.6M. This decline was primarily driven by weaker performance in programmatic video ads and a slower start for direct advertising due to timing-related shifts in campaign launches.
- Adjusted EBITDA decreased 30% to \$3.6M, with a 27% Adjusted EBITDA Margin compared to 36% in the prior year, primarily driven by lower revenue and higher compensation and consulting costs, including strategic support for AI initiatives and SEO optimizations.
- Operating Cash Flow was \$3.0M, and Free Cash Flow was \$3.1M, reflecting an 86% Free Cash Flow Conversion. During the quarter, we deployed \$5.5M in capital towards acquisitions, adding 23 online communities to our platform.
- Net loss increased by \$1.4M to \$2.4M, compared to a net loss of \$1.0M in the prior year, resulting in a loss per share of \$0.11. The increase was primarily driven by revenue declines and an \$0.8M increase in share-based compensation, which included one-time performance-based incentives.

Acquisitions

During the three months ended March 31, 2025, we closed two website asset deals for a total consideration of \$5.5M.

Subsequent Events

On April 7, 2025, VerticalScope Inc., a wholly owned subsidiary of VerticalScope Holdings Inc., acquired 100% of the shares of Ritual Technologies Inc. for a base purchase price of C\$2.6M. Ritual Technologies Inc. offers a digital platform—accessible through the Ritual mobile app—that connects local restaurants with customers to pre-order food and beverages.

On April 8, 2025, the Company issued a [business update and revised its full-year 2025](#) outlook to reflect anticipated impacts from changes to video advertising products and recent search algorithm updates. First quarter results were in line with this revised outlook.

As of May 1, 2025, KPMG LLP resigned at the Company's request as the independent auditor of the Company. Effective as of May 8, 2025, MNP LLP was appointed as the independent auditor of the Company to fill the vacancy created by KPMG LLP's resignation. The appointment was approved by the Board of Directors and the Audit Committee and will remain in effect until the next annual general meeting. The change in auditors did not result from any reportable events or modified opinions in the audit reports of the former auditor, KPMG LLP. A change of auditor reporting package has been filed under the Company's profile on SEDAR+ in accordance with applicable securities laws.

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 is sourced organically through online search engines such as Google and Bing. As such, we are inherently dependent on these platforms for user acquisition, and changes to search algorithms or ranking criteria can materially affect our visibility and traffic. Our ability to deliver modern user experiences, generate authentic, high-quality content and maintain fast and technically optimized infrastructure is critical to sustaining and improving our position in search results. To mitigate this risk, we continue to invest in search engine optimization best practices, platform performance and content development. In parallel, we are actively pursuing strategies to diversify traffic sources—including direct engagement, email, and app-based usage—to reduce our reliance on search engines over time. These efforts are essential to supporting MAU growth, which directly impacts 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 and Gemini) present both opportunities and challenges. These tools have the potential to alter how users access information—reducing reliance on traditional search engines

and changing web browsing behavior—which may decrease traffic to our platform and reduce user contributions to our communities. Additionally, the widespread availability of AI-generated content introduces new risks related to content authenticity and duplication. At the same time, generative AI offers meaningful opportunities to enhance our products and user experience through features like AI-powered summarization, moderation, translation and personalized content discovery. Our ability to effectively harness these advancements to drive engagement and enhance user experience, increase operational efficiency and unlock new revenue streams will be a key factor in 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 including interest rate changes, inflation, barriers to trade and supply chain issues 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 have entered 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) (in thousands of US dollars except per share data)	Three Months Ended March 31,	
	2025	2024
Revenue	\$13,566	\$14,723
Operating expenses:		
Wages and consulting	7,162	6,940
Share-based compensation	1,252	421
Platform and technology	1,640	1,544
General and administrative	1,060	1,193
Depreciation and amortization	4,424	4,565
Operating income (loss)	(1,972)	61
Other expenses (income):		
Gain on sale of assets	—	(4)
Net interest and financing expense	748	1,163
Gain on sale of investments	—	(16)
Foreign exchange loss	56	27
Realized other loss	68	—
Unrealized other loss	26	—
	897	1,170
Loss before income taxes	(2,869)	(1,109)
Income tax expense (recovery)		
Current	411	89
Deferred	(865)	(213)
	(454)	(124)
Net loss	(\$2,416)	(\$985)
Other comprehensive loss		
<i>Items that may be reclassified to net loss</i>		
Foreign currency differences on translation of foreign operations	—	26
Total comprehensive loss	(\$2,416)	(\$958)
Loss per share:		
Basic	(\$0.11)	(\$0.05)
Diluted	(0.11)	(0.05)

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 except percentages and ARPU)	Three Months Ended March 31,	
	2025	2024
Digital Advertising Revenue	\$11,501	\$12,473
E-Commerce Revenue	2,065	2,250
Total Revenue	\$13,566	\$14,723
MAU	103,935	112,786
ARPU - Digital Advertising	\$0.037	\$0.037
ARPU - E-Commerce	\$0.007	\$0.007
ARPU - Total Revenue	\$0.044	\$0.044
Adjusted EBITDA	3,641	5,227
Adjusted EBITDA Margin	27%	36%
Free Cash Flow	3,120	5,169

DISCUSSION OF OPERATIONS

Revenue

For the three months ended March 31, 2025, revenue declined by 8% to \$13.6M, compared to \$14.7M in the prior year, primarily driven by an 8% decrease in digital advertising revenue.

Digital Advertising Revenue

For the three months ended March 31, 2025, digital advertising revenue declined by 8% to \$11.5M, compared to \$12.5M in the prior year. The decrease was primarily driven by weaker performance in programmatic video advertising, reflecting lower CPMs, and a slower start to direct advertising due to timing-related shifts in campaign launches. Digital advertising ARPU remained stable at \$0.037 compared to the prior year, supported by new programmatic partnerships, and enhancements to our advertising technology.

E-commerce Revenue

For the three months ended March 31, 2025, e-commerce revenue declined by 8% to \$2.1M, compared to \$2.3M in the prior year. The decrease reflects reduced affiliate performance in core categories, influenced by a decline in MAU, as well as lower subscription revenue from our small and medium-sized business offering, which may have been affected by broader macroeconomic pressures.

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) (in thousands of US dollars except percentages)	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Wages and consulting	\$ 7,162	\$ 6,940	\$ 222	3 %
Share-based compensation	1,252	421	831	197 %
Platform and technology	1,640	1,544	96	6 %
General and administrative	1,060	1,193	(132)	(11)%
Depreciation and amortization	4,424	4,565	(141)	(3)%
Total operating expenses	\$ 15,538	\$ 14,662	\$ 876	6 %

Our largest operating expense is wages and consulting expenses, which primarily consists of salaries and benefits paid to our employees and fees paid to our consultants and freelancers. 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.

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

Wages and consulting

For the three months ended March 31, 2025, wages and consulting expenses increased by \$0.2M, or 3% to \$7.2M, compared to \$6.9M in the prior year, primarily driven by merit and cost of living adjustments. Average full-time headcount for the period was 195 compared to 192 in the prior year.

Share-based compensation

For the three months ended March 31, 2025, the Company recorded a 197% increase in share-based compensation to \$1.3M, compared to \$0.4M in the prior year. The increase was primarily driven by the vesting of \$0.7M in performance-based share units during the period, reflecting the completion of vesting schedules tied to previously established growth targets and milestones.

Platform and technology

For the three months ended March 31, 2025, platform and technology expenses increased 6% from \$1.5M to \$1.6M compared to the prior year, which is driven by an increase in partnership fees directly tied to programmatic revenue growth.

General and administrative

For the three months ended March 31, 2025, general and administrative expenses decreased by 11% to \$1.1M, compared to \$1.2M in the prior year. The decrease was primarily driven by lower professional fees and insurance costs.

Depreciation and amortization

For the three months ended March 31, 2025, depreciation and amortization decreased by 3%, from \$4.6M to \$4.4M 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.

Net loss

For the three months ended March 31, 2025, net loss was \$2.4M, compared to net loss of \$1.0M in the prior year. This increase was primarily driven by a \$1.2M decrease in revenue, a \$0.9M increase in operating expenses, offset by \$0.4M decrease in interest expense. The increase in operating expenses was primarily due to a \$0.8M increase in share-based compensation.

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 March 31, 2025, Adjusted EBITDA decreased by 30% or \$1.6M, to \$3.6M, compared to the prior year. Adjusted EBITDA margin declined to 27% from 36%. The decrease was primarily driven by a \$1.2M reduction in revenue and higher compensation and consulting costs, including merit-based salary increases and strategic external support.

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

Free Cash Flow

For the three months ended March 31, 2025, Free Cash Flow decreased by 40%, or \$2.0M, to \$3.1M compared to the prior year, reflecting Free Cash Flow Conversion of 86%, compared to 99% in the prior year. The decline was primarily driven by a \$1.6M decrease in Adjusted EBITDA, partially offset by \$0.1M in income taxes paid, compared to a \$0.4M tax refund received in the prior year related to a prior-period return. Excluding this refund, Free Cash Flow Conversion for the three months ended March 31, 2024 would have been 91%.

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+ 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)	Jun 30, 2023	Sep 30, 2023	Dec 31, 2023	Mar 31, 2024	Jun 30, 2024	Sep 30, 2024	Dec 31, 2024	Mar 31, 2025
MAU	98,753	100,497	107,684	112,786	121,885	121,901	114,028	103,935
ARPU	\$0.049	\$0.051	\$0.055	\$0.044	\$0.046	\$0.049	\$0.058	\$0.044
Digital Advertising Revenue	\$12,083	\$12,827	\$15,168	\$12,473	\$14,531	\$15,643	\$17,411	\$11,501
E-Commerce Revenue	\$2,582	\$2,682	\$2,686	\$2,250	\$2,157	\$2,143	\$2,444	\$2,065
Total Revenue	\$14,665	\$15,509	\$17,853	\$14,723	\$16,688	\$17,787	\$19,854	\$13,566
Total Operating Expenses	\$15,941	\$14,944	\$15,051	\$14,662	\$14,635	\$15,174	\$17,259	\$15,538
Adjusted EBITDA	\$5,481	\$6,819	\$8,260	\$5,227	\$7,076	\$7,437	\$10,077	\$3,641
Adjusted EBITDA Margin	37%	44%	46%	36%	42%	42%	51%	27%
Free Cash Flow	\$4,147	\$5,978	\$8,072	\$5,169	\$6,557	\$6,414	\$9,418	\$3,120
Free Cash Flow Conversion	76%	88%	98%	99%	93%	86%	94%	86%
Net income (loss)	(\$2,012)	(\$516)	\$2,074	(\$985)	\$423	\$1,207	(\$661)	(\$2,416)
Net earnings (loss) per share - basic	(\$0.10)	(\$0.02)	\$0.10	(\$0.05)	\$0.02	\$0.06	(\$0.03)	(\$0.11)
Net earnings (loss) per share - diluted	(\$0.10)	(\$0.02)	\$0.10	(\$0.05)	\$0.02	\$0.06	(\$0.03)	(\$0.11)

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)	March 31, 2025	December 31, 2024
(in thousands of US dollars)		
Cash	\$5,014	\$5,189
Total Assets	130,948	132,406
Total Liabilities	49,424	49,719
Total Long-Term Liabilities	42,058	39,523

Total Assets

From December 31, 2024 to March 31, 2025, total assets decreased by \$1.5M, or 1%. This decrease was primarily due to a \$2.9M reduction in trade and other receivables, which was linked to the decline in digital advertising revenue during the period. This was partially offset by a \$1.7M increase in intangible assets resulting from website acquisitions in the period.

Total Liabilities

From December 31, 2024 to March 31, 2025, total liabilities decreased by \$0.3M. This period included a \$3.0M draw from the Revolving Loan to fund acquisitions, which was offset by a \$2.8M decrease in current liabilities, primarily driven by reductions in accounts payable and accrued liabilities, along with a \$0.3M decrease in lease liability.

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 three months ended March 31, 2025. Aside from the covenants described in note 9 of our audited consolidated financial statements and described under "Credit Facilities" below, we are not subject to externally imposed capital requirements.

Working Capital¹

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 months ended March 31, 2025, we generated cash flow from operations totaling \$3.0M, 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) (in thousands of US dollars)	Three Months Ended March 31,	
	2025	2024
Net cash provided by operating activities	\$ 2,966	\$ 5,734
Net cash provided by (used in) financing activities	2,818	(3,444)
Net cash used in investing activities	(5,902)	(414)
Changes in cash during the period	(118)	1,876
Cash, beginning of period	5,189	6,015
Change in restricted cash balances	3	4
Effect of movement of exchange rates on cash and restricted cash held	(60)	13
Cash, end of period	\$ 5,014	\$ 7,908

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".

Cash Flows from Operating Activities

During the three months ended March 31, 2025, cash flows from operating activities decreased by \$2.8M, or 48%, compared to the same period in the prior year. The decline was primarily driven by a \$1.5M decrease in net loss adjusted for non-cash items, and a \$1.2M decrease in changes in non-cash operating assets and liabilities.

Cash Flows from Financing Activities

For the three months ended March 31, 2025, cash flows provided by financing activities totaled \$2.8M, primarily driven by a \$3.0M draw on the Revolving Loan related to website acquisitions. This compares to \$3.4M in cash used in financing activities during the same period in the prior year, primarily due to \$2.4M in voluntary payments on the Revolving Loan.

Cash Flows Used in Investing Activities

For the three months ended March 31, 2025, cash flows used in investing activities totaled \$5.9M, compared to \$0.4M in the same period of the prior year. The increase was primarily due to additions of property and equipment and intangible assets, of which \$5.5M related to website acquisitions.

Capital Expenditures

(Unaudited) (in thousands of US dollars)	Three Months Ended			
	March 31,			
	2025	2024		
Capitalized software	\$	429	\$	410
Property and equipment		17		25
Total capital expenditures	\$	446	\$	435

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 March 31, 2025, capital expenditures remained consistent at \$0.4M, compared to the same period in the prior year.

Credit Facilities

The Company made repayments, including interest, of \$0.7M during the three months ended March 31, 2025 against the long-term debt (during the three months ended March 31, 2024 - \$4.2M).

The Company is required to pay a quarterly commitment fee for the total undrawn amount of the revolving loan. As at March 31, 2025, the fee was 0.38% per annum. The fee is dependent on the Company's total net leverage ratio as set forth in the Amended Credit Agreement.

During the three months ended March 31, 2025, the total interest and expenses incurred on long-term debt was \$0.6M (three months ended March 31, 2024 - \$1.1M).

As at March 31, 2025, the Company had principal outstanding of \$41.0M under its Amended Credit Agreement with \$59.0M available to borrow from its Revolver.

Contractual Obligations

There were no material changes to the contractual obligations during the three months ended March 31, 2025. The debt commitments and payment commitments with respect to a hosting agreement are summarized below.

(Unaudited) (in thousands of US dollars)	Total	Payments Due by Period		
		1 year	2 years	3 - 4 years
Debt	\$41,606	\$606	\$—	\$41,000
Purchase Obligations ⁽¹⁾	\$2,730	\$2,730	\$—	\$—
Total Contractual Obligations	\$44,336	\$3,336	\$—	\$41,000

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 three months ended March 31, 2025.

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 intangible assets, inputs used in the determination of the fair value of share option grants and performance share units, the determination of the incremental borrowing rate and lease term for lease contracts for right of use assets and lease contract liability, the determination of costs to capitalize for the development of internally generated intangible assets and deferred income taxes.

The following area requires the use of significant management estimates and judgements:

- (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 include estimated cash flows, discount rate, and long-term growth rate.

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 year ended December 31, 2024.

Recently issued accounting standards and amendments:

(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 adopted this amendment as of January 1, 2025. The adoption of this standard had no material impact on these Interim Financial Statements.

Recently issued accounting pronouncements not yet effective:

(a) 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 March 31, 2025, our financial instruments consist of financial assets comprised of \$5.0M in cash, \$12.0M trade and other receivables and \$0.2M in lease receivable as well as financial liabilities comprised

of \$4.5M in accounts payable and accrued liabilities, \$1.8M in lease liability, \$41.6M in long-term debt, and \$0.1M 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 March 31, 2025 and December 31, 2024, there was no individual customer comprising more than 10% 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 March 31, 2025, 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 \$0.5M 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	\$214	\$3	\$11	\$546	\$1	\$775
Trade and other receivables	1,742	—	38	15	—	1,795
Prepaid expenses and other assets	558	31	—	5	6	600
Lease receivable	188	—	—	—	—	188
Accounts payable and accrued liabilities	(1,062)	(38)	3	(772)	—	(1,869)
Deferred revenue	(147)	(2)	(14)	—	—	(163)
Lease Liabilities	(1,038)	—	—	(637)	—	(1,675)
Other long-term liabilities	(27)	—	—	—	—	(27)
Net financial position exposure	\$428	(\$6)	\$38	(\$843)	\$7	(\$376)

For the three months ended March 31, 2025, our CAD-denominated operating expenses from continuing operations decreased to \$3.3M, compared to \$3.4M in the prior year. No tax credits were received in either period to offset these expenses. A 1% change in the exchange rate between the Canadian and US dollars would have impacted net income (loss) before income taxes by approximately \$0.03M in both the three months ended March 31, 2025 and March 31, 2024.

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 fulfill our obligations. As at March 31, 2025, we had working capital of \$11.2M and an additional \$59.0M available through our Revolving Loan to cover short-term obligations. As at December 31, 2024 we had working capital of \$11.8M and an additional \$62.0M 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 18,507,782 Subordinate Voting Shares were issued and outstanding. As of such date, we also had 754,241 outstanding share options, 639,207 outstanding restricted share units, 290,000 market performance-based share units and 140,226 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 three months ended March 31, 2025.

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.