ADCORE

**ADCORE INC.**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**MARCH 30, 2022**

## ITEM 1. ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Company**", "**Adcore**", "**we**", "**us**" and "**our**" refers to Adcore Inc. together with its wholly-owned subsidiaries, as defined and set out below under "*Item 3.2 – Intercorporate Relationships".*

This AIF applies to the business activities and operations of the Company for the year ended December 31, 2022. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

In this AIF, all references to "C$" refer to Canadian dollars, all references to "US$" refer to U.S. dollars. The daily exchange rate as reported by the Bank of Canada was US$1.00 = C$1.2678 on December 31, 2021.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This AIF, including information and documents incorporated by reference, contains certain information, forecasts, projections, and/or disclosures about the Company that may constitute "forward-looking information" and "forward-looking statements" under applicable securities laws (collectively, "**forward-looking statements**"). All such statements, forecasts, projections and/or disclosures included in this AIF and the documents and information incorporated by reference, other than those of historical fact, that address activities, events or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking statements. Forward-looking statements are based upon the Company's current internal expectations, estimates, projections and assumptions about future events and financial trends that management believes may affect the Company's financial condition, results of operations, business strategy and financial needs, as the case may be. The forward-looking statements are subject to significant known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate", "believe", "plan", "forecast" and other words of similar import, understanding and meaning, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Actual results and developments may differ materially from those contemplated by these forward-looking statements.

Without limitation, this AIF may contain forward-looking statements pertaining to the following:

- the Company's capital and organizational structure;
- the Company's expected working capital;
- the Company's business plans and strategies including targets for future growth;
- the development of the Company's business;
- the Ad Tech industry;
- expectations with respect to future opportunities;
- capital expenditure programs and future capital requirements;
- the receipt of regulatory and stock exchange approvals;
- supply and demand fundamentals for services of the Company;
- the Company's plans regarding and composition of principal security holders, directors, officers, promoters and management;
- the Company's plans and funding for planned development activities and the expected results of such activities;
- the Company's treatment under governmental and international regulatory regimes and intellectual property laws;
- the Company's future general and administrative expenses;
- the Company's share compensation plans;
- the Company's access to capital and overall strategy and development plans for all of the Company's assets;
- expectations on how the Company will manage production and marketing risks; and
- the business and strategic plans of the Company.

With respect to forward-looking statements and forward-looking information contained in this Annual Information Form, numerous assumptions have been made regarding, among other things:

- general business and economic conditions;
- current and future share prices;
- the real estate industry;
- the future operational and financial activities of the Company generally;
- fluctuations in foreign currency exchange rates, business prospects and opportunities;
- the regulatory framework governing intellectual property in the jurisdictions in which the Company will conduct its business and any other jurisdictions in which the Company may conduct its business in the future;
- trade secrets, know-how, contractual provisions and confidentiality procedures to protect its intellectual property rights;
- the Company's ability to comply with the regulatory bodies governing its activities;
- future capital expenditures to be made by the Company;
- current and future sources of funding for capital programs and the Company's ability to obtain financing on acceptable terms;
- the impact of competition on the Company;
- the impact of SARS-CoV-2, the COVID-19 pandemic and other future viruses;
- the conflict in eastern Europe;
- political developments and/or instability;
- changes in law; and
- anticipated and unanticipated costs; and
- the tax treatment of the Company and its subsidiary will remain constant and the Company will not

The foregoing list of assumptions is not exhaustive. Actual results could differ materially from those anticipated in forward-looking statements as a result of various events and circumstances, including, among other things, the risk factors set forth under the heading "Item 5.2– *Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this AIF. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this AIF. All subsequent forward-looking information of the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this AIF or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## MARKET AND INDUSTRY DATA

This AIF may contain market and industry data and forecasts obtained from third-party sources, industry publications and publicly available information. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF, or analyzed or verified the underlying information relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Adcore**" or "**Company**" means Adcore Inc., a corporation existing under the CBCA with this registered office located in Toronto, Ontario, together with its wholly-owned subsidiaries.

"**Ad Tech**" means digital advertising technology.

"**Affiliate**" means a corporation that is affiliated with another corporation as follows: (A) a corporation is an "Affiliate" of another corporation if: (i) one of them is the subsidiary of the other; or (ii) each of them is controlled by the same Person; (B) a corporation is "controlled" by a Person if: (i) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person; and (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the corporation; or (C) a Person beneficially owns securities that are beneficially owned by: (i) a corporation controlled by that Person; or (ii) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

"**AI**" means artificial intelligence.

"**Audit Committee**" means the audit committee of the Board.

"**Award Date**" means the date or dates on which an award of RSUs or Stock Options is made to a Participant.

"**Base Shelf Prospectus**" has the meaning ascribed to it in "*Item 4.1 – Three Year History*– Base Shelf Prospectus and Prospectus Supplement".

"**Board**" means the board of directors of the Company.

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time.

"**Common Shares**" means the common shares in the capital of the Company.

"**Compensation Warrants"** has the meaning ascribed to it in **"***Item 4.1 – Three Year History – Base Shelf Prospectus and Prospectus Supplement*".

"**Concurrent Financing**" has the meaning ascribed to it in "*Item 4.1– Three Year History– Qualifying Transaction – Concurrent Financing*".

"**Consolidation**" means the consolidation of Common Shares on the basis of one (1) post-consolidation Common Share for every 4.5738 pre-consolidation Common Share.

"**County**" means County Capital One Ltd., a capital pool company and the predecessor of the Company prior to the Qualifying Transaction.

"**Ed Tech**" means educational technology.

"**IGAA**" means the Israeli Government Advertising Agency.

"**Insider**" has the meaning ascribed to it in the TSX Company Manual, as amended from time to time.

"**Name Change**" means the name change of the Company to Adcore Inc.

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees.*

"**NIS**" means the New Israeli Shekel.

"**Offering**" has the meaning ascribed to it in "Item *4.1 – Three Year History – Base Shelf Prospectus and Prospectus Supplement*".

"**OTCQX**" means the OTCQX® Best Market.

"**Participant**" means any director, officer, employee or consultant of, or a person or company engaged by Adcore or any of its subsidiaries to provide services for an initial, renewable or extended period, determined to be eligible to participate in a Securities Based Compensation Arrangement.

"**Person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator or legal representative.

"**Promoter**" means (A) a person or company that, acting alone or in conjunction with one or more other persons, companies or a combination of them, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer; or (B) a person or company that, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property or both services and property, 10% or more of the issued securities of a class of securities of the issuer or 10% or more of the proceeds from the sale of a class of securities of a particular issue, but a person or company who receives the securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be considered a Promoter within the meaning of this definition where that person or company does not otherwise take part in founding, organizing or substantially reorganizing the business.

"**Podium**" means Podium Advertising Technologies Ltd., a private corporation incorporated under the laws of Israel.

"**Podium Shares**" means the ordinary shares in the capital of Podium.

"**Podium Shareholders**" means the holders of Podium Shares.

"**Podium Broker Warrants**" has the meaning ascribed to it in "*Item 4.1 – Three Year History – Qualifying Transaction – Concurrent Financing*".

"**Podium Units**" has the meaning ascribed to it in "*Item 4.1 – Three Year History – Qualifying Transaction – Concurrent Financing"*.

**"Prospectus Securities**" has the meaning ascribed to it in "*Item 4.1 – Three Year History – Base Shelf Prospectus and Prospectus Supplement*".

"**Prospectus Supplement**" has the meaning ascribed to it in "*Item 4.1 – Three Year History – Base Shelf Prospectus and Prospectus Supplement".*

"**PPC**" refers to a "pay per click" internet advertising model whereby advertisers pay a fee for each time one of their advertisements is clicked (as opposed to paying based on organic visits).

"**Qualifying Transaction**" means the acquisition by County of all of the issued and outstanding Podium Shares on May 29, 2019, pursuant to the Securities Exchange Agreement which constituted the "qualifying transaction" of County. under the policies of the TSXV.

"**Restricted Share Unit**" or "**RSU**" means a restricted share unit granted pursuant to a Securities Based Compensation Arrangement.

"**RSU Plan**" means the amended and restated restricted share unit plan of the Company as approved by the Board and as ratified by the Shareholders at the annual and special general meeting of Shareholders held on July 19, 2021.

"**SaaS**" means software as a service.

"**SDR**" means a sales development representative.

"**Security Based Compensation Arrangements**" means the Stock Option Plan, the RSU Plan or any other agreement to acquire compensation-based securities of the Company.

"**Securities Exchange Agreement**" means the securities exchange agreement by and among, County, Podium and the Podium Shareholders dated April 18, 2019.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

**"SDR"** means a sales development representative.

"**Shareholders**" means the holders of the Common Shares.

"**Stock Option**" means stock options exercisable into Common Shares pursuant to a Securities Based Compensation Arrangement.

"**Stock Option Plan**" means the amended and restated stock option plan of the Company as approved by the Board and as ratified by the Shareholders at the annual and special general meeting of Shareholders held on July 19, 2021.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange.

"**Underwriters**" has the meaning ascribed to it in "*Item 4.1 – Three Year History– Base Shelf Prospectus and Prospectus Supplement*".

"**Underwriting Agreement"** has the meaning ascribed to it in "*Item 4.1 – Three Year History – Base Shelf Prospectus and Prospectus Supplement".*

"**United States**" or "**U.S**." means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"**Units**" means units of the Company consisting of one (1) Common Share and one-half Warrant.

"**Warrant Indenture**" means the warrant indenture between the Company and Warrant Agent dated June 17, 2021.

"**Warrants**" means Common Share purchase warrants.

"**Warrant Agent**" means Computershare Trust Company of Canada.

**ITEM 2. TABLE OF CONTENTS**

## ITEM 3. CORPORATE STRUCTURE

### 3.1 Name, Address and Incorporation

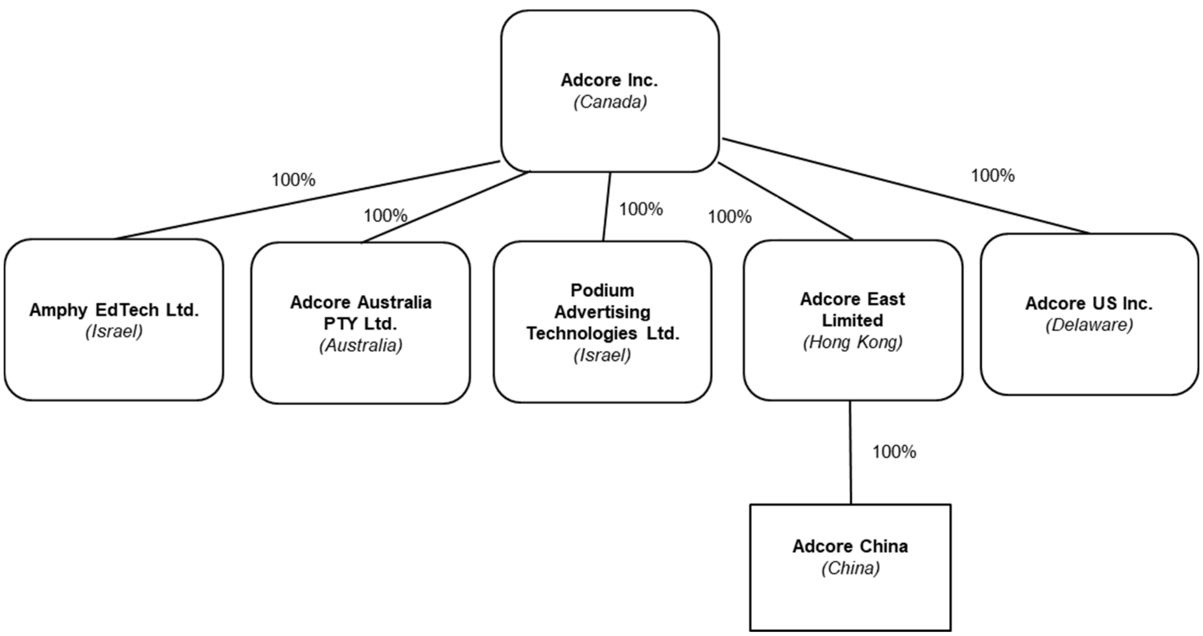
The Company was incorporated under the name "Chrysalis X Corporation" under the *Canada Business Corporations Act* on October 11, 2017, as a Capital Pool Company under the policies of the TSXV. On March 13, 2018, the Company amended its articles to change its name to name to "County Capital One Ltd."

On May 27, 2019, in connection with the Qualifying Transaction, the Company amended its articles of incorporation to change its name to "Adcore Inc.", and to consolidate the Common Shares on the basis of one post-consolidation Common Share for each 4.5738 each pre-consolidation Common Shares.

The Company's registered office is located at 100 King Street West, Suite 1600, Toronto Ontario, Canada, M5X 1A9, and its head office is located at Allenby 105, Tel Aviv, Israel, 6513445.

### 3.2 Intercorporate Relationships

The Company has 6 wholly-owned subsidiaries. The following diagram illustrates the current corporate structure of the Company and its material subsidiaries including jurisdictions of incorporation and the percentage of voting securities beneficially owned, directly or indirectly, by the Company:




## ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

### 4.1 Three Year History

#### (a) Development of County

County was established as a capital pool company under the policies of the TSXV. Following its incorporation, its sole business was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses pursuant to a qualifying transaction in accordance with the policies of the TSXV. County completed its initial public offering on October 25, 2018, and the Common Shares were listed on the TSXV on October 25, 2018. Prior to the Qualifying Transaction, the Company had no active business operations. Following the completion of the Qualifying Transaction, the Company has continued the business of Podium.

### (b) Development of Adcore

Adcore has expanded its product offerings, introducing Views in 2017 and Semdoc in 2018, and established or strengthened its partnerships with key digital advertising channels to market, sell and service their products, becoming a Google Ads authorized reseller in 2017, a Google Reach Partner in 2018, a Microsoft Ads Channel Partner in 2019 and a Facebook Marketing Partner in 2020.

Adcore has expanded its geographic reach, opening its first international office in Melbourne, Australia, in 2017, its second in Toronto, Canada, in 2018, its third in Hong Kong, in 2020, its fourth in Shanghai, China and a subsidiary in Delaware, United States in 2021. Adcore has grown its workforce in all offices, adding sales staff, Ad Tech experts, and pre- and post-sales customer support staff to manage the digital advertising activity of Adcore's direct and indirect clients.

Adcore has also focused on expanding its client base, headlined by winning a tender and entering into an agreement with the IGAA in 2018 to manage, jointly with Maple Team Ltd., a budget of approximately C$25 million per year in online advertising spending on behalf of the Israeli Ministry of Tourism. The IGAA agreement is renewable annually by the IGAA until 2023 and it was renewed most recently on January 2022.

On May 14, 2021, Adcore announced that is had entered into an agreement with MySale Group's OzSale and NZSale websites to provide its digital marketing technologies and services. MySale is a leading international online off-price marketplace platform in Australia, New Zealand and Southeast Asia with over 20 million customers. The agreement is renewable annually.

On March 4, 2021, the Common Shares were delisted from the TSXV and commenced trading on the TSX.

On June 28, 2021, the Common Shares commenced quotation on OTCQX.

### (c) Qualifying Transaction

**Share Exchange**

The Company entered into the Securities Exchange Agreement, pursuant to which, among other things, Podium completed a reverse takeover of the Company. The Qualifying Transaction was structured as the acquisition by the Company of all of the issued and outstanding securities of Podium in exchange for securities of the Company.

On May 19, 2019, prior to the closing of the Qualifying Transaction, Podium subdivided its shares on the basis of 4,048.2552 post-subdivision Podium Shares having par value of NIS 0.0000024702 for every one pre-subdivision Podium Share.

On May 27, 2019, in connection with and immediately prior to the closing of the Qualifying Transaction, the Company completed the Consolidation and the Name Change. Upon closing of the Qualifying transaction, the Company acquired each of the outstanding Podium Shares from the Podium Shareholders in exchange for the issuance from treasury of one post-Consolidation Common Share per Podium Share at a deemed issue price of C$0.50 per Common Share. In addition, all outstanding options and warrants to purchase Podium Shares were exchanged for an equal number of options and warrants to purchase Common Shares of like tenor and effect.

### (d) Concurrent Financing

Concurrently with the closing with the Qualifying Transaction, Podium closed a brokered private placement of subscription receipts at C$0.50 per subscription receipt for gross proceeds of C$2,558,500 (the "**Concurrent Financing**"). Upon completion of the Qualifying Transaction, each subscription receipt was converted into units of Podium ("**Podium Units**").

Each Podium Unit consisted of one Podium Share and one half of one Podium Share purchase warrant, each whole such warrant entitling the holder to acquire one Podium Share at a price of C$0.75 until May 27, 2021. Podium also issued 358,190 broker warrants as partial compensation to the agents for the Concurrent Financing, each entitling the holder to acquire one common share purchase warrant at an exercise price of C$0.50 until May 27, 2021 (“**Podium Broker Warrants**”).

All Podium Units and Podium Broker Warrants were exchanged for securities of like tenor and effect of the Company pursuant to the Securities Exchange Agreement upon closing of the Qualifying Transaction.

**Stock Exchange Listing**

On May 29, 2019, upon completion of the Qualifying Transaction, the Common Shares were re-listed for trading on the TSXV under the symbol “ADCO”.

On March 4, 2021, Adcore’s common shares were delisted from the TSXV and they commenced trading on the TSX under the same trading symbol “ADCO”.

**(e) <u>Base Shelf Prospectus and Prospectus Supplement</u>**

On May 11, 2021, the Company filed a base shelf prospectus in all of the provinces and territories in Canada (the “**Base Shelf Prospectus**”). The Base Shelf Prospectus allows the Company to qualify the distribution of up to C$25,000,000 of common shares, warrants, units, debt securities and subscription receipts or any combination thereof (collectively, the “**Prospectus Securities**”), during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any offering of Prospectus Securities under the Base Shelf Prospectus, including the use of proceeds from any offering, will be set forth in a prospectus supplement to the Base Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering.

Subsequent to the filing of the Base Shelf Prospectus, the Company conducted a marketed offering of Units (the “**Offering**”). The distribution of Units under the Offering were be qualified by a prospectus supplement dated June 11, 2011 (the “**Prospectus Supplement**”) to Base Shelf Prospectus, filed with the securities commissions in each of the provinces and territories of Canada, other than Quebec.

Each Unit was comprised of one Common Share and one half of one Warrant, with each full Warrant entitling the holder thereof to purchase one (1) Common Share at an exercise price of C$1.80 for a period of 24 months following the closing of the Offering.

On June 17, 2021, the Company closed the Offering. In connection with the Offering, the Company issued 3,100,000 Units at C$1.33 per Unit for aggregate gross proceeds of C$4,123,000. The Warrants sold pursuant to the Offering are listing for trading on the TSX under the symbol “ADCO.WT”.

In connection with the Offering, the Company entered into an underwriting agreement with a syndicate of underwriters (the “**Underwriting Agreement**”). Canaccord Genuity Corp. was announced as the lead underwriter in a syndicate that included Echelon Wealth Partners Inc., Roth Canada, ULC and Haywood Securities Inc. (the “**Underwriters**”).

The Offering was conducted in each of the provinces and territories of Canada, other than Quebec, and in the United States by way of a private placement pursuant to exemptions from the registration requirements of the U.S. Securities Act of 1933, as amended, and applicable U.S. state securities laws.

In connection with the Offering, the Company issued an aggregate of 217,000 compensation warrants (the “**Compensation Warrants**”) to the Underwriters. Each Compensation Warrant is exercisable to acquire one (1) Common Share at an exercise price of C$1.33 for a period of 24 from the closing of the Offering, subject to adjustment in certain events.

## ITEM 5. DESCRIPTION OF THE BUSINESS

### 5.1 General

#### (a) Summary

The Company is a global Ad Tech provider of search engine marketing SaaS solutions and services to scale via automation and machine learning technologies. The Company's cloud-based Ad Tech suite enables advertisers and agencies to improve financial performance, realize efficiencies and time savings, and make better business decisions.

In today's advertising market, small to medium advertisers may lack access to the extensive resources and sophisticated technologies used by larger competitors in Ad Tech, putting them at a competitive disadvantage. The Company seeks to empower and develop this important and growing segment of advertisers by making available to them its suite of sophisticated technologies.

The Company's services are used by customers worldwide, including in the Asia-Pacific region, Europe, the Middle East and Africa and North America. The Company has received significant recognition and awards from several leading institutes as a leader in the Ad Tech sector. The Company was named on Deloitte's Fast50 Israel Technology companies list for three consecutive years in 2014, 2015, and 2016, and was named on Deloitte's Technology Fast 500 EMEA list in 2018.

**Market**

Digital advertising is a large and growing industry, which generated an estimated US$492 billion in media ad spending in 2021[1]. Google, Facebook, Amazon, and other large internet companies have capitalized on the value of their highly trafficked sites by selling space to advertise goods and services, and have developed elaborate platforms and programs to sell advertising space. A market has emerged for software tools to help advertisers run online advertising campaigns on these sites, optimize advertising spending, and improve the results of their campaigns.

Ad Tech is an umbrella term for the software and tools that help agencies and brands target, deliver, and analyze their digital advertising efforts. In other words, Ad Tech refers to those applications that help marketers utilize the mounds of available targeting data to manage and optimize their online ad campaigns, resulting in better use of their budgets. The Ad Tech space refers to everything from tools to help analyze campaign results to sophisticated systems offering ad bidding automation and machine learning.

The Company has targeted three key digital advertising market segments with its products and technologies: search engine marketing, social media marketing, and shopping.

**Search**

The search market segment refers to ads displayed on search result pages. In 2021, search reached approximately US$183 billion in media ad spending[2] representing approximately 37% of the digital advertising market. The search segment is dominated by Google, with other search platforms occupying smaller positions.

Google Ads is one of the earliest PPC advertising platforms and was the first to implement the less-biased "sponsored" results paradigm, incorporating the Quality Score metric to avoid a price only evaluation basis. It has progressed rapidly over the years, continually adding and changing features and functionality to improve user (advertiser) experience. These include features such as programmatic advertising and the introduction of feeds, automated bidding and, more recently, AI supported automated bidding which makes suggestions for optimizing ad campaigns run on Google Ads, and organic support for mobile advertising, including "in-app" advertising.

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[1] https://www.emarketer.com/content/worldwide-digital-ad-spending-year-end-update
[2] https://www.statista.com/study/38338/digital-advertising-report-search-advertising/

While these advances have been helpful, they have also increased the complexity of using Google Ads and the scope of work required to run successful campaigns, putting small and medium advertisers at a disadvantage (by reducing the real return on investment realized by these advertisers). This has increased the demand for online marketing agency services and better Ad Tech applications.

To illustrate the issue (and the value of online agencies and Ad Tech), consider, for example, Google's Quality Score. Indeed, the Quality Score makes for greater equality in the bidding process by choosing winners, not only by the price they are willing to pay, but also based on "qualitative" measures, such as an ad's expected click-through rate, keyword relevance and the relevance of the ad and landing page content. This has created a need for businesses to constantly monitor that these "other" parameters meet the requirements of the Quality Score and to keep Google informed (through a feed) of any changes, preferably as soon as they are made.

**Social Media**

The social media market segment refers to social media advertising, or social media targeting, are advertisements served to users on social media platforms. In 2021, social media reached approximately US$154 billion in media ad spending[3], representing approximately 31% of the digital advertising market and this continues to grow.

Social networks utilize user information to serve highly relevant advertisements based on interactions within a specific platform. In many instances, when a target market aligns with the user demographics of a social platform, social advertising can provide huge increases in conversions and sales with lower cost of acquisition. When used properly, it offers hyper-targeting capabilities that are hard to find elsewhere. Examples of social media advertising on Facebook include promoting pages, discount ads and boosting posts.

**Shopping**

Shopping advertising refers to more structured PPC advertising geared towards the sale of products or other inventory (such as flight tickets) on shopping sites such as Amazon or search engines such as Google.

Shopping ads typically allow much more limited text copy, but, on the other hand, let users add images, prices, discounts and other detailed, but pre-specified information. Owing to the volume of products any single business, even a small business, may offer, feeds become substantially more important in the case of shopping advertising, as a means for conveying ongoing inventory changes to ad channels, who propagate those changes to the ads themselves.

**Products**

The Company's four products, Feeditor, Views, Semdoc and Effortless Marketing, provide advertisers with smart algorithm-powered automation tools designed to help digital advertisers maximize return on advertising investments, and easily scale their digital campaigns. All four products are aggregated under one unified platform - Adcore Marketing Cloud (AMC).

Feeditor, released in 2015, provides advanced shopping automation capabilities to advertisers. Feeditor is able to automate over one million campaigns and has an inventory plug-in that allows advertisers to track their ads to keep them up-to-date and in sync with their inventory. Feeditor incorporates machine-learning algorithms to ensure that advertiser's ads are seen at the right place and time, at a competitive price.

Views, released in 2017, focuses on search automation, which provides advertisers with a powerful algorithm bid management feature, using both machine learning and historical data to optimize and manage advertisers' campaigns in the most efficient manner to ensure targets are met as effectively as possible. Views also gives its users the ability to create and automate their own rule-based campaign management machine, which runs according to each users specified needs.

Semdoc, released in 2018, provides advertisers a powerful account auditing solution, utilizing both machine learning and smart algorithms to formulate 52-key insights and metrics at the account and campaign levels.

[3] https://www.statista.com/study/36294/digital-advertising-report-social-media-advertising/

Semdoc's powerful visual dashboard gives advertisers a clean and simple user interface to pin-point exact areas of weakness and missed opportunities, guiding them to superior results.

Effortless Marketing, released in 2020, is a holistic marketing solution for Shopify and WooCommerce store owners from feed creation and submission to smart campaign creation and performance tracking. With Effortless Marketing, store owners can export all the products in their stores, including all variants, edit product listings in bulk and use filters as needed. The app includes a free version that allows store owners to generate a full product feed with a click of a button. The feed is compatible with all the major shopping platforms from the get-go.

**Platforms**

Amphy, released in 2021, is one of the world's most diverse 24/7 live online learning marketplace. With Amphy, learners can choose from over 1,900 classes across 80 categories to grow their passions and skills, expand their children's learning opportunities, and much more. Instructors on the Amphy platform join a vibrant virtual teacher community that promotes and supports their success through enrichment seminars, marketing and advertising, and a suite of tools that allow them to run their classes hassle-free and focus on their students. Amphy students gain access to high-quality, personalized classes accessible from 24/7, as well as join a growing community of lifelong learners.

**Strategic Partnerships**

The Company has entered into strategic partnerships with key digital advertising channels to market, sell, and service their products as a trusted media advisor, enabling the Company and its clients to benefit from high levels of support and access to the latest Ad Tech products and technologies. The Company is a Google Premier Partner and a Microsoft Advertising Channel Partner and aims to achieve similar level of partnership with Facebook.

**Smart Algorithms and Machine Learning**

The Company utilizes smart algorithms and machine learning, a branch of AI, for many of its technological solutions. Machine learning helps to automate the Company's analytical model building, based on the idea that systems can learn from large quantities of data, identify patterns and make automated data driven decisions with minimal human intervention.

The Company uses smart algorithms and machine learning/AI in two main ways. First, the Company has embedded machine learning methodologies and smart algorithms in its technologies, which can be used in several ways, such as:

(a) Smart Bid Management: through analyzing historic data, the Company can learn and determine what the right bid "over-shoot" factor is.

(b) Smart Analysis: the Company executes smart analysis and suggests courses of action to advertisers based on big data derived from thousands of peer accounts.

(c) Optimization: the Company's smart algorithms help to optimize each account towards specific goals based on large and repetitive quantities of trial and error experiments.

Second, the Company's smart algorithms also help to optimize Google's and other search engines' machine learning algorithms by suggesting specific adjustments for various aspects of their machine learning algorithms such as minimal required data thresholds, time period selections, recommended delta changes and others.

**(b) <u>Production and Services</u>**

The Company earns a commission on each dollar spent on ads managed through its platform at different rates for direct and indirect customers. The Company's ability to generate engagement with customers' advertising campaigns directly correlates to its income. The Company maintains a large and diversified client base that is approximately 88% direct and 12% indirect in 2021. Our direct customer base primarily consists of business to consumers online advertisers and our indirect customer base is comprised of advertising agencies. The Company customizes its service offering to the needs of each individual customer, often bundling products together based on customer profile to optimize results that are responsive to their unique needs. During the financial years ended December 31, 2021 and 2020, 100% of the Company's revenues were derived from sales to external direct and indirect customers outside of the consolidated entity.

The Company's products and technologies were developed internally by a team of developers led by Omri Brill, Chief Executive Officer and Vadim Malkin, Chief Technology Officer. The Company currently has four product offerings in the Ad Tech space: Feeditor, Views, Semdoc and Effortless Marketing, and one platform in the Ed Tech space: Amphy.

***Feeditor***

Creating and editing feeds are very technical and error prone processes, usually requiring programmer involvement, often resulting in delays between the time in which changes and corrections to product information and ads are created by marketers and the time in which these actually appear in the associated ad campaigns. This, combined with the fact that feeds have become essential to all online advertisers wishing to operate at any significant scale, has led most small and medium-sized businesses and larger businesses alike to look to technological solutions, such as Feeditor, for help.

Feeds are the means by which advertisers update ad publishers about changes to their inventory, to avoid having to manually update this information directly in a publisher's system, an undertaking that becomes increasingly difficult the larger an advertiser's inventory. However, the necessity of using feeds for advertising campaigns of any significant scale, especially for ecommerce sites, is countered by the fact that feeds, in their "raw" format, are not easily managed and edited, tasks that usually require programmer involvement.

Feeditor is designed to alleviate these issues, simplifying feed management and allowing ads to be updated frequently (near real-time, if needed). With Feeditor, users can edit their feeds efficiently, in a user-friendly interface that does not require programming skills, and allows them to create rules that automatically correct/adjust feed data, thereby making sure that high quality feeds are submitted to channels, allowing campaigns to run smoothly as intended. Feeditor also offers a variety of additional features, such as AI mapping, frequent feed submission and the ability to submit feeds to over 200 channels.

***Views***

Views is a holistic search engine marketing solution, designed to help marketing professionals and ad agencies streamline, optimize and scale their operations, and altogether provide better service to their clients. Views offers a variety of automated solutions for managing and improving an advertiser's SEM efforts. Views is built for in-house marketing professionals, freelancers and advertising agencies, allowing them to carry out their SEM tasks more effectively and to scale their activity as needed, so that they may stay competitive, service more and larger customers and generally grow their business. Views offers primary features: Dynamic Campaign Creation, intelligent bid management, SEM optimization and reports.

*Dynamic Campaign Creation*

Using information available in a feed and a user defined template, Views can automatically generate a set of individual ads for all items associated with the given template and publish these ads across multiple channels. In addition, as changes are made on an advertiser's website (which are reflected in the feed), Views can autonomously update keywords, ads, prices, and other campaign parameters to reflect these changes. Dynamic campaign creation is an invaluable tool for all sites, especially those that change frequently (for example, travel websites, retail, and ecommerce) and has become an important tool for advertisers wishing to scale up online advertising performance and activity while maximizing return on investment and efficiency.

*Automated, Intelligent Bid Management*

Google recently released various artificial intelligence and machine learning backed features, including improvements to its bid optimization feature that helps businesses get more out of their Google Ad spending. Google Ads customers wishing to use Google's artificial intelligence bidding, must have at least 30 conversions (purchases, sign-ups, leads, and other pre-defined desired actions in the website) over the past month, and the Google bidding algorithm uses 30 days of historical information to determine optimal bids for the client.

Views offers similar functionality, comparing campaign performance data, benchmarks, and many other parameters, to user set goals, and generates bids on the user's behalf that best meet their goals. Views uses artificial intelligence to automatically bid on keywords based on user-defined advertising goals, and machine learning to learn users' bids and campaigns, using historical information to improve bids over time. Owing to the detailed client campaign information that Views has at its disposal, the platform requires only 10 conversions to enable AI based bidding and can take into account as much as one year of historical data.

*Optimization and Additional Automations*

Views allows users to create rules or groups of rules, that can be run periodically or be triggered by user-specified events, to help improve campaign performance or carry out regular search engine marketing tasks. For instance, the system may be set to pause underperforming campaigns, ad groups or keywords, when they go below or above predetermined goal values.

***Semdoc***

Semdoc is an account auditing tool that goes beyond presenting account tracking and performance data, allowing users to easily drill down to see precise and detailed information and, more importantly, clearly indicating to users courses of action they can take to remedy problematic situations and providing a user friendly way to implement these courses of action via the One-Click optimizer. Semdoc measures and analyzes 52 metrics, incorporating knowledge of all of the latest Google Ads and Microsoft Ads methods and best practices, including from Smart Shopping and Smart Display campaigns. Users can enter account analysis parameters such as analysis period and target key performance indicator values, which Semdoc compares with values derived during its analysis of the account. Results are presented in a multilevel, interactive, three-level dashboard format covering account level variables, summary-level campaign-specific variables, and detailed campaign-level variables, all via a fully automated report center. The result is an actionable, highly accurate and comprehensive picture of a business's advertising activity.

***Effortless Marketing***

Effortless Marketing is a holistic marketing solution for Shopify and WooCommerce store owners from feed creation and submission to smart campaign creation and performance tracking. With Effortless Marketing, store owners can export all the products in their stores, including all variants, edit product listings in bulk and use filters as needed. The app includes a free version that allows store owners to generate a full product feed with a click of a button. The feed is compatible with all the major shopping platforms from the get-go.

***Amphy***

Amphy is one of the world's most diverse 24/7 live online learning marketplace. With Amphy, learners can choose from over 1,900 classes across 80 categories to grow their passions and skills, expand their children's learning opportunities, and much more. Instructors on the Amphy platform join a vibrant virtual teacher community that promotes and supports their success through enrichment seminars, marketing and advertising, and a suite of tools that allow them to run their classes hassle-free and focus on their students. Amphy students gain access to high-quality, personalized classes accessible from 24/7, as well as join a growing community of lifelong learners.

**(c) <u>Specialized Skill and Knowledge</u>**

Most aspects of the Company's business require specialized skill and knowledge. Such skills and knowledge include software engineering, marketing, and regulatory compliance. The Company meets its needs for such specialized skills and knowledge through the expertise of its officers and employees. To the extent that additional specialized skills and knowledge are required, the Company retains outside consultants.

### (d) Competitive Conditions

The digital advertising industry and Ed Tech industry are highly competitive and fragmented. The Company competes globally with large, well-established multi-national companies, digital advertising networks, divisions of certain advertising agencies, including agency trading desks that place digital advertising buys on behalf of the agencies' clients, and other companies, some of which also use proprietary technology to optimize advertising campaigns and provide live online classes and courses. As Adcore's solutions are expanded and developed, or as other companies introduce new products and services or enter the marketplace, the Company may become subject to additional competition.

The Company competes in three broad segments of the Ad Tech market: enterprise solutions, performance agencies and Ad Tech channel partners, and mainly in one segment in the Ed Tech market: Ed Tech Live Platforms.

***Ad Tech Enterprise Solutions***

Companies in the enterprise solutions segment offer large-scale applications designed for large enterprises. They typically offer a variety of features, including advanced functionality such as cross-channel integration, support for data from various organizational systems (e.g. CRM) and advanced AI capabilities. This segment is distinguished by the high price point of solutions, putting these solutions beyond the reach of most small- to medium-sized business and agencies.

The Company's key competitors in this segment are Kenshoo and Marin Software.

***Performance Agencies***

Performance agencies are generally large, well-known agencies that are paid per result achieved—for example, upon completion of a specific action such as a sale, generation of a lead, or when an ad is clicked. Performance agencies usually employ sophisticated and sometimes proprietary Ad Tech in their operations. While performance agencies' service offerings do not directly compete with the Company's self-service software applications, they compete with the Company for share of the overall digital advertising market by providing alternative services.

The Company key competitors in this segment are iProspect and Performics.

***Ad Tech Channel Partners***

The Ad Tech channel partner market segment includes companies that offer narrowly-defined Ad Tech solutions, such as applications that only provide account auditing, reporting, or systems that focus on optimizing campaigns. These service offerings are generally narrower than the Company service offerings.

The Company key competitor in this segment is Clickable.

***Ed Tech Live Platforms***

The Ed Tech Live Platforms market segment includes marketplace platforms that connect students and teachers via live web streaming. The goal of this is to allow students to gain knowledge in a particular area or learn a new skill. The advantage of these platforms is a variety of teachers that offer personalized education on an ongoing basis. These platforms are generally more limited in diversity of topics and availability than those the Company offers on Amphy.

The Company key competitors in this segment are Preply and Nasacademy

***Competitive Position***

The Company competes to attract, engage, and retain users globally for its current and future products. The Company competes based on the utility, ease of use, performance, quality, and cost of its product offerings. While limited information is publicly available regarding these factors, a precise comparison of relative competitive position is difficult. However, the Company believes that enjoys the following strengths that differentiate it from its competitors:

- *Features and functionality* – the Company's holistic SaaS solution that incorporates AI and machine learning, which offers a wide range of features in a high-quality, user-friendly product. To the Company's knowledge, there is no single direct competitor that offers a similar range of services.

- *Customizability and scalability* – the Company's solutions are customizable and scalable and can be bundled to optimize results based on a customer's unique profile. This enables the Company to reach a wide range of marketing professionals and digital advertising agencies at competitive prices, including small- and medium-sized business, and to rapidly adjust its services to match their requirements.

- *Strength of management and employee team* – the Company has served the digital advertising market since its infancy. The management team, headed by Omri Brill, has led the Company since its inception, and is highly skilled and experienced in the Ad Tech industry.

- *Stage of development and diversification* – the Company's business is well-established, diversified and profitable. As a result, it is well positioned to adapt to changing market conditions and take advantage of new market opportunities, as compared with newer entrants that may not have achieved profitability, or providers of less-diverse service offerings.

- *Industry partnerships* – the Company has established relationships with leading search engines and social media platforms, providing a significant competitive advantage compared with competitors who have yet to reach similar levels of development.

### (e) Cycles and Seasonality

The Company's revenues depend on discretionary advertising spending by businesses and advertising agencies. Such advertising spending may be subject to seasonal variation based on industry segment. For example, advertising spending in the retail sector may be concentrated in the fourth quarter in advance of the holiday shopping season, while advertising spending in the travel sector may be concentrated in the second and third quarter during the northern hemisphere summer. The Company's clients serve customers in diverse industries, offsetting in part the effect of seasonal or cyclical variations in advertising spending over any particular industry.

### (f) Intangible Properties

The Company's material owned intellectual property consists of unpatented proprietary technology, processes, trade secrets, and know-how, as well as inherent copyright of authorship in the source code developed by the Company, and unregistered trademarks. The Company does not have any material licensed intellectual property. While the Company's commercial success generally depends on its ability to maintain the confidentiality of its proprietary technology, processes, trade secrets, and know-how, it is not substantially dependent on any specific and identifiable intellectual property.

To protect its intellectual property, the Company relies on a combination of trade secret, copyright, trademark, passing-off laws, and other statutory and common law protections in Israel, the United States, and international markets. The Company also protects its intellectual property through the use of non-disclosure agreements and other contracts, disclosure and invention assignment agreements, confidentiality procedures, and technical measures. Much of the technology used by the Company and its competitors is unprotected by intellectual property registrations, and the Company does not have any registrations in respect of its material owned intellectual property.

### (g) Regulatory Environment

The Company's services are subject to a wide variety of laws and regulations affecting companies that conduct business through the Internet, including laws regarding user privacy, data protection, content, distribution, electronic contracts, and other online communications. In particular, the Company is subject to federal, state, provincial, and foreign laws relating to privacy, data protection and information security. These laws vary between the jurisdictions in which the Company operates and are still evolving and subject to change. The application and interpretation of new laws and regulations may be uncertain. Failure to comply could result in civil liability, and restrictions on the Company's ability to offer services, and reputational harm.

The Company's services rely upon accessing and analyzing large volumes of data, including web browsing history, primarily through cookies. The use of interest-based advertising on the internet has come under scrutiny globally by consumer advocacy organizations and regulatory agencies that focus on online privacy. More specifically, these groups have voiced concern about the use of cookies and other online tools to record internet users' browsing history, and the use of that information to deliver advertisements online based on users' inferred interests.

The Company has adopted policies and procedures designed to monitor and address its legal and regulatory compliance obligations and implement industry best practices. The Company has adopted a privacy policy disclosing its collection, use, and disclosure of data to provide services to advertisers, which is publicly available on its website. The Company relies exclusively anonymous data about internet users, does not attempt to associate this anonymous data with data that can be used to identify specific individuals, and takes steps not to collect and store personally identifiable information from any source. However, definitions of personally identifiable information or personal data that is subject to legal protection varies by jurisdiction and is still evolving. As a result, the Company's policy not to collect and store personally identifiable information must be assessed on an ongoing basis in each jurisdiction where the Company operates. The Company has dedicated resources to design and oversee its privacy and data protection policies and procedures, and continually assesses its technology platform in light of new legal and regulatory developments.

**(h) Employees**

As of December 31, 2021, the Company had 55 full-time employees.

**(i) Foreign Operations**

The Company is headquartered in Tel Aviv, Israel, and has offices in Melbourne, Australia, Toronto, Canada, Hong Kong, and Shanghai, China. In addition, the Company maintains servers at facilities in various locations including in Canada and in Israel that store data and deliver advertising campaigns for its customers. The Company is substantially dependent on its operations in Israel.

**(j) Sales and Marketing**

The Company has developed a well-defined sales methodology, at the center of which sits a sales team comprised of both sales development representatives and field salespeople. The sales team is responsible for direct sales to businesses, as well as for indirect or channel sales to digital advertising agencies. All of the salespeople are based out of the Company's Tel Aviv headquarters, Australia, Toronto, Hong Kong, and Shanghai offices. The sales team's coverage is worldwide, with sales representatives regularly traveling to meet with clients worldwide as part of the sales process and retention.

***Inbound Sales***

The Company engages in a number of activities that are geared towards generating leads and prompting such individuals to leave their contact details. For example, the Company runs its own search engine marketing activity, where its ads lead to the Company's landing pages in order to generate new leads of potential clients. These landing pages include forms for interested parties to submit their contact information and request a mail or call back from the Company's SDR team.

Whatever the source, leads are transferred to the SDR team to initiate contact with the new leads. It is the SDR team's responsibility to move leads to take the next step by setting a face-to-face meeting/webinar/demo with the Company's field salesperson. As mentioned before, once a meeting is setup, the relevant salesperson will either travel to the client to finalize the sale (wherever the client may be in the world) or schedule a webinar or hands on demonstration.

***Outbound Sales***

In the case of outbound sales, the Company's sales management determine a target, such as geography, niche, vertical etc., and the SDR team then analyzes the market and creates a call plan. The SDR makes the calls to potential customers and for those they are able to convert, the process continues as with inbound sales.

***Marketing Strategy***

The Company engages in a variety of general marketing activities that are not specifically tied to the sales process, including:

- Participating in two to three trade shows around the globe on an annual basis.
- Hosting worldwide events for existing and potential clients.
- Conducting free webinars on market and technical topics.
- Online marketing efforts on various channels and platforms.
- Email marketing in the form of regular mails to registered users.

The Company prioritizes the above methods in achieving its marketing objectives and allocates a portion of its operational budget to these activities.

**(k) Bankruptcy and Similar Procedures**

There have been no bankruptcy or receivership proceedings against the Company or any of its subsidiaries within the three most recently completed financial years or the current financial year.

**(l) Reorganizations**

See "*Item 4 – General Development Of The Business – Three Year History – Qualifying Transaction*".

## 5.2 Risk Factors

There are a number of risk factors affecting the Company and its business. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

**Risks Related to the Business**

***The Company's commercial and financial success depends on the success of its current commercial products and platforms: Views, Semdoc, Feeditor, Effortless Marketing and Amphy.***

The Company's future success depends upon building and expanding its commercial international operations in Canada, the United States, Australia, Hong Kong and other international markets, as well as entering additional markets to commercialize all of its products and technologies. If the Company fails to expand the use of its technologies in a timely manner and penetrate the available markets which the products are intended to serve, the Company may not be able to expand its markets and grow revenue, the value of the Company may decline and investors may lose money.

***Unanticipated delays or problems associated with the Company's products and improvements may cause customer dissatisfaction.***

The Company's future success is dependent on its ability to continue to develop and expand its products and technologies and to address the needs of its customers. There may be delays in releasing new products or technologies in the future – any material delays may cause customers to forego purchases of the Company's products to purchase competitors' offerings instead.

***The Company may need to develop new products and services and rapid technological change could render its systems obsolete.***

The industry in which the Company operates is characterized by rapid technological change, frequent new product and service introductions and enhancements, uncertain product life cycles, changes in customer requirements, and evolving industry standards. The introduction of new products and new technologies, the emergence of new industry standards, or improvements to existing technologies could render the Company's platform obsolete or relatively less competitive.

***The Company's commercial and financial success depends on market acceptance, and if not achieved will result in the Company not being able to generate revenue to support its operations.***

The commercial success of the Company depends, among other things, on market acceptance. The success of the Company's products and any new products and services that it may launch is dependent upon its ability to attract and retain a critical mass of merchants in potentially diverse geographic locations. The sales cycle for a new merchant can be lengthy. Merchants may not be willing to invest the time and resources necessary to achieve the necessary education and integration required to successfully deploy the Company technology. Competitive pricing and market acceptance also depends on the future pricing and availability of competing products and the perceived comparative efficacy of its products. If the Company cannot reach this market, or cannot offer competitive pricing packages, its operating results and revenues will be adversely affected.

***A substantial majority of the Company's revenue depends on search and shopping advertising.***

The Company's customers have historically used its Views platform for search and shopping advertising, and a significant amount of the Company's revenue is derived from users of the platform. Moreover, with Google representing over 92% of worldwide search engine market share, a significant amount of the Company's revenue depends in fact on Google and its performance as a search engine. The Company expects that the online advertising channels it supports will continue to be a primary channel used by its customers. Should customers lose confidence in the value or effectiveness of these channels, the demand for Views may decline. While revenues from social and video advertising have grown rapidly, if the Company fails to gain market traction for Views for social and video advertising would harm its growth prospects, operating results and financial condition.

***A substantial majority of the Company's revenue depends on major customers.***

A significant amount of the Company's revenue is derived from two major customers, which constituted 48% of its total revenues during the financial year ended December 31, 2021. The Company expects that the working relationship with these two customers will continue to be beneficial to all parties. Should any of these two customers lose confidence in the value or effectiveness of the Company's technology or services, this working relationship could end and the Company's revenue would significantly decline.

***A substantial majority of the Company's revenue depends on strategic partnerships with search engine companies.***

A significant amount of the Company's revenue is derived from its strategic partnerships with leading search engines. The Company expects that these strategic partnerships will continue to be beneficial to all parties. Any change to or termination of these partnerships or their commercial terms could have a material effect on the Company's revenues, which could significantly decline as a result of such change or termination.

***The Company may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all.***

From time to time, the Company may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. The Company's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other facts, and the Company cannot assure anyone that additional financing will be available to it on favorable terms when required, or at all. If the Company raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing stockholders may experience dilution. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

***The Company's growth strategy may not achieve the anticipated results.***

The Company's future success will depend on its ability to grow its business, including through commercialization of its products. Growth and innovation strategies require significant commitments of management resources and capital investments and the Company may not grow its revenues at the rate it expects or at all. As a result, the Company may not be able to recover the costs incurred in developing new projects and initiatives or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

***If the Company fails to develop and retain an effective direct sales force, or is unable to successfully expand its sales management and sales specialist teams, it could negatively impact the Company's sales, and it may not generate sufficient revenue to achieve profitability.***

The Company's revenue and financial prospects is directly dependent upon the sales and marketing efforts of its sales management and sales specialist teams. In order to expand the Company's business, the Company plans to build a substantial direct sales force. The Company believes it is necessary to utilize sales management and sales specialist teams that have strong sales leadership and technical backgrounds specializing in sales and marketing of Ad Tech products. As the Company increases its marketing efforts, the Company will need to retain, develop and expand the number of direct sales personnel that it employs. The Company intends to make a significant investment in recruiting and training sales representatives as it expands its business. Once hired, the training process is lengthy as it requires significant education on the Company's products for new sales representatives to achieve the level of competency expected by customers. Upon completion of the training, sales representatives typically require lead time in the field to grow their network of accounts and achieve the productivity levels expected of them in any individual territory. Furthermore, the use of the Company's Ad Tech products often requires or benefits from direct support from the Company, including through experienced sales representatives. The Company's future success will depend largely on its ability to continue to hire, train, retain and motivate skilled members of the sales management and sales specialist teams with significant technical knowledge in various areas. If the Company is unable to attract, motivate, develop and retain a sufficient number of qualified sales personnel, and if the Company's sales representatives do not achieve the productivity levels expected of them, the Company's revenue will not grow at the rate the Company expects and its financial performance will suffer. Also, to the extent the Company hires personnel from its competitors, the Company may have to wait until applicable non-competition provisions have expired before deploying such personnel in restricted territories or incur costs to relocate personnel outside of such territories. Additionally, because the market for experienced sales personnel is competitive, the Company's competitors may try to hire the Company's sales personnel away from the Company. If successful, the Company would be required to dedicate resources to recruiting, filling and training those vacant positions. The Company may also be vulnerable to poaching of its sales personnel from its competitors. Any of these risks may adversely affect the Company's business.

***The Company faces substantial competition in the future and may not be able to keep pace with the rapid technological changes which may result from others discovering, developing or commercializing products before or more successfully than the Company. The activities of competing companies, or others, may limit the Company's revenues.***

In general the development and commercialization of new SaaS products is highly competitive and is characterized by extensive research and development and rapid technological change. Market share can shift as a result of technological innovation and other business factors. Commercial opportunities for the Company's products may be reduced if the Company's competitors develop or market products or novel technologies that are more effective, are better tolerated, are more accepted by the market, have better distribution channels, or are less costly than that offered by the Company. If those products gain market acceptance, the Company's revenue and financial results could be adversely affected. If the Company fails to develop new products or enhance existing products, its leadership in the current markets served could erode, and its business, financial condition and results of operations may be adversely affected.

While the Company's products are unique and novel technologies, there are a number of indirect competitors in the market. Such competitors include large and small companies that may have significant access to capital resources, competitive product pipelines, substantial research and development staffs and facilities, and substantial experience in the market. The Company recognizes the need to invest in research and development to continue to add high-value, differentiated capabilities to expand both the depth and breadth of the Company's product offering. Management also recognizes the need to ensure customer satisfaction through all phases of the sales cycle and intends to invest in competitive intelligence and analysis as it relates to the dynamics of the market, as well as in trends in technology and in products as they are introduced into the market. However, the Company may not be able to compete with competitors that are more established in the market.

***The Company depends on highly skilled personnel to grow and operate its business. If the Company is not able to hire, retain, and motivate its key personnel, its business may be adversely affected.***

The Company's success depends in part upon a number of key employees, including members of senior management who have extensive experience in the industry. Competition for talented senior management is intense and the Company's ability to successfully develop and maintain a competitive market position will depend in part on its ability to attract and retain highly qualified and experienced management. The loss of the services of key personnel could have a materially adverse effect on the Company's business.

***Volatile market price of the Common Shares***

The Company's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry related developments, results of product development or commercialization, changes in government regulations or other material public announcements by the Company or its competitors, along with a variety of additional factors may adversely affect the market price of the Common Shares.

Furthermore, the securities markets in Canada, as well as in other countries around the world, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market price for the Common Shares will be subject to similar market trends and conditions generally. Consequently, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

There can be no assurance that material adverse fluctuations in the trading price of the Common Shares will not occur. A prolonged decline in the price of the Common Shares could result in a reduction in the liquidity of the Common Shares or a reduction in the Company's ability to raise capital. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations.

***Shareholders may become diluted***

The Company is authorized to issue an unlimited number of Common Shares. If the Company raises additional financing through the issuance of Common Shares (including securities convertible or exchangeable into Common Shares) or completes an acquisition or merger by issuing additional Common Shares, such issuance may substantially dilute the interests of Shareholders and reduce the value of their investment. Shareholders will have no pre-emptive rights in connection with a future issuance. The Board has the discretion to determine the price and the terms of future issuances and the market price of the Common Shares could decline as a result of issuances of new Common Shares. Moreover, additional Common Shares may be issued by the Company upon the exercise of Stock Options and Warrants or the settlement of RSUs.

***Internal control over financial reporting may not prevent or detect misstatements, and projections of any evaluation of effectiveness to future periods may be subject to changes in conditions or deterioration in compliance with procedures.***

The Company has a limited administrative staff, meaning internal controls which rely on segregation of duties in many cases may not possible. The Company does not have the resources, size and scale to hire additional staff to address this potential weakness at this time. To help mitigate the impact of this, the Company relies on the performance of compensating procedures and senior management's review and approval.

***Israeli preferred technological plant status and related benefits could change.***

In January 1, 2017 a new section was issued to the Israeli Investments Law relating to preferred technological income. The section is applicable to industrial companies, including the Company that apply further preferred enterprise criteria. Accordingly, the Company is entitled to the benefit and therefore is subjected to a corporate tax rate of 12%. Investors should be aware that changes in the preferred enterprise criteria could result in the Company being re-classified as a non-preferred technological plant, which would result in a higher percentage of corporate tax being applied to the Company (23% for the years 2021 and 2020).

***Israeli corporate tax rates are subject to regulatory change.***

The Israeli corporate tax rate was 23% for the year ended December 31, 2021 and is 23% in 2020. This tax rate could be changed by government decisions and tax regulations, which could have a material effect on the Company's revenues. These changes could be relevant to the Company in the case the Company would be reclassified as a non-preferred technological plant which would result in the regular Israeli corporate tax rate being applied to the Company.

***The statute of limitations for reassessment of the Company's tax reports for years ended December 31, 2021, 2020, 2019 and 2018 has not expired.***

The general statute of limitations on tax reports in Israel is four years and therefore the Company's tax reports for the years ended December 31, 2021, 2020, 2018 and 2019 can still be reassessed by the Israeli Tax Authority. Reassessment could result in, among other things, a determination that that the Company is not a "preferred technological plant" under applicable Israeli tax laws, which would result in the Company becoming subject to additional taxes based on a higher corporate tax rate (23% for the years ended December 31, 2021, 2020, 2019 and 2018).

***If the Company fails to develop widespread brand awareness cost-effectively, its business may suffer.***

The Company believes that developing and maintaining widespread awareness of its brand in a cost-effective manner is critical to achieving widespread acceptance of its products. The Company's marketing efforts are directed at growing brand awareness. Brand promotion activities, although they have been successful in the past, may not generate customer awareness or increase revenues, and even if they do, any increase in revenues may not offset the expenses incurred in brand building. If the Company fails to successfully promote and maintain its brand, or incur substantial expenses in doing so, the Company may fail to attract or retain customers necessary to realize a sufficient return on its brand building efforts, or to achieve the widespread brand awareness that is critical for broad adoption of its products.

***Failure to realize anticipated benefits of future acquisitions could impact the Company's business.***

The Company may in the future complete acquisitions to strengthen its position in the point-of sale industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions.

***There is intense competition in the SaaS and search engine marketing and advertising industry.***

The SaaS Ad Tech industry is highly competitive and rapidly changing. The Company may be significantly affected by new product introductions and geographic expansion by existing competition and expects that competition will intensify in the future. Specific factors upon which the Company competes include, but are not limited to, functionality of its applications, ease of use, timing for implementation, quality of support and services, and price. The Company's potential competitors include other companies selling SaaS services and technology in the search engine marketing and advertising space. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than the Company has. Many of them also have longer operating histories, greater name recognition and stronger relationships with merchants and consumers who use or might use a low-value-payment service. The Company may not be able to compete successfully with these competitors.

***There is inherent technology and development risk in the Company's business and industry.***

The Company's approach utilizes technology principally architected and developed by the Company. There can be no assurances that the Company will meet its targeted development or integration timelines such that it will be able to offer solutions at competitive pricing, or that the Company can continue to enhance and improve the responsiveness, functionality and features of its technology and enable the solutions to scale at a reasonable cost. In addition, there is a risk that third parties may have applied for or been granted patents for certain processes or technology which the Company has already deployed or intends to deploy, in which case the Company may incur additional costs or be prohibited from using or implementing certain product features or processes in one or more countries. The Company solutions incorporate complex technology and software. Accordingly, they may contain errors, or "bugs", that could be detected at any point. Such errors could materially and adversely affect the Company's reputation, resulting in claims and/or significant costs to the Company, and/or cause consumers, merchants, licensees and other parties to abandon the Company's solutions and impair the Company's ability to market and sell solutions and services in the future. The costs incurred in correcting any errors and satisfying any such claims may be substantial and could adversely affect the Company's operating margins. While the Company plans to continually test its solutions for errors and work with customers and merchants through its maintenance support services to identify and correct bugs, errors may be found in the future.

***The Company maintains data on cloud storage servers, which could be the target of a security breach.***

The Company's business faces certain security risks. The Company's products and services involve storage using cloud-based hosting service and also physical storage. Although data is stored in specialized security groups and are externally encrypted, storage hardware and networking infrastructure is provided by a third party, and security breaches and cyberattacks expose it to a risk of loss of this information, litigation and potential liability. If an actual or perceived breach of security and/or cyberattack occurs, the market perception of the effectiveness of the Company's security measures could be harmed, the Company could lose users and it may incur significant legal and financial exposure, including legal claims and regulatory fines and penalties. Computer viruses, break-ins, cyberattacks or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients. Any failure to adequately address these risks could have an adverse effect on the business and reputation of the Company.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

***There could be interruptions or delays from cloud servers that could affect the Company's products or services.***

The Company's products and services involve storage using a third-party cloud-based hosting service. Any damage to, or failure of, the hosting service's systems generally could result in interruptions in the use of the Company's products or services. Such interruptions may reduce our revenue, cause customers to terminate their subscriptions and adversely our ability to attract new customers. The Company's business will also be harmed if its customers and potential customers believe its products or services are unreliable.

***Government regulation could adversely affect the Company's business.***

Government regulation may increase the costs of doing business online. Certain legislation has been enacted or is under consideration relating to online advertising and the Company's management team expects further legislation and regulation related to advertising online, the use of geo-location data to inform advertising, the collection and use of anonymous internet user data and unique device identifiers, such as IP address or mobile unique device identifiers, and other data protection and privacy regulation. Such legislation could affect the costs of doing business online, and may adversely affect the demand for the Company's offerings or otherwise harm its business, results of operations and financial condition. For example, new laws and regulations in key markets of the Company's business could impact the Company's ability to collect, use, retain, protect, disclose, transfer and otherwise process personal information. The EU General Data Protection Regulation (GDPR), the Personal Information Protection and Electronic Documents Act (PIPEDA) and substantially similar provincial privacy laws in Canada provide that IP addresses are personal information. While the Company takes certain measures to protect the security of information that it collects, uses and discloses in the operation of its business, a data breach would create exposure to potential for claims for damages by consumers whose personal information has been disclosed without authorization. Evolving and changing definitions of personal information in the jurisdictions in which we offer our products and technologies, especially relating to classification of machine or device identifiers, location data and other information, have in the past, and may in the future, cause the Company to change business practices, or limit or inhibit the Company's ability to operate or expand its business. Data protection and privacy-related laws and regulations are evolving and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. While the Company takes measures to protect the security of information that it collects, uses and discloses in the operation of its business, and to offer certain privacy protections with respect to such information, such measures may not always be effective.

In addition, while the Company actively attempts to avoid collecting identifiable data about consumers, it may inadvertently receive this information from advertisers or advertising agencies or through the process of delivering advertising and may inadvertently release this information in contravention of applicable privacy legislation. The Company's failure to comply with applicable laws and regulations, or to protect personal information, could result in enforcement action against the Company, including fines, imprisonment of its officers and public censure, claims for damages by consumers and other affected individuals, damage to the Company's reputation and loss of goodwill, any of which could have a material adverse impact on operations, financial performance and business. Even without a specific data breach, the perception of privacy concerns, whether or not valid, may harm the Company's reputation and inhibit adoption of its offerings by current and future advertisers and advertising agencies.

***The Company may not pay dividends.***

The Company is unlikely to pay any dividends in the foreseeable future as it may employ available funds for the expansion of the business. Any future determination to pay dividends will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board then deems relevant.

***Inflation may negatively impact the Company.***

Over the course of 2021, global inflationary pressures increased driven by supply chain disruptions caused by the ongoing COVID-19 pandemic and related lockdowns. Global energy costs have also increased significantly following the invasion of Ukraine by Russia in February 2022. The Company may be impacted by these inflationary pressures in the form of higher costs required for its operations. The Company has made assumptions around the expected costs of these key inputs, and the Company's actual costs in an inflationary environment may differ materially from those assumptions.

The Company does not believe that inflation has had a material effect on its business, financial condition or results of operations to date; however, if the Company's operational or labour costs were to become subject to significant inflationary pressures, the Company may not be able to fully offset such higher costs through increased product pricing. The Company's inability or failure to do so could harm the Company's business, financial condition and results of operations.

***The Company may be subject to higher interest rates***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rates. Accordingly, the Company's interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions or Israeli financial institutions.

***Control of the Company is concentrated.***

Omri Brill, the President, Chief Executive Officer, and Chairman of the Company beneficially owns approximately 64.32% of the outstanding Common Shares.

By virtue of his status as the Company's principal shareholder, by being a director and officer, Mr. Brill exerts controlling influence over the Company's operations and business strategy, and has sufficient voting power to control the outcome of matters requiring shareholder approval. These matters may include the composition of the Board, which has the authority to direct the Company's business and to appoint and remove officers; approving or rejecting a merger, consolidation or other business combination; raising future capital, and amending the Company's articles of incorporation, which govern the rights attached to the Common Shares. This concentration of ownership could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of the Company's shares that might otherwise give shareholders the opportunity to realize a premium over the then-prevailing market price for the Common Shares. This concentration of ownership, and sales by Mr. Brill of a substantial number of Common Shares, could cause the market price of the Common Shares to decline.

***Conflicts of interest may occur.***

Certain directors and officers may also from time to time become involved with potential competitors of the Company. As a result, situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and are expected to follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***It may be difficult to enforce civil liabilities under Canadian securities laws.***

The majority of the directors and officers of the Company are based in Israel, and most of the Company's assets, and assets of the directors, officers, are located outside of Canada. Therefore, a judgment obtained against the

Company or any of these persons, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by an Israeli court. It also may be difficult to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not Canadian law is applicable to the claim. If the Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against the Company in Israel, it may be difficult to collect any damages awarded by either a Canadian or a foreign court.

**Risks Related to Intellectual Property**

***The Company's intellectual property rights are valuable, and any failure or inability to protect them could adversely affect its business.***

The Company's success depends substantially upon the intellectual property that forms the basis of its products, primarily consisting of unpatented proprietary technology, processes, trade secrets, and know-how, as well as inherent copyright of authorship in the source code developed by the Company, and unregistered trademarks. To protect its intellectual property rights, the Company relies upon trade secret, copyright, trademark, passing-off laws, and other statutory and common law protections in Israel, the United States, and international markets. The Company also protects its intellectual property through the use of non-disclosure agreements and other contracts, disclosure and invention assignment agreements, confidentiality procedures, and technical measures. There can be no assurance that these measures will be successful in any given case, particularly in those countries where the laws do not afford the Company protection for its intellectual property rights as robust as those available under Israeli, Canadian, and United States laws. The Company may be unable to prevent the misappropriation, infringement or violation of its intellectual property rights, breaching any contractual obligations, or independently developing intellectual property that is similar to its own, any of which could reduce or eliminate the Company's competitive advantages, adversely affect the Company's revenues, or otherwise harm its business.

***Assertions by third parties of infringement or other violations of the Company's intellectual property rights could result in significant costs and substantially harm the Company's business and operating results.***

Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against the Company. Any such claim against the Company, even those without merit could cause the Company to incur substantial costs defending against the claim and could distract its management. An adverse outcome of a dispute may require the Company to pay substantial damages, cease making, licensing or using solutions that are alleged to infringe or misappropriate the intellectual property of others, expend additional development resources to attempt to redesign its services or otherwise develop non-infringing technology, which may not be successful, or enter into potentially unfavourable royalty or license agreements in order to obtain the right to use technologies or intellectual property rights.

***Intellectual property claims are expensive and time consuming to defend and if resolved adversely, could have a significant impact on the Company's business, financial condition, and operating results.***

The Company is actively engaged in enforcement and other activities to protect its intellectual property rights. If it became necessary to resort to litigation to protect these rights, any proceedings could be burdensome, costly and divert the attention of management, and the Company may not prevail. Any repeal or weakening of intellectual property laws or diminishment of procedures available for the enforcement of intellectual property rights in Israel, Canada, the United States, or internationally could make it more difficult for the Company to adequately protect its intellectual property rights, negatively impacting their value and increasing the cost of enforcing its rights.

***If the Company is unable to protect the confidentiality of its proprietary information and know-how, the value of its technology and products could be adversely affected.***

The Company relies upon unpatented proprietary technology, processes, trade secrets and know-how. Any disclosure to or misappropriation by third-parties of its confidential or proprietary information could enable the Company's competitors to duplicate or surpass the Company's technological achievements, potentially eroding its competitive position in the market, and negatively impacting the Company's business and operating results.

The Company protects its confidential and proprietary information in part through non-disclosure agreements and other contracts, disclosure and invention assignment agreements, with all employees, consultants, advisors and any third-parties, who have access to its confidential and proprietary information, and employs confidentiality procedures and technical measures, there can be no certainty that these measures or procedures will be sufficient to prevent improper disclosure of such confidential and proprietary information, or to prevent it from falling into the hands of the Company's competitors and other third parties. There can be no certainty that parties to contracts used by the Company to protect its confidential and proprietary information will not be terminated or breached, and the Company may not have adequate remedies for any such termination or breach. Legal remedies may be insufficient or ineffective to meaningfully protect the Company's confidential and proprietary information or compensate the Company for losses that may occur in the event of unauthorized use or disclosure.

***Adverse litigation judgements or settlements resulting from legal proceedings in the normal course of business could reduce the Company's profits or limit its ability to operate.***

The Company is subject to allegations, claims and legal actions arising in the ordinary course of its business, which may include claims by third parties, including employees or regulators. The outcome of many of these proceedings cannot be predicted. If any of these proceedings were to be determined adversely to us, a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against the Company, its business, financial condition and results of operations could be materially adversely affected.

**Risks Related to Worldwide Economic and Political Conditions**

***Currency exchange rates fluctuations could adversely affect the Company's operating results.***

The Company is exposed to the effects of fluctuations in currency exchange rates. Since the Company conducts some of its business in currencies other than U.S. dollars but reports its operating results in U.S. dollars, it faces exposure to fluctuations in currency exchange rates. Consequently, exchange rate fluctuations between the U.S. dollar and other currencies could have a material impact on the Company's operating results.

***Downturns in general economic and market conditions may reduce demand for the Company's products and could negatively affect the Company's revenue, operating results and cash flow.***

Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to the Company or to the Company's industry could materially adversely affect the Company over the course of time. Volatility in the market could hurt the Company's ability to raise capital. Potential price inflation caused by an excess of liquidity in countries where the Company conducts business may increase the costs incurred to sell the Company's products and may reduce the Company's profit margins. As a result of downturns in general economic and market conditions, potential customers may not be interested in purchasing the Company products. Any of these events, or other events caused by turmoil in world financial markets may have a material adverse effect on the Company's business, operating results and financial conditions.

***The Company has its core operations in an emerging market, which carries potential risk to its business.***

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of the Company's operations are in Israel, which has a history of military instability. While there is no current instability, this is subject to change in the future and could adversely affect the Company's business, financial condition and results of operations.

In particular, fluctuations in the Israeli economy and actions adopted by the government of Israel may have a significant impact on companies operating in Israel, including the Company. Specifically, the Company may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Israel and in other countries that may affect Israel.

***Catastrophic events and economic, political and market conditions may impact the Company's business.***

In order to deliver advertising campaigns for its customers, the Company maintains servers at co-location facilities in Canada and Israel. Any of its existing and future facilities may be harmed or rendered inoperable by attack or security intrusion by a computer hacker, natural or man-made disasters, including earthquakes, tornadoes, hurricanes, wildfires, floods, nuclear disasters, war, acts of terrorism or other criminal activities, infectious disease outbreaks and power outages, any of which may render it difficult or impossible for the Company to operate its business for some period of time. If the Company were to lose the data stored in its co-location facilities, it could take days or weeks to recover data from multiple sources, and such delay could result in significant negative impact on its business operations, and potential damage to its advertiser and advertising agency relationships. Any disruptions in the Company's operations could negatively impact its business and results of operations, and harm its reputation. In addition, the Company may not carry sufficient business interruption insurance to compensate for the losses that may occur. Any such losses or damages could have a material adverse effect on the Company's business, financial condition and results of operations.

***The COVID-19 pandemic could affect the Company's and its customers' capabilities to operate their businesses.***

The ongoing global outbreak of COVID-19 (including variants) has resulted in governments worldwide enacting emergency measures to protect against the spread of the virus. These measures, which include, among other things, limitations on travel, self-imposed quarantine periods and social distancing measures, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any government and/or central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact that they could have on the financial results and condition of the Company and its operating subsidiaries in future periods.

Infectious disease outbreaks (including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, BSE, avian influenza, or other material outbreaks of disease) could result in restrictions adversely effecting the Company's business operations. Such outbreaks may negatively impact the general economic conditions worldwide. As a result of infectious disease outbreaks, the Company could suffer harm to its business, including, but not limited to, significant revenue decreases, should there be a sustained negative impact on economic conditions. Public health threats, or a fear thereof, could adversely impact our production operations, sales efforts, lead to labour shortages, and severely impact supply chain logistics including, and shipping disruptions and shutdowns. In addition, the Company may also be required to incur additional expenses and/or delays relating to such events which could have a further negative impact on our business, operating results and financial performance. The Company is actively addressing the risks to its business from COVID-19 through a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. Certain of the Company's offices have been subject to government-mandated lockdowns for some periods of time. However, the Company's teams have been able to perform their functions remotely without meaningful reductions in the Company's ability to service its customers.

The Company ended the fourth quarter of 2021 with a strong liquidity profile with US$11.05 million in cash and cash equivalents on our balance sheet, which will provide a certain extent of operational flexibility in response to the changing macroeconomic environment triggered by the COVID-19 pandemic.

***Conflict and Political Instability in Eastern Europe***

The current year has been marked by significant market volatility and uncertainty. We believe that continued economic growth will be dependent on a number of factors, including, but not limited to, the continued positive trajectory of the course of the pandemic, a moderation of the pace of inflation and supply chain issues that developed during 2021, and the nature, magnitude, and duration of hostilities stemming from Russia's invasion of Ukraine, including the effects of sanctions and retaliatory cyber attacks on the world economy and markets. Beginning in November 2021, Russia began to amass troops along the Ukrainian border, heightening military tensions in Eastern Europe. In February 2022, Russia sent troops into pro-Russian separatist regions in Ukraine. The U.S. and/or other countries, including Canada, Germany and Israel may impose sanctions or other restrictive actions against governmental or other entities in Russia. The long-term impacts of the conflict between these nations remains uncertain.

Widespread concern or doubts in the market about the pace or ability of normal economic activity to resume, the potential for prolonged conflict in Ukraine or the broader outbreak of armed conflict in Eastern Europe, the pace, impact, or effectiveness of the actions by governments and centrals banks intended to manage the rate of inflation through interest rate increases and the termination of the quantitative easing program, or the efficacy or adequacy of government measures enacted to support the domestic and global economy, could erode the outlook for macroeconomic conditions, economic growth, and business confidence, which could negatively impact the Company.

The current levels of volatility in global markets due to market participants' reactions to, and uncertainty surrounding, the magnitude and timing of government and central bank action to be taken in response to heightened inflation, as well as Russia's invasion of Ukraine. This volatility has resulted in a decline in the level of activity in the financial markets. Continued market volatility or uncertainty related to actions taken or to be taken by central banks, a decline in the global macroeconomic outlook, including as a result of Russia's invasion of Ukraine and the threat, or outbreak of more widespread armed conflict in Eastern Europe would cause financial market activity to continue to decrease, which could negatively affect the Company's revenues. In addition, global macroeconomic conditions and Canadian and Israeli financial markets remain vulnerable to the potential risks posed by exogenous shocks, which could include, among other things, political or social unrest or financial uncertainty in the United States and the European Union, complications involving terrorism and armed conflicts around the world, or other challenges to global trade or travel.

***Conditions in Israel may affect the Company's business, results of operations and financial condition.***

The Company's core operations are in Tel Aviv, Israel. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. As a result, the Company is vulnerable to the political, economic, legal, regulatory and military conditions affecting Israel and the Middle East. Armed conflicts between Israel and its neighbouring countries and territories occur periodically and a protracted state of hostility has, in the past, resulted in security and economic difficulties for Israel. Any such hostilities or escalation thereof, armed conflicts or violence in the region could adversely affect the Company's business, results of operations and financial condition. To date, such conflicts have not had a material effect on business, results of operations or financial condition. In addition, the Company may be adversely affected by other events or factors affecting Israel such as the interruption or curtailment of trade between Israel and its trading partners, a significant downturn in the economic or financial condition of Israel, a significant downgrading of Israel's internal credit rating, labour disputes and political instability, including riots and uprisings.

Furthermore, there are a number of countries, primarily in the Middle East, as well as some Muslim countries, including Malaysia and Indonesia that restrict business with Israel or Israeli companies. There may also be certain countries or businesses that may exert pressure on the Company's partners, customers or others not to do business with Israel or Israeli companies. Restrictive laws or policies directed towards Israel or Israeli businesses could have a material adverse effect on the Company's business, results of operations and financial condition.

Generally, under Israeli law, citizens and permanent residents of Israel are obligated to perform military reserve duty for extended periods of time through the age of 45 (or older for citizens with certain occupations) and are subject to being called to active duty at any time under emergency circumstances. In response to increased hostilities, there have been periods of significant call-ups of military reservists. It is possible that there will be additional call-ups in the future, which may include officers and key personnel of the Company, which could disrupt business operations for a significant period of time.

The Company must hold various approvals authorizing its activities in Israel. In order for the Company to carry on business operations in Israel, it must: (a) be registered with the Registrar of Companies; (b) be registered with the Israel Tax Authorities; and (c) hold a business license which is issued by the local municipality in which the business operates. Furthermore, in order to carry on operations in accordance with the International Organization for Standardization (ISO) standards, the Company is also required to hold ISO certificates. Although the Company believes that all such required registrations, certificates and licenses are in good standing as of the date of this AIF, if renewals or new permits, business licenses, or approvals are required in connection with the Company's activities and are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, the Company may suffer a material adverse effect. If new standards are applied to renewals or new applications, it could prove costly to the Company to meet any new level of compliance.

## ITEM 6. DIVIDENDS

### 6.1 Dividends or Distributions

The Company has not paid dividends on its Common Shares in the three most recently completed financial years, and the Company has no present intention to pay dividends in the future.

There are no restrictions in the articles or bylaws of the Company that could prevent the Company from paying dividends in the future. The Company does not anticipate paying any dividends on the Common Shares in the foreseeable future. Any future determination to make any distributions on the Common Shares will be at the discretion of the Board on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

## ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

### 7.1 Share Capital

**Common Shares**

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares issuable in series, of which, as at the date hereof, 63,627,720 Common Shares are issued and outstanding as fully paid and non-assessable and no preferred shares are issued and outstanding.

Each Common Share carries one vote at all meetings of shareholders, carries the right to receive a proportionate share, on a per share basis, of the assets of the Company available for distribution in the event of a liquidation, dissolution, or winding-up of the Company, and the right to receive any dividend if declared by the Company.

### 7.2 Options to Purchase Securities

**Warrants**

In connection with the Offering, the Company issued an aggregate of 1,550,000 Warrants. Each Warrant is transferable and entitles the holder thereof to acquire one (1) Common Share at an exercise price of $1.80 per Common Share until June 17, 2023. The Warrants issued in connection with the Offering are governed by the Warrant Indenture and trade on the TSX under the symbol ADCO.WT.

As of the date of this AIF, there are 1,550,000 Warrants and 217,000 Compensation Warrants issued and outstanding.

**Options**

The Company has a Stock Option Plan, which is intended to, among other things: (i) provide incentive to Participants to continue their services for the Company and to encourage such Participants whose skills, performance and loyalty to the objectives and interests of the Company are necessary or essential to the Company's success, image, reputation or activities; (ii) reward Participants for the performance of their services while working for the Company; and (iii) provide a means through which the Company may attract and retain able persons to enter its employment or service.

As of the date of this AIF, there are 8,081,081 Stock Options issued and outstanding with exercise prices ranging from $0.12 to $2.75.

*Stock Option Plan*

On February 2, 2021 and June 17, 2021, in connection with the Company graduating to the TSX, the Company amended and restated the Stock Option Plan. The Stock Option Plan is a fixed plan, such that the aggregate number of Common Shares that may be issued shall not exceed 15,790,893 Common Shares, less the number of Common Shares issuable pursuant to other Security Based Compensation Arrangements. Stock Options issued pursuant to the Stock Option Plan that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Stock Options pursuant to the Stock Option Plan.

The Stock Option Plan includes insider participation limits whereby the total number of Common Shares which are: (i) issued to any person or to Insiders, within any one year period, and (ii) issuable to any person or to Insiders of the Company, at any time, under the Stock Option Plan, or when combined with all other Security Based Compensation Arrangements, cannot exceed 10% of the Company's total issued Common Shares, respectively. The total number of Stock Options granted to any one consultant for the Company shall not exceed 2% of the issued and outstanding Common Shares at the Award Date. The total number of Stock Options granted to all persons employed by the Company who perform investor relations activities for the Company shall not exceed 2% of the issued and outstanding Common Shares in any twelve month period, calculated at the Award Date.

The Stock Option Plan was approved by Shareholders at the annual and special meeting of shareholders held on July 19, 2021.

## 7.3 Other Convertible Securities

**Restricted Share Units**

An RSU is an award in the nature of a bonus for services rendered that, upon settlement, entitles the Participant to receive, at the discretion of the board, (i) one (1) Common Share for each vested RSU, (ii) the cash equivalent of the Common Shares or (ii) a combination thereof.

As of the date of this AIF, there are 450,764 RSUs issued and outstanding.

*Amended and Restated RSU Plan*

On February 2, 2021 and June 17, 2021, the Company amended and restated its RSU Plan to bring this incentive plan in line with TSX policies. The RSU Plan is a fixed plan, such that the aggregate number of Common Shares that may be issued shall not exceed 15,790,893 Common Shares, less the number of Common Shares issuable pursuant to other Security Based Compensation Arrangements.

The RSU Plan includes the following additional limitations: (i) the number of Common Shares reserved for issuance to any one Participants retained as a consultant to provide services to the Company or its subsidiaries under all Security Based Compensation Arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Common Shares; (ii) the number of common shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements in any 12 month period will not exceed 5% of the issued and outstanding Common Shares; (iii) unless the Company has received disinterested Shareholder approval to do so, the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Common Shares; and (iv) unless the Company has received disinterested shareholder approval to do so the number of Common Shares issued to Insiders, within any one year period, under all security based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares.

The RSU Plan was approved by Shareholders at the annual and special meeting of shareholders held on July 19, 2021.

## ITEM 8. MARKET FOR SECURITIES

### 8.1 Trading Price and Volume

The Common Shares have been listed and posted for trading on the TSX under the symbol “ADCO” since March 4, 2021. Prior to the TSX listing, the Common Shares traded on the TSXV under the symbol “ADCO” since May 29, 2019 following the Qualifying Transaction and were delisted from the TSXV.

The Company is a reporting issuer in each of the provinces and territories in Canada.

The following table sets forth, for the periods indicated, the marketplace, reported high and low trading prices (in the currencies in which such securities were listed and posted for trading) and the volume traded on the relevant stock exchange.

| Period | Symbol | Market | High (C$) | Low (C$) | Volume |
|---|---|---|---|---|---|
| January 2021 | ADCO | TSXV | 1.39 | 0.78 | 1,241,900 |
| February 2021 | ADCO | TSXV | 3.34 | 1.06 | 3,580,100 |
| March 1-3, 2021 | ADCO | TSXV | 2.66 | 2.02 | 202,529 |
| March 4- 31, 2021 | ADCO | TSX | 1.97 | 1.68 | 413,497 |
| April 2021 | ADCO | TSX | 1.81 | 1.35 | 1,048,900 |
| May 2021 | ADCO | TSX | 1.80 | 1.23 | 2,254,100 |
| June 2021 | ADCO | TSX | 1.31 | 1.22 | 808,400 |
| July 2021 | ADCO | TSX | 1.31 | 1.10 | 880,400 |
| August 2021 | ADCO | TSX | 1.19 | 1.00 | 841,400 |
| September 2021 | ADCO | TSX | 1.02 | 0.83 | 649,700 |
| October 2021 | ADCO | TSX | 0.89 | 0.61 | 2,826,300 |
| November 2021 | ADCO | TSX | 0.72 | 0.59 | 1,035,100 |
| December 2021 | ADCO | TSX | 0.72 | 0.59 | 392,000 |

### 8.2 Prior Sales

The table below summarizes details of securities of the Company that were not listed or quoted on a marketplace and issued by the Company during the financial year ended December 31, 2021.

| Date of Issuance | Type of Security | Number of Securities | Issuance/Exercise Price Per Security |
|---|---|---|---|
| January 3, 2021 | Stock Option | 440,000 | $0.98 |
| January 3, 2021 | RSU | 296,500(1) | N/A |
| January 15, 2021 | Stock Option | 110,000 | $0.99 |
| January 15, 2021 | RSU | 15,000 | N/A |
| February 3, 2021 | Stock Option | 150,000 | $1.15 |
| March 2, 2021 | Stock Option | 32,000 | $2.75 |
| March 2, 2021 | RSU | 30,000(2) | N/A |
| April 25, 2021 | Stock Option | 40,000 | $1.64 |
| July 6, 2021 | RSU | 47,942 | N/A |
| August 5, 2021 | RSU | 26,000(3) | N/A |
| September 28, 2021 | Stock Option | 60,000 | $1.01 |

**Notes:**
(1) Subsequent to January 3, 2021, 172,275 vested RSUs were settled through the issuance of 172,275 Common Shares from treasury.
(2) Subsequent to March 2, 2021, 10,000 vested RSUs were settled through the issuance of 10,000 Common Shares from treasury.
(3) Subsequent to August 5, 2021, 26,000 vested RSUs were settled through the issuance of 26,000 Common Shares from treasury.

## ITEM 9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As of the date of this AIF, none of the Company's securities of any class are subject to a contractual restriction or are being held in escrow.

## ITEM 10. DIRECTORS AND OFFICERS

### 10.1 Name, Occupation and Security Holding

The following table sets out, for each director and executive officer of the Company as at the date of this AIF, the person's name, province or state and country of residence, position with the Company, and principal occupation during the last five years. Directors of the Company will, unless re-elected, will retire from office at the end of the next annual meeting of Shareholders.

| Name and Province or State and Country of Residence | Position Held | Principal Occupation During the Last Five Years | Director Since[1] |
|---|---|---|---|
| **Omri Brill**<br>Tel Aviv, Israel | President, Chief Executive Officer and Chairman | Chief Executive Officer of the Company | May 2019 |
| **Roy Nevo**<br>Tel Aviv, Israel | Chief Operating Officer and Director | Chief Operating Officer of the Company | May 2019 |
| **Yatir Sadot**<br>Tel Aviv, Israel | Chief Financial Officer | Chief Financial Officer of the Company (September 2019 to present); Chief Financial Officer, CX Technologies Ltd. (January 2018 to 2019); Chief Financial Officer, Leaf Inc. (May 2017 to 2019); Corporate Controller, JFrog Ltd. (April 2015 to May 2017); Chartered Professional Accountant, BDO LLP (July 2012 to March 2015). | N/A |
| **Vadim Malkin**<br>Tel Aviv, Israel | Chief Technology Officer | Chief Technology Officer of the Company | N/A |
| **Barak Frank**<br>Tel Aviv, Israel | Corporate Secretary | Digital Advertising Team Leader of the Company (October 2016 to present); Articled Clerk (September 2014 to August 2015) and Associate (December 2015 to August 2016), Shibolet & Co. | N/A |
| **Ronnie Jaegermann**[2]<br>Ramat Hasharon, Israel | Director | Founder and Venture Partner at Exiteam Capital Partners Ltd., an Israeli Venture Capital and Investment Advisory Firm. | May 2019 |
| **Sokhie Puar**[2]<br>South Surrey, British Columbia | Director | Lead Director of Else Nutrition Holdings Inc.; Director and CEO of Else Nutrition Holdings Inc. (May 2015 to June 2019); CEO, Chairman and Director of Candelaria Mining Corp (February 2012 to September 2017). | January 2021 |

| Name and Province or State and Country of Residence | Position Held | Principal Occupation During the Last Five Years | Director Since(1) |
|---|---|---|---|
| **Oded Orgil**(2)<br>Toronto, Ontario | Director | Founder & President of 5X Capital Management; President of the Canada Israel Chamber of Commerce; CEO of Ocean Falls Blockchain Corp., President & CEO of Gravitas Securities Inc. (January 2015 to July 2017); Senior Vice President of Canaccord Genuity (July 2013 to December 2014). | July 2021 |

**Notes:**
(1) The dates in this column refer to the dates on which the individuals became officers or directors of the Company. Their involvement with Podium may have pre-dated these dates.
(2) Member of the Audit Committee.

As of the date of this AIF, the directors and executive officers as a group beneficially owned or controlled or directed, directly or indirectly, 41,317,827 Common Shares representing 64.94% of the outstanding Common Shares.

## 10.2 Biographical Information

Set forth below is a description of the background of the directors and executive officers of the Company.

***Omri Brill, President, Chief Executive Officer and Chairman***

Mr. Brill has been employed as Chief Executive Officer of Podium since founding the company in July 2006, and became President, Chief Executive Officer and Chairman of the Company upon closing of the Qualifying Transaction. He has 20 years' experience in the Ad Tech industry, and is a leading expert in the field of digital advertising. Mr. Brill holds a BSc in industrial Engineering from Tel Aviv University.

***Roy Nevo, Chief Operating Officer and Director***

Mr. Nevo has been employed as Chief Operating Officer of Podium since March 2012, and became Chief Operating Officer and a director of the Company upon closing of the Qualifying Transaction. His responsibilities include executive responsibility for the management of Adcore's operations. Mr. Nevo has 10 years' experience in the online Ad Tech industry. He holds LLB and MBA degrees from the Ono Academic College (Israel).

***Vadim Malkin, Chief Technology Officer***

Mr. Malkin has served as Chief Technology Officer of the Company since January 2021. Mr. Malkin serves as the Company's head software developer and manages the company's development team. Before being appointed as the Company's CTO, Mr. Malkin served as Adcore's Head of R&D for five years. Before joining Adcore, Mr. Malkin spent 15 years at Comverse Inc., where he had responsibility for several technical multi-disciplinary teams across broad technical, financial and business applications and oversaw the simultaneous release of several enterprise front and back office automation products.

***Yatir Sadot, Chief Financial Officer***

Mr. Sadot has served as Chief Financial Officer of the Company since September 2019. Mr. Sadot has primary responsibility for managing the Company's finances, and is responsible preparing the Company's financial statements. He is experienced in leading financial strategies, initiating financial solutions to business practices and implementing internal controls for fast-growing technology companies. Mr. Sadot served as Chief Financial Officer of CX Technologies Ltd. (January 2018 to 2019) and Corsica Innovations Inc. (May 2017 to 2019). Previously, he was the Corporate Controller of JFrog Ltd. (April 2015 to May 2017), and a Senior Accountant at Ziv Haft, Certified Public Accountants (Isr.), BDO Member Firm ("**Ziv Haft**"). Mr. Sadot holds a BA from the College of Management

Academic Studies, an MBA in Financial Management and Accounting from The Hebrew University in Jerusalem, and is a member of the Institute of Certified Public Accountants of Israel.

***Barak Frank, Corporate Secretary***

Mr. Frank has been employed as Digital Advertising Team Lead of Podium since October 2016, and became Corporate Secretary of the Company upon closing of the Transaction. Previously, Mr. Frank was an Articled Clerk (September 2014 to August 2015) and Associate lawyer (December 2015 to August 2016) at Shibolet & Co., practicing corporate law. Mr. Frank holds a LLB from The Hebrew University in Jerusalem, and is a member of the Israeli Bar.

***Sokhie Puar, Director***

Mr. Puar, with over 30 years in the public markets, has worked in various capacities in both public and private companies. He has worked with companies in the mining, oil and gas, technology, education and clean energy sectors since 2001. Most recently, Mr. Puar held the positions of CEO, Chairman and Director of Candelaria Mining Corp. from February 2012 to September 2017. During his tenure, Candelaria Mining Corp. raised in excess of C$28 million and acquired several mining projects in Mexico. From May of 2015 to present Mr. Puar has held the position of CEO and Director of Else Nutrition Holdings Inc. and currently remains as Lead Director of the company. Since going public in June of 2019 Else Nutrition has raised over C$60 million. Mr. Puar holds a diploma in Mechanical Engineering Technology and a diploma in Business Administration from the British Columbia Institute of Technology. Mr. Puar sits and has sat on the board of many public and private companies including the board of Governors of Southpointe Academy, an independent school located in Tsawwassen, B.C., where he Chaired the Governance Committee, and currently sits on multiple committees and is the Vice Chair.

***Ronnie Jaegermann, Director***

Mr. Jaegermann has been a Founder and Venture Partner at Exiteam Capital Partners Ltd., an Israeli Venture Capital and Advisory Firm since Novemeber 2020. Prior to that Mr. Jaegermann was the Chief Executive Officer and Head of Investment Banking Advisory at Aloni Haft, a Tel Aviv-based boutique investment bank focused on fund raisings for Israeli companies in international capital markets since 2014. He has led multiple businesses in growing them from start-up to profitable companies that became take-out targets. Mr. Jaegermann holds a BA in Economic and Political Science from Tel Aviv University. Mr. Jaegermann serves as Chief Financial Officer of Cann-Is Capital Corp., a Capital Pool Company, a member of the board of directors of Water Ways Technologies Inc. and member of the board of directors of Reem Capital Corp, a Capital Pool Company.

***Oded Orgil, Director***

Oded Orgil is the Founder & President of 5X Capital Management, President of the Canada Israel Chamber of Commerce, and Chief Executive Officer of Ocean Falls Blockchain Corp. Mr. Orgil was previously the President & CEO of Gravitas Securities Inc. from January 2015 to July 2017 as well as the Senior Vice President of Canaccord Genuity from July 2013 to December 2014.

### 10.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, or within the 10 years prior to the date of this AIF has been, a director or officer of any other issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director or executive officer of the Company, or shareholder holding sufficient securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor in making an investment decision.

No director, executive officer, or shareholder holding sufficient securities to affect materially the control of the Company, or personal holding company of any such persons has, within the 10 years before the date of this AIF, as applicable, become bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or receiver manager or trustee appointed to hold the assets of that individual.

### 10.4 Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Company are also directors and/or officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company. Directors and executive officers of the Company will be bound by the provisions of the CBCA to act at all times in good faith in the interest of the Company and to disclose such conflicts to the Company if and when they arise. Any conflicts of interest will be subject to the procedures and remedies provided under the CBCA.

## ITEM 11. PROMOTERS

Omri Brill may be considered a promoter of the Company based on his role as founder of Adcore. Other than as described in this AIF, no promoter of the Company has received or will receive anything of value, including money, property, contracts, options, or rights of any kind from the Company or Adcore for acting as a promoter of the Company. Mr. Brill beneficially owns, directly or indirectly, or exercises control or direction over 40,925,219 Common Shares representing 64.32% of the outstanding Common Shares.

## ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### 12.1 Legal Proceedings

The Company is not currently a party to any material legal proceedings, nor is the Company currently contemplating any legal proceedings other than proceedings in the ordinary course of business. To the knowledge of the Company, there are no existing or contemplated material legal proceedings to which the Company is or was a party, or to which any of its property is or was the subject, during the financial year ended December 31, 2021 or during the period commencing January 1, 2022 to the date of this AIF.

### 12.2 Regulatory Actions

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2021, or during the period commencing January 1, 2022 to the date of this AIF. There have been no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2021, or during the period commencing January 1, 2022 to the date of this AIF.

## ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

### 13.1 Interest of Management and Others in Material Transactions

No director or executive officer of the Company or a Person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the Company outstanding voting securities, nor any of their respective associates or Affiliates have any material interest, direct or indirect, in any transaction within the last three (3) years before the date of this AIF, or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

## ITEM 14. TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the Company is Computershare Investor Services Inc., located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

## ITEM 15. MATERIAL CONTRACTS

### 15.1 Material Contracts

Except for contracts entered into in the ordinary course of business, the Company has not entered any material contract within the most recently completed financial year and through to the date of this AIF, or prior thereto and that is still in effect as of the date hereof.

## ITEM 16. INTERESTS OF EXPERTS

### 16.1 Interests of Experts

The Company's auditors are Ziv Haft, Certified Public Accountants (Isr.) BDO Member Firm (the "**Auditor**") located at BDO House Building B, 48 Menachem Begin Road, Tel Aviv 66180 Israel. The Auditor has confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, Israel and any applicable legislation or regulations.

The Auditor nor any of the directors, officers, employees and partners thereof, beneficially own, directly or indirectly, any securities of the Company or its associates and Affiliates.

No person or corporation whose profession or business gives authority to a statement made by the person or

## ITEM 17. ADDITIONAL INFORMATION

### 17.1 Audit Committee Information

The purposes of the Audit Committee are to assist the Board oversight of: the integrity of the Company's financial statements; the Company's compliance with legal and regulatory requirements; the qualifications and independence of the Company's independent auditors; and the performance of the independent auditors and the Company's internal audit function.

The overall purpose of the Audit Committee is to provide oversight of the Company's financial management and the design and implementation of an effective system of internal financial controls, to review and report to the Board on the integrity of the financial statements of the Company, and to oversee, report on and make recommendations to the Board in respect of financial and non-financial risks faced by the Company. The Audit Committee has specific responsibilities relating to the Company's financial reports, external auditors, internal controls, regulatory reports and returns, and legal and compliance matters that have a material impact on the Company. In fulfilling its responsibilities, the Audit Committee meets regularly with the external auditors and members of management.

**Audit Committee Charter**

The Audit Committee's principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) the integrity of the Company's consolidated financial statements and accounting and financial processes and the audits of the Company's consolidated financial statements; (ii) compliance with legal and regulatory requirements; (iii) external auditors' qualifications and independence; (iv) the work and performance of financial management and external auditors; and (v) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Board. The Audit Committee has access to all books, records, facilities and personnel and may request any information about us as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee also reviews and approves all related-party transactions and prepares reports for the Board on such related-party transactions and is responsible for the pre-approval of all non-audit services to be provided by the Company's auditors.

In fulfilling its responsibilities, the Audit Committee meets regularly with the external auditor and key management members. The full text of the Audit Committee's charter is disclosed in Schedule "A" to this AIF.

**Composition of the Audit Committee**

The audit committee of the Company consists of Ronnie Jaegermann (Chair), Sokhie Puar and Oded Orgil. All members of the audit committee "independent" as such term is defined in NI 52-110**.** Each of the members of the audit committee is "financially literate" as such term is defined in NI 52-110.

Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Company's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of the Company's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring the Company's compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of the Company's internal auditors. The Audit Committee has specific responsibilities relating to the Company's financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; legal or compliance matters that have a material impact on the Company; and the Company's whistleblowing procedures. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. The full text of the Audit Committee's charter is disclosed in Schedule "A".

**Relevant Education and Experience**

Please refer to "*Item 10– Directors and Officers*" for biographical information detailing the relevant education and experience of each audit committee member that would provide (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

**Audit Committee Oversight**

Since the commencement of the financial year ended December 31, 2021, and to the date of this AIF, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

**Pre-Approval Policies and Procedures**

In the event that the Company wishes to obtain the services of its external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

**External Auditor Service Fees**

| | Fiscal Year Ended December 31, 2021 (US$) | Fiscal Year Ended December 31, 2020 (US$) |
|---|---|---|
| **Audit Fees**(1) | 47,000 | 39,000 |
| **Audit-Related Fees**(2) | nil | nil |
| **Tax Fees**(3) | 8,000 | 8,000 |
| **All Other Fees**(4) | nil | nil |
| | **55,000** | **47,000** |

**Notes:**

(1) "**Audit Fees**" include fees necessary to perform the annual audit of the Company's consolidated financial statements and for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "**Audit-Related Fees**" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.

(4) "**All Other Fees**" include all other non-audit services.

Additional financial information for the Company is provided in the audited annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021, which are available for viewing under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans are contained in the Company's information circular for its most recent annual meeting of shareholders held on July 19, 2021.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

**Schedule "A"**

**Adcore Inc.**
**(the "Corporation")**

**Audit Committee Charter**

## A. Composition and Process

1. The audit committee of the Corporation (the "**Audit Committee**") shall be composed of a minimum of three members of the board of directors of the Corporation (the "**Board of Directors**"), who are independent. An independent director, as defined in *National Instrument 52-110 - Audit Committees* ("**NI 52-110**") is a director who has no direct or indirect material relationship which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a members independent judgment or as otherwise determined to be independent in accordance with NI 52-110.

2. Members shall serve one-year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.

3. The chairperson of the Audit Committee (the "**Chairperson**") shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.

4. All members of the Audit Committee are encouraged to become financially literate if they are not already. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation's financial statements.

5. The Chairperson shall, in consultation with management, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting.

6. The Audit Committee shall try to meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.

7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies where applicable to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

8. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.

9. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis.

## B. Authority

1. Appointed by the Board of Directors pursuant to provisions of the *Canada Business Corporations Act* and the Memorandum and Articles of Association of the Corporation.

2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.

4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.

5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

**C. Relationship with External Auditors**

1. An external auditor must report directly to the Audit Committee.

2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.

3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least an annual basis in the absence of management.

**D. Accounting Systems, Internal Controls and Procedures**

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.

2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.

3. Direct the external auditor's examinations to particular areas.

4. Review control weaknesses identified by the external auditor, together with management's response.

5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.

6. In order to preserve the independence of the external auditor the Audit Committee will:

    a. Recommend to the Board of Directors the external auditor to be nominated; and

    b. Recommend to the Board of Directors the compensation of the external auditor's engagement;

7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.

9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.

10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor's participant status has not been terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("**CPAB**") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

**E. Statutory and Regulatory Responsibilities**

1. Annual Financial Information - review the annual audited financial statements and related management's discussion and analysis ("**MD&A**"), including any related press releases if same contains material information, and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.

2. Annual Report - review the management MD&A section and all other relevant sections of the annual report, if prepared, to ensure consistency of all financial information included in the annual report.

3. Interim Financial Statements - review the quarterly interim financial statements and related MD&A, related press releases and recommend their approval to the Board of Directors.

4. Earnings Guidance/Forecasts - review forecasted financial information and forward looking statements.

**F. Reporting**

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.

2. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

**G. Other Responsibilities**

1. Investigating fraud, illegal acts or conflicts of interest.

2. Discussing selected issues with corporate counsel or the external auditor or management.

* * *