NowVertical

Annual Consolidated Financial Statements for December 31, 2023 and 2022

Independent auditor's report

To the Shareholders of

NowVertical Group Inc.

Opinion

We have audited the consolidated financial statements of NowVertical Group Inc. and its subsidiaries (the Group), which comprise the annual consolidated statement of financial position as at December 31, 2023, the annual consolidated statement of loss and comprehensive loss, annual consolidated statement of cash flows and annual consolidated statement of shareholders' equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss of $5,933,861 and had negative cash flows from operating activities of $5,095,726 for the year ended December 31, 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 28, 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

Business Combinations – valuation of acquired intangible assets

During the year ended December 31, 2023, as detailed in Note 7 of the consolidated financial statements, the Group acquired two businesses for total consideration of $7.7 million (*Acrotrend Solutions Ltd. ("Acrotrend") – $4.6 million and Group Analytics 10 and Inteligencia de Negocios and its affiliate entities ("A10") – $3.1 million*) resulting in the recognition of $5.2 million of customer relationship intangible assets (Acrotrend – $2.6 million and A10 – $2.6 million).

These acquisitions are accounted for as a business combination in accordance with IFRS 3, the estimates of which are subjective in nature in determining the fair values of identified customer relationships intangible assets.

Auditing the fair value of these acquired customer relationships intangible assets was complex, given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining their respective fair value. Significant assumptions included revenue growth rates, earnings margins, and the discount rate, including terminal growth rates, which are affected by expectations about future market and economic conditions.

How our audit addressed the key audit matter

To test the fair-value of the these acquired customer relationships intangible assets, we performed the following procedures, among others:

- We reviewed the stock purchase agreement to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of acquired assets and assumed liabilities;
- We evaluated the objectivity, competence, and independence of management's specialist;
- With the assistance of our valuation specialists, we evaluated the Group's model, valuation methodology and the various inputs utilized, including the discount rate and attrition rate, by referencing current industry and comparable company information as well as cash flow and company-specific risk; and
- We evaluated the reasonableness of significant assumptions and estimates used by management, including revenue growth rates and earnings margins. We considered available third-party published economic and industry data. We performed sensitivity analysis on significant assumptions, including revenue growth rates, earnings margins and discount rate.

- We evaluated the historical accuracy of management's estimates on revenue growth rates and earnings margins by comparing past projections to actual and historical performance.
- We assessed the adequacy of the Group's disclosures included in note 7 of the accompanying consolidated financial statements in relation to this matter.

Other information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kwan-Ho Song.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 6, 2024

NowVertical Group Inc.
Annual Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
Expressed in U.S. Dollars

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets:			
Cash		$ 2,774,340	$ 3,809,012
Restricted cash	2	-	5,148,123
Investments	24	368,530	482,610
Trade and other receivables	6	9,420,676	3,891,455
Unbilled receivables		157,412	811,855
Taxes receivable		1,588,140	215,092
Prepaid expenses and other current assets	25	669,631	384,430
		14,978,729	14,742,577
Non-current assets:			
Other long-term receivables	23	1,344,122	-
Property and equipment, net	13	195,374	214,097
Right-of-use asset, net		85,203	232,319
Long-term investments	23	530,003	-
Deferred tax asset	18	121,748	-
Intangible assets, net	11	11,644,582	8,040,185
Goodwill	12	15,949,400	10,938,785
		29,870,432	19,425,386
Total assets		$ 44,849,161	$ 34,167,963
Liabilities and shareholders' deficiency			
Current liabilities:			
Accounts payable		$ 9,002,886	$ 2,959,390
Accrued expenses and other current liabilities		3,854,844	3,955,272
Short-term lease liability		148,052	147,054
Taxes payable		2,228,840	-
Current portion of long-term debt	14	3,815,075	2,127,244
Consideration payable related to acquired companies	8	3,580,071	3,889,639
Equity and contingent consideration related to acquired companies	8	4,620,207	606,346
Deferred revenue	9	844,219	2,538,531
		28,094,194	16,223,476
Non-current liabilities:			
Consideration payable related to acquired companies	8	1,084,453	1,082,525
Other long-term liabilities		879,915	85,919
Long-term debt	14	12,678,396	11,248,420
Deferred revenue	9	4,326	22,651
Warrants liability	15	397,694	334,293
Convertible debenture	17	3,024,931	2,584,106
Convertible debenture conversion feature	17	-	337,235
Deferred tax liability	18	1,333,503	433,189
		19,403,218	16,128,338
Total liabilities		47,497,412	32,351,814
Shareholders' deficiency:			
Common shares		27,787,077	24,187,024
Contributed surplus		4,953,477	4,439,960
Foreign currency translation reserve		(4,067,831)	(1,423,722)
Accumulated deficit		(31,320,974)	(25,387,113)
		(2,648,251)	1,816,149
Total liabilities and shareholders' deficiency		$ 44,849,161	$ 34,167,963

Going concern (Note 2)

Subsequent events (Note 26)

The accompanying notes form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors

/s/ Elaine Kunda
Director

/s/ David Charron
Director

NowVertical Group Inc.
Annual Consolidated Statements of Loss and Comprehensive Loss
Expressed in U.S. Dollars, except for share and per share amounts

	Note	Years ended December 31, 2023	December 31, 2022
Revenue	9	$ 51,701,958	$ 27,009,266
Cost of revenue	20	25,066,452	15,431,494
Gross profit		26,635,506	11,577,772
Administrative expenses	20	26,700,790	19,465,951
Loss from operations		(65,284)	(7,888,179)
Other income (expenses):			
Contingent compensation related to acquisitions		(230,698)	(1,576,860)
Revaluation of warrants liability		1,098,243	1,425,486
Revaluation of equity consideration	8	111,573	64,228
Revaluation of contingent and deferred consideration	8	(3,387,636)	(689,110)
Revaluation of conversion feature	17	337,154	126,262
Inflation effect on the net monetary position		(466,818)	985,848
Impairment loss	12	(250,000)	(2,600,000)
Investing income		849,951	530,310
Interest		(3,379,976)	(468,152)
Loss on sale of asset	23	(74,706)	-
		(5,392,913)	(2,201,988)
Loss before income taxes		(5,458,197)	(10,090,167)
Income tax expense (benefit)	18	475,664	(542,640)
Net loss		(5,933,861)	(9,547,527)
Foreign currency translation adjustment		(2,644,109)	(1,500,886)
Other comprehensive loss		(2,644,109)	(1,500,886)
Total comprehensive loss		$ (8,577,970)	$ (11,048,413)
Net loss per share, basic and diluted	16	$ (0.08)	$ (0.15)
Weighted average number of shares outstanding, basic and diluted	16	75,565,077	63,371,700

The accompanying notes form an integral part of these consolidated financial statements.

NowVertical Group Inc.

Annual Consolidated Statements of Shareholders' Deficiency

Expressed in U.S. Dollars

Year ended December 31, 2023	Note	**Issued capital Common shares**			**Contributed surplus**		**Foreign currency translation reserve**		**Accumulated deficit**		**Total**
		Shares		**Amount**							
Balances at January 1, 2023		65,078,417	$	24,187,024	$	4,439,960	$	(1,423,722)	$	(25,387,113)	$ 1,816,149
Net loss		-		-		-		-		(5,933,861)	(5,933,861)
Share-based compensation expense	15	-		-		513,517		-		-	513,517
Shares issued on private placement	15	9,631,500		2,216,973		-		-		-	2,216,973
Shares issued on acquisition	7, 15	1,900,000		1,124,394		-		-		-	1,124,394
Shares issued related to acquisitions	15	1,194,945		258,686		-		-		-	258,686
Foreign currency translation adjustment		-		-		-		(2,644,109)		-	(2,644,109)
Balances at December 31, 2023		77,804,862	$	27,787,077	$	4,953,477	$	(4,067,831)	$	(31,320,974)	$ (2,648,251)

Year ended December 31, 2022		**Issued capital Common Shares**			**Contributed surplus**		**Foreign currency translation reserve**		**Accumulated deficit**		**Total**
		Shares		**Amount**							
Balances at January 1, 2022		62,042,151	$	22,580,976	$	3,943,943	$	77,164	$	(15,839,586)	$ 10,762,497
Net loss		-		-		-		-		(9,547,527)	(9,547,527)
Vesting of restricted shares		-		-		23,451		-		-	23,451
Share-based compensation expense	15	-		-		484,486		-		-	484,486
Exercise of stock options	15	22,635		17,328		(11,920)		-		-	5,408
Shares issued on acquisition	15	1,358,333		716,417		-		-		-	716,417
Shares issued related to acquisition	15	1,561,298		814,937		-		-		-	814,937
Shares issued for provision of services	15	115,000		57,366		-		-		-	57,366
Shares cancelled	15	(21,000)		-		-		-		-	-
Foreign currency translation adjustment		-		-		-		(1,500,886)		-	(1,500,886)
Balances at December 31, 2022		65,078,417	$	24,187,024	$	4,439,960	$	(1,423,722)	$	(25,387,113)	$ 1,816,149

The accompanying notes form an integral part of these consolidated financial statements.

NowVertical Group Inc.
Annual Consolidated Statements of Cash Flows
Expressed in U.S. Dollars

		Years ended	
	Note	December 31, 2023	December 31, 2022
Cash flows used in operating activities:			
Net loss		$ (5,933,861)	$ (9,547,527)
Non-cash adjustments	19	4,916,502	3,072,622
Net changes in working capital	19	(4,078,368)	1,600,324
		(5,095,727)	(4,874,581)
Cash flows from (used in) investing activities:			
Acquisitions of subsidiaries, net of cash acquired	7	(4,145,574)	(5,690,088)
Restricted cash for acquisitions	2	5,148,123	(5,148,123)
Purchase of property and equipment	13	(75,716)	(162,174)
Proceeds from asset sale	23	220,000	-
Proceeds from disposals of investments, net of investments		-	230,000
Investment in intangible assets		-	(40,735)
		1,146,833	(10,811,120)
Cash flows from financing activities:			
Proceeds from long-term debt	14	6,064,550	9,009,008
Repayment of long-term debt	14	(5,983,162)	(816,262)
Interest payment related to acquired companies		(168,000)	-
Payment of consideration payable related to acquired companies	8	(1,092,907)	(764,850)
Proceeds from private placement, net of issuance costs	15	3,373,100	-
Proceeds from options exercised		-	5,408
Proceeds from convertible notes, net of issuance costs		-	3,287,340
		2,193,581	10,720,644
Effect of exchange rates		720,640	(328,846)
Net change in cash		(1,034,673)	(5,293,903)
Cash, beginning of year		3,809,012	9,102,915
Cash, end of year		$ 2,774,339	$ 3,809,012

The accompanying notes form an integral part of these consolidated financial statements.

1. Background and nature of operations

NowVertical Group Inc. and its subsidiaries (together referred to as the "Company") is an Ontario corporation that is listed on the TSX Venture Exchange (the "TSXV") under the symbol "NOW".

The Company is a big data, analytics, and vertical intelligence company. The registered head office of the Company is located at 545 King Street West, Toronto, Ontario M5V 1M1, Canada.

2. Basis of presentation

These consolidated financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee.

The policies set out below are consistently applied to all periods presented, unless otherwise noted.

The Board of Directors approved these Financial Statements on May 6, 2024.

Basis of measurement

These Financial Statements are presented in U.S. dollars, except when otherwise noted, and were prepared on a going concern basis.

Going concern uncertainty

These Financial Statements have been prepared in accordance with IAS 1, which contemplates continuation of the Company as a going concern. However, during the year ended December 31, 2023, the Company has incurred a net loss of $5,933,861 and cash flows used in operating activities of $5,095,727. Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. Continued operations of the Company depend upon the Company's ability to meet its financing requirements on a continuing basis, to continue to have access to financing, and to generate positive operating results and cash flow. These material uncertainties may raise significant doubt about the Company's ability to continue as a going concern. These Financial Statements have been prepared on a going concern basis and, as such, do not include any adjustments that might result from the outcome of this uncertainty or the recoverability and classification of recorded asset amounts or amounts and classifications of liabilities that might be necessary should the Company be unable to continue in existence. The Company has cash of $2,774,340, which includes $592,155 held in banks in Argentina. The Central Bank of the Argentine Republic has placed restrictions on the repatriation of funds at the official exchange rate, and the Company is working with its advisors to finalize a cash repatriation plan. The cash also includes $1,794,694 that is held within subsidiaries that are subject to compliance with bank covenants.

Management intends to improve revenue and profitability of existing businesses by leveraging internal sales channels and other cross-entity synergies. In addition, management reduced the costs associated with the Company's global operating model by relocating key service providers and key internal personnel roles from the U.S. to Canada during the years ended December 31, 2022 and 2023, and will seek to continue to reduce the costs associated with its global operating model as it continues with plans to integrate acquired businesses. These internal activities and plans to raise additional funds through financings to support its working capital needs and to fund future cash accretive acquisitions using debt are aimed at improving cash flows from operations, eliminating its working capital deficit, and achieving its acquisition growth strategy. There can be no assurance, however, that the Company can reach profitability, successfully integrate acquired companies, continue to raise working capital financing, or source and fund future accretive acquisitions with debt.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The Financial Statements of subsidiaries are included in the Financial Statements from the date that control commences until the date that control ceases.

The Financial Statements of the Company include NowVertical Group Inc. (formerly Good2Go Corp.), an Ontario, Canada company with a Canadian dollar functional currency, and its wholly owned subsidiaries. The table below lists the Company's wholly owned subsidiaries:

Company	Jurisdiction	Functional Currency
NowVertical Group, Inc.	USA	U.S. Dollar
NOW Guardian Inc.	USA	U.S. Dollar
Allegient Defense Inc.	USA	U.S. Dollar
NowVertical US Holdings Inc.	USA	U.S. Dollar
Resonant Analytics, LLC	USA	U.S. Dollar
NowVertical Canada, Inc.	Canada	Canadian Dollar
CoreBI SpA*	Chile	Chilean Peso
NowVertical Canada Holdings Inc.	Canada	Canadian Dollar
NowVertical LatAm Holdings Inc.*	Canada	Canadian Dollar
Analytics 10 Mx S.A. de C.V.*	Mexico	Mexican Peso
INSA Consulting SpA*	Chile	Chilean Peso
Inteligencia de Negocios S.A.*	Chile	Chilean Peso
NowVertical Brazil Midco Inc.*	Brazil	Brazilian Real
52 CoreBI S.A. de C.V.*	Mexico	Mexican Peso
Inteligência de Negócios Comércio de Software Ltda*	Brazil	Brazilian Real
Inteligência de Negócios, Sistemas e Informatica Ltda*	Brazil	Brazilian Real
Inteligência de Negócios, Sistemas e Informatica Ltda*	Brazil	Brazilian Real
NowVertical UK Ltd.	United Kingdom	Pound Sterling
Exonar Ltd.	United Kingdom	Pound Sterling
NowVertical UK Holdings Ltd.	United Kingdom	Pound Sterling
Smartlytics Consultancy Ltd*	United Kingdom	Pound Sterling
Smartlytics DMCC*	United Arab Emirates	UAE Dirham
Acrotrend Solutions Ltd*	United Kingdom	Pound Sterling
Acrotrend Solutions India Ltd*	India	Indian Rupee
CoreBI S.A.	Argentina	Argentine Peso
CoreBI S.A.S.	Colombia	Colombian Peso
Robert Baratheon Ltd.	Israel	U.S. Dollar

*New entities added during the year ended December 31, 2023.

All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

Foreign currencies

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the consolidated statements of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through income and loss.

On consolidation, the assets and liabilities of foreign operations reported in their respective functional currencies are translated into U.S. dollars, the Company's presentation currency, at period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into U.S. dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the accumulated other comprehensive income within equity.

Classification of Argentina as a hyperinflationary economy

The Argentinian economy has been designated as hyperinflationary since July 1, 2018. As a result, application of IAS 29, *Financial Reporting in Hyperinflationary Economies* ("IAS 29"), has been applied to CoreBI S.A., whose functional currency is the Argentine Peso. The application of IAS 29 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the period-end date;
- Adjustment of the Financial Statements for inflation during the reporting period;
- Translation at the period-end foreign exchange rate instead of an average rate; and
- Adjustment of the Financial Statements to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

On the application of IAS 29, the Company used the conversion coefficient derived from the national consumer price index, the IPC Nacional (the "IPC"). The level of the IPC on December 31, 2023 was 3,533. The Company recognized a net monetary gain of $466,818 (2022: $985,848 net monetary loss) to adjust transactions recorded during the period into the measuring unit currency during the year ended December 31, 2023.

As per IAS 21, *The Effects of Changes in Foreign Exchange Rates*, all amounts (i.e., assets, liabilities, equity and expenses) are translated at the closing foreign exchange rate at the date of the most recent consolidated statements of financial position, except that comparative amounts are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

Restricted cash

Restricted cash reflects a wire transfer payment made on December 30, 2022 to be held in escrow for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Ltd. The money was received by the escrow agent with a settlement date of January 3, 2023. On January 12, 2023, the cash was transferred as consideration as part of the closing conditions for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Ltd. As of December 31, 2023, there is no restricted cash held by the Company.

Equity

Common shares represent the value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from common shares. From time to time, the Company may issue units consisting of common shares and common share purchase warrants. The Company estimates the fair value of the warrants using a pricing model, and the residual difference between the unit price and the fair value of each warrant represents the fair value attributable to each common share. Any transaction costs associated with the issuance of units are apportioned between the common shares and warrants based on their relative fair values. Professional, consulting, regulatory fees and other costs that are directly attributable to financing transactions are deferred until such time as the transactions are completed. Share issue costs are charged to common shares when the related shares are issued.

Contributed surplus includes the fair value of vested stock options and restricted stock units.

Accumulated deficit includes all current and prior year losses.

3. Material accounting policy information

Cash

Cash comprises of cash held with financial institutions, all short-term investments purchased with an original maturity of three months or less, and cash held in trust.

Restricted cash

Restricted cash reflects a wire transfer payment made on December 30, 2022 to be held in escrow for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Ltd. The money was received by the escrow agent with a settlement date of January 3, 2023. On January 12, 2023, the cash was transferred as consideration as part of the closing conditions for the acquisitions of Smartlytics Consultancy Ltd and Acrotrend Solutions Lt. Please refer to note 7 for more details on the acquisitions. As of December 31, 2023, there is no restricted cash held by the Company.

Investments

Investments consist of highly liquid investment fund units.

Revenue recognition

For arrangements that the Company determines are within the scope of IFRS 15 Revenue from contracts with customers, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation. Any significant discounts and rebates given for the period are offset against revenue. Taxes assessed by governmental authorities on revenue; producing transactions are excluded from revenue. Taxes collected are recorded as liabilities until their remittance.

Nature of products and services

The Company's revenue consists of subscriptions, implementation services, maintenance and support revenues, and analytics consulting services.

Gross versus net revenue presentation assessment

Revenues from software subscriptions to customers include maintenance and support, in addition, the Company has a fixed-price, non-cancellable maintenance and support agreement related to a perpetual software license. The customer is generally required to pay in advance for each year.

The determination by the Company as to whether it acts as a principal in a transaction and recognizes revenue on the gross amount billed to a customer, or as an agent, and reports the sales transaction on a net basis requires significant judgment. In making its judgment, the Company considers all facts and circumstances with respect to its contract with the customer and applies the guidance under IFRS 15, *Revenue from Contracts with Customers* to each distinct performance obligation on whether it acts as a principal or agent in determining if the revenue should be recognized on a gross or net basis.

Software implementation services consist primarily of design, integration and configuration services. Implementation services revenue is recognized as services are performed.

The Company provides consulting services tailored to the needs of the individual clients and performed according to the agreed upon statement of work. These services are provided under fixed, firm price contracts and time and materials contracts.

Fixed, firm price contracts

The Company satisfies its performance obligations as it performs the work outlined in the statement of work each month. Revenues are recognized based on the output method at an amount that corresponds directly with performance of agreed milestones. Invoices are issued at the beginning of the contract period and are due within 30-90 days. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as trade and other receivables if only the passage of time is required before payment of these amounts will be due.

Time and materials contracts
The Company satisfies its performance obligation as hourly services are rendered. These revenues are recognized when the agreed upon services are performed. Customers are invoiced monthly on hours rendered for the month at the agreed upon rates. Invoices are invoiced at net 30 days or sooner. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as trade and other receivables if only the passage of time is required before payment of these amounts will be due.

Cost Plus Fixed Fee Contracts
The Company satisfies its performance obligation as services are rendered and as it performs the work outlined in the statement of work. Revenues for cost plus fixed fee contracts are recognized as the agreed upon services are performed over time. Customers are invoiced on hours rendered for the period at agreed rates, plus a fixed fee. The Company recognizes revenue on an input-based measure that reflects its performance, that measure being direct labour hours and materials. Amounts remaining unbilled at the end of a reporting period are presented in the financial statements as unbilled receivables if only the passage of time is required before payment of these amounts will be due.

Other Considerations
The Company does not adjust consideration received for a financing component since the services are delivered within one year. There is no non-cash consideration provided to customers.

Business Combinations

The Company applies the acquisition method of accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interest issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS sections. Changes in the fair value of contingent consideration initially classified as equity are not recognized. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Taxation

Tax expense or benefit recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are generally recognized in full, although IAS 12, Income Taxes, specifies limited exemptions. As a result of these exemptions the Company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. The cost of an item of property and equipment includes the purchase price to acquire the asset. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment	3 years
Furniture and fixtures	10 years
Vehicles	5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognized.

Leases

The Company assesses at the inception of contract, whether it contains a lease. A contract is classified as a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any indirect costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined using the same criteria as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses and adjusted for certain remeasurements of the lease liability, if any.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

Trade names, customer relationships, developed technology, non-compete agreements, order backlog and licensed technology acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values. All finite-lived intangible assets are initially recorded at fair value and then amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date and they are subject to impairment testing. The following useful lives are applied:

Trade names	2-10 years
Customer relationships	4-15 years
Developed technology	4-7 years
Licensed technology	5 years
Order backlog	1-6 years
Non-compete agreements	3-5 years

Amortization of developed and licensed technology intangible assets are included in cost of revenue.

Subsequent expenditures to maintain computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

There are no other indefinite-lived intangible assets other than goodwill.

Impairment testing of goodwill, other intangible assets and property and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash-generating units ("CGUs"). As a result, some assets are tested individually for impairment, and some are tested at a cash-generating unit level. Goodwill is allocated to those CGUs that are expected to benefit from synergies of a related business combination and represent the lowest level with the Company at which management monitors goodwill. CGUs to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) are tested for impairment at least annually on December 31. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or CGU's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Company's latest budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for each CGU first reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro-rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

Share-based compensation

The Company provides equity-settled share-based compensation plans for its directors and employees. None of the Company's plans are cash-settled. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where individuals are rewarded using share-based payments, the fair value of the individual's services is determined indirectly by reference to the fair value of the equity instruments granted at the grant date.

All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognized in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period. Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to issued capital.

Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risk and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets
All financial assets are initially measured at fair value. Financial assets are classified into one of the following categories:

- Amortized cost,
- Fair value through profit or loss ("FVTPL"), or
- Fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

- The entity's business model for managing the financial assets, and
- The contractual cash flow characteristics of the financial asset.

The Company's financial instruments categorized at amortized cost include trade and other receivables, taxes receivable, and cash. The Company does not have any financial assets categorized as FVTPL or FVOCI.

Subsequent measurement of financial assets
Financial assets are measured at amortized cost if the assets meet the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

FVTPL- Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets
Under IFRS 9, *Financial Instruments*, the Company is required to apply an expected credit loss ("ECL") model to all debt financial assets not held at FVTPL, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred as at the consolidated statements of financial position date. For trade receivables, the Company has applied the simplified approach under IFRS 9 and has calculated ECLs based on lifetime ECLs taking into consideration historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Classification and measurement of financial liabilities
Financial liabilities are initially measured at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. All interest-related charges and, if applicable, changes in fair value that are reported in profit and loss are included within finance costs or finance income.

The Company's financial instruments categorized at amortized cost include long-term debt, long-term debt, long-term lease liability, including short-term lease liability, accounts payable, accrued expenses and other current liabilities.

Derivative instruments, including derivative instruments embedded in other contracts (such as warrants) and instruments designated for hedging activities, are recognized as either assets or liabilities in the statement of financial position and measured at fair value. The Company has not used derivative instruments to hedge exposures to cash flow or foreign currency risks. Any change in the fair value of a derivative or an embedded derivative not designated as a hedging instrument is recognized as an unrealized gain or loss in the consolidated statements of loss and comprehensive loss. The Company's convertible debentures (note 17) is convertible into common shares of the Company, in addition, each unit of convertible debenture also has one SVS purchase warrant (a "Warrant"). The conversion option and warrant is considered a derivative because the exercise price is in Canadian dollars whereas the Company's functional currency is US dollars. Accordingly, the Company recognizes the conversion option and warrant as a liability at fair value with changes in fair value recognized through profit or loss. The fair value of the conversion option is calculated using the Black-Scholes option pricing model with the following weighted average assumptions. The fair value of the warrant is based on market price.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of loss or comprehensive loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Company did not have any offsetting financial instruments.

Significant judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

Share-based payments

The Company uses the Black-Scholes valuation model to determine the fair value of equity-settled stock options. Estimates are required for inputs to this model including the fair value of the underlying shares, the expected life of the option, volatility, expected dividend yield and the risk-free interest rate. Variation in actual results for any of these inputs will result in a different value of the stock option realized from the original estimate. The assumptions and estimates used are further outlined in the stock options note.

Impairment of non-financial assets

The Company's impairment test for goodwill is based on internal estimates of value in use and uses valuation models such as the discounted cash flow model. Key assumptions on which management has based its determination of value in use include cash flow projections, discount rates, estimated revenue growth rates, terminal value, and earnings margins. These estimates, including the methodology used, and the assessment of cash-generating units ("CGU" or "CGUs"), can have a material impact on the respective values and ultimately the amount of any goodwill impairment. The Company tests recoverability of its long lived assets when events or circumstances indicate that the carrying values may not be recoverable. An impairment loss is recognized when the carrying value of the CGU, exceeds the CGU's recoverable amount, which is determined using a discounted cash flow method. Management makes certain estimates regarding the Company's cash flow projections that include assumptions about growth rates and other future events.

Business combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. Assets include cash, trade and other receivables, prepaid expenses, property and equipment and right-of-use assets, while liabilities consist of trade and other payables, lease obligations and deferred revenue. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding forecasted revenue and growth rates, margin percentages, estimated economic useful lives and discount rates.

Expressed in U.S. Dollars, except share information and unless otherwise noted

4. Future accounting standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's Financial Statements that are believed to be material to the Company are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1, "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 - 76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions that exist at the end of a reporting period are those that will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively.
Amendments to IFRS 16, "Leases" - Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16, "Leases" specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines "lease payments" or "revised lease payments" in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendments are effective for annual periods on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively.

Management is currently assessing the impact of these amendments.

5. Capital management

The Company's capital management objectives are to ensure its ability to continue as a going concern (Note 2) and to provide an adequate return to shareholders. The Company monitors capital based on the carrying amount of equity plus debt, less cash. Management assesses capital requirements to maintain an efficient financing structure while avoiding excessive debt. The Company monitors its capital structure and adjusts as required in light of economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may downsize or reduce costs. The capital of the Company consists of:

	December 31, 2023	December 31, 2022
Long-term debt	$ 16,493,471	$ 13,375,664
Convertible debenture	3,024,931	2,921,341
Warrants liability	397,694	334,293
Shareholders' deficiency	(2,648,251)	1,816,149
Cash	(2,774,340)	(3,809,012)
Investments	(368,530)	(482,610)
Total capital	$ 14,124,975	$ 14,155,825

6. Trade and other receivables

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. The net carrying value of trade receivables is considered a reasonable approximation of fair value due to their short-term nature.

	December 31, 2023	December 31, 2022
Trade receivables	$ 7,592,756	$ 3,817,261
Allowance for doubtful accounts	(310,800)	(38,550)
Net trade receivables	7,281,956	3,778,711
Other receivables	2,138,720	112,744
Total trade and other receivables	$ 9,420,676	$ 3,891,455

7. Acquisitions

2023 acquisitions

Smartlytics Consultancy Ltd.
On January 12, 2023, the Company acquired 100% of the issued and outstanding securities of Smartlytics Consultancy Ltd. and control of its subsidiaries ("Smartlytics"), a UK-based data analytics consultancy company that provides a wide range of data science and analytics services. The acquisition was made to enhance the Company's data analytics services business. Pursuant to the terms of a stock purchase agreement dated December 10, 2022, the aggregate consideration consisted of (i) a closing cash payment of $1,000,000 subject to holdbacks, (ii) issuance of 600,000 Subordinate Voting Shares ("SVS").. Excluded from the purchase price consideration is an earn-out consideration paid over three fiscal years based on certain earnings before income taxes, depreciation and amortization ("EBITDA") targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 926,413 shares, the earn-out arrangement is being accounted for as a remuneration arrangement. The closing cash consideration was funded with term debt with a Canadian banking partner. The earn-out is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of $140,587, which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Smartlytics with the operations of the Company and is not expected to be deductible for tax purposes. Smartlytics has contributed $1,391,421 of revenue and net income of $315,315 to the Company's revenue and net loss, respectively, from the acquisition dates to December 31, 2023.

Acrotrend Solutions Ltd.
On January 12, 2023, the Company acquired 100% of the issued and outstanding securities of Acrotrend Solutions Ltd. ("Acrotrend"), a UK-based customer analytics consultancy company in the UK that combines business intelligence and decision-making, helping turn consumer data into smart insights. The acquisition was made to enhance the Company's data analytics services business. Pursuant to the terms of a stock purchase agreement dated December 9, 2022, the aggregate consideration consisted of (i) a closing cash payment of $4,100,000 subject to holdbacks, (ii) issuance of 750,000 SVS of the Company at a price of $1.00 per share, subject to contractual lock-up restrictions. Excluded from the purchase price consideration is an earn-out consideration paid over three fiscal years based on certain EBITDA targets, a portion of which may be payable in Company shares at the Company's sole discretion subject to a maximum of 5,000,000 shares, the earn-out arrangement is being accounted for as a remuneration arrangement. The closing cash consideration was funded with term debt with a Canadian banking partner. The earn-out is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of $46,089 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Acrotrend with the operations of the Company and is not expected to be deductible for tax purposes. Acrotrend has contributed $5,921,425 of revenue and net income of $1,485,649 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2023.

Group Analytics 10
On February 2, 2023, the Company acquired 100% of the issued and outstanding securities of Group Analytics 10 and Inteligencia de Negocios and its affiliate entities ("A10"). A10 provides big data, business intelligence, and advanced analytics solutions. The acquisition was made to enhance the Company's data analytics services business and expand operations in Latin America. Pursuant to the terms of a stock purchase agreement dated December 21, 2022, the aggregate consideration consisted of (i) a closing cash payment of $2.25 million, subject to holdbacks, (ii) $550,000 settled by way of an issuance of SVS at a deemed price equal to the greater of the Company's 20-day VWAP on closing and $1.00 per SVS, subject to customary lock-ups. Excluded from the purchase price consideration is an earn-out consideration paid over four fiscal years based on certain EBITDA targets, the earn-out arrangement is being accounted for as a remuneration arrangement. This is an arm's length transaction and no finder's fees were paid by the Company in connection with the A10 Group acquisition. The closing cash consideration was funded with term debt with a Canadian banking partner. The earn-out was valued at fair value using a discounted cash flow model and is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of $328,414, which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from A10 with the operations of the Company. A10 has contributed $12,577,037 of revenue and net loss of $58,948 to the Company's revenues and net loss, respectively, from the acquisition date to December 31, 2023.

Expressed in U.S. Dollars, except share information and unless otherwise noted

Intangible assets acquired were as follows:

Smartlytics: Customer Relationships - $560,976 with a useful life of 15 years; Trade Name - $48,780 with a useful life of 2 years.

Acrotrend: Customer Relationships - $2,627,988 with a useful life of 15 years; Trade Name - $309,175 with a useful life of 2 years.

A10: Customer Relationships - $2,590,000 with a useful life of 15 years; Trade Name - $570,000 with a useful life of 5 years; order backlog - $280,458 with a useful life 2 years.

The following table summarizes the consideration paid and the preliminary allocation of the purchase price based on the fair values of the acquired assets and liabilities of Smartlytics, Acrotrend and A10 at their respective dates of acquisition.

	Smartlytics	**Acrotrend**	**A10**	**Total**
Fair value of consideration transferred:				
Amount settled in cash	$ 900,000	$ 3,690,000	$ 2,006,301	$ 6,596,301
Future amounts to be settled in cash or equity	100,000	410,000	750,000	1,260,000
Fair value of shares issued for consideration	361,984	452,480	309,930	1,124,394
Total fair value of consideration transferred	$ 1,361,984	$ 4,552,480	$ 3,066,231	$ 8,980,695
Fair value of net assets acquired:				
Property and equipment, net	14,540	39,650	72,559	126,749
Investments	-	91,517	233,850	325,367
Intangible assets, net	609,756	2,937,163	3,440,458	6,987,377
Goodwill	766,761	1,781,203	6,885,751	9,433,715
Total non-current assets	1,391,057	4,849,533	10,632,618	16,873,208
Taxes receivable	-	-	1,032,787	1,032,787
Prepaid expenses and other current assets	29,898	432,543	54,911	517,352
Unbilled receivables	5,098	135,367	1,338,713	1,479,178
Trade and other receivables	157,977	718,446	1,644,020	2,520,443
Cash	157,726	2,024,118	268,883	2,450,727
Total current assets	350,699	3,310,474	4,339,314	8,000,487
Deferred tax liability	(152,439)	(734,347)	(900,818)	(1,787,604)
Taxes payable	(78,770)	(840,625)	(1,625,134)	(2,544,529)
Deferred revenue	(52,938)	(205,581)	(333,976)	(592,495)
Long-term debt	-	-	(2,427,312)	(2,427,312)
Total non-current liabilities	(284,147)	(1,780,553)	(5,287,240)	(7,351,940)
Accounts payable	(26,177)	(410,900)	(4,044,737)	(4,481,814)
Accrued expenses and other current liabilities	(69,448)	(1,416,074)	(2,573,724)	(4,059,246)
Total current liabilities	(95,625)	(1,826,974)	(6,618,461)	(8,541,060)
Total fair value of net assets acquired	$ 1,361,984	$ 4,552,480	$ 3,066,231	$ 8,980,695
Cash impact of acquisitions:				
Consideration transferred settled in cash	900,000	3,690,000	2,006,301	6,596,301
Cash acquired	(157,726)	(2,024,118)	(268,883)	(2,450,727)
Net cash outflow on acquisition	$ 742,274	$ 1,665,882	$ 1,737,418	$ 4,145,574
Acquisition costs charged to expenses	$ 140,587	$ 46,089	$ 328,414	$ 515,090

During the year ended December 31, 2023, certain balances were retrospectively adjusted from the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Smartlytics trade and other receivables decreased by $45,856, accrued expenses increased by $13,416, taxes payable increased by $56,286 and cash acquired increased by $41,682. Acrotrend unbilled receivables decreased by $75,552, trade and other receivables decreased by $26,477, taxes payable decreased by $304,978, accounts payable decreased by $8,810, and accrued expenses and other current liabilities increased by $233,380. A10 trade and other receivables decreased by $621,003, unbilled receivables decreased by $646,110, deferred revenue decreased by $4,541,517, accounts payable decreased by $80,403, accrued expenses and other current liabilities increased by $546,240, prepaids decreased by $5,456,658, deferred tax liability decreased by $1,036,628, property plant and equipment decreased by $31,878, investments decreased by $1,285, intangibles increased by $2,110,000, taxes receivable decreased by $210,925, taxes payable increased by $1,625,134 and long term debt decreased by $506,301.

2022 Acquisitions

CoreBI S.A. and CoreBI S.A.S.
On February 16, 2022, the Company acquired 100% of the issued and outstanding securities of CoreBI S.A. and CoreBI S.A.S. (together, "CoreBI"), data science and analytics consulting companies based in Latin America, thereby obtaining control of both companies. The acquisition was made to enhance the Company's data analytics services business. The Company accounted for this transaction as an acquisition of a business. Inn connection with the acquisition, the Company made a cash payment of $3.0 million on closing of the transaction. The Company has re-negotiated the timing of the $1.75 million deferred payment, which will now be paid out over multiple installments during FY 2023 and 2024. The deferred cash payment of $1.75 million is related to continued employment and was recorded to compensation expense over the twelve-month period ending February 28, 2023. Excluded from the purchase price consideration are future payments of up to a maximum aggregate of $3.25 million, payable on the first, second, third, and fourth year anniversaries of closing, are due upon CoreBI achieving certain adjusted EBITDA targets, the earn-out arrangement is being accounted for as a remuneration arrangement. The future payments represent contingent purchase consideration and have been recorded as a liability measured at fair value that is revalued through profit and loss at each reporting period. During the year ended December 31, 2023, a revaluation expense of $1,895,623 was recognized in the consolidated statements of loss and comprehensive loss. In connection with the acquisition, the Company incurred acquisition-related costs of $98,215, which have been recorded in administrative expenses. The goodwill from this acquisition consists largely of the synergies and economies of scale expected from combining the operations of CoreBI with the Company's other services operations and is not expected to be deductible for tax purposes.

Exonar Ltd.
On March 25, 2022, the Company acquired 100% of the issued and outstanding securities of Exonar Ltd. ("Exonar"), a UK-based software solutions firm, through its subsidiary NowVertical UK Limited, thereby obtaining control. The acquisition was made to enhance the Company's data compliance software business. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company made a cash payment of $149,999 and agreed to issue SVS on March 25, 2023 valued at $500,000 at the greater of (A) the Canadian dollar equivalent of US$1 per share and (B) the Company's 20-day volume weighted average trading price on the day prior to issuance, less the maximum discount permitted under the rules of the TSXV. The company issued 500,000 shares on May 11, 2023 and recognized a revaluation gain of $105,480 in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2023. In connection with the acquisition, the Company incurred acquisition-related costs of $90,073 which have been recorded in administrative expenses. The goodwill from the acquisitions consists largely of the synergies expected from combining the operations from Exonar with the other technology and services operations of the Company and is not expected to be deductible for tax purposes.

Allegient Defense Inc.
On April 6, 2022, the Company acquired 100% of the issued and outstanding securities of Allegient Defense Inc. ("Allegient"), a U.S.-based systems engineering and technical assistance support firm, through its subsidiary NOW Guardian Inc., thereby obtaining control. Allegient Defense Inc. is a U.S.-based government defense contractor providing systems engineering and technical assistance support to the Department of Defense and other governmental agencies through data analysis and assessment of cutting-edge technologies. The Company accounted for this transaction as an acquisition of a business. In connection with the acquisition, the Company made cash payments of $2,000,000 (in May 2022) and issued 600,000 SVS on April 6, 2022 with a fair value of $383,000. Excluded from the purchase price consideration are future payments of up to a maximum aggregate of US$4 million, payable on the first, second, and third year anniversaries of closing, are due upon Allegient achieving certain adjusted EBITDA targets, the earn-out arrangement is being accounted for as a remuneration arrangement. Future payments are to be settled in either 100% of the Company's shares or up to 50% in cash and the balance in the Company's shares. The earn-out was valued at fair value is revalued at each reporting period through profit and loss. During the year ended December 31, 2023, a revaluation expense of $14,758 was recognized in the consolidated statements of loss and comprehensive

loss. In connection with the acquisition, the Company incurred acquisition-related costs of $419,010 which have been recorded in administrative expenses. The goodwill from the acquisition consists largely of the acquired assembled workforce and synergies expected from combining the operations of Allegient with the Company's other service operations and is not expected to be deductible for tax purposes.

Resonant Analytics, LLC
On July 20, 2022, the Company acquired 100% of the issued and outstanding securities of Resonant Analytics LLC ("Resonant"), a USA-based guided solutions analytics firm providing CRM program strategy, database marketing and business intelligence solutions to Fortune 500 companies. The acquisition was made to enhance the Company's data analytics services business. Pursuant to the terms of a stock purchase agreement dated July 5, 2022, the aggregate consideration consisted of (i) a cash payment of $1,500,000 (subject to holdbacks) paid on closing and (ii) 900,000 SVS (subject to a holdback) issued on closing. Excluded from the purchase price consideration is an earn-out consideration paid over three fiscal years based on certain adjusted EBITDA targets, and paid annually in two-thirds cash and one-third SVS priced at the greater of the 20-day VWAP prior to each annual issuance and $1.00 USD per share, the earn-out arrangement is being accounted for as a remuneration arrangement. The closing cash consideration was funded with term debt with a U.S. banking partner. In connection with the acquisition, Resonant secured a revolving line of credit of up to $250,000. The earn-out was valued at fair value using a discounted cash flow model, is being accounted for as compensation since it is tied to employment. In connection with the acquisition, the Company incurred acquisition-related costs of $113,223 which have been recorded in administrative expenses. Goodwill is not expected to be deductible for tax purposes.

Intangible assets acquired were as follows:

CoreBI: Customer Relationships - $1,164,000 with a useful life of 12.5 years; Trade Name - $83,000 with a useful life of 2 years; and Non-compete Agreements - $45,000 with a useful life of 4 years, Developed Technology – $47,045 with a useful life of 4 years

Exonar: Customer Relationships - $89,000 with a useful life of 4.7 years; Trade Name - $31,000 with a useful life of 2 years and Developed Technology - $305,000 with a useful life of 4 years.

Allegient: Customer Relationships - $401,000 with a useful life of 15 years; Trade Name - $279,000 with a useful life of 2 years; Order Backlog - $2,553,000 with a useful life of 6 years; and Non-compete Agreements - $10,000 with a useful life of 4 years.

Resonant: Customer Relationships - $1,125,000 with a useful life of 15 years; Trade Name - $35,000 with a useful life of 2 years; Order Backlog - $43,000 with a useful life of 5 months; and Non-compete Agreements - $3,000 with a useful life of 4 years.

Expressed in U.S. Dollars, except share information and unless otherwise noted

The following table summarizes the consideration paid and the preliminary allocation of the purchase price based on the fair values of the acquired assets and liabilities of CoreBI, Exonar, Allegient, and Resonant at their respective dates of acquisition. The purchase price allocations for Exonar and CoreBI are final and there were no measurement adjustments during the year ended December 31, 2023.

	CoreBI	Exonar	Allegient	Resonant	Total
Fair value of consideration transferred:					
Amount settled in cash	$ 3,102,631	$ 149,999	$ 2,301,789	$ 1,192,667	$ 6,747,086
Future amounts to be settled in cash or equity	1,026,261	284,000	-	304,583	1,614,844
Fair value of shares issued for consideration	-	-	451,000	265,417	716,417
Total fair value of consideration transferred	$ 4,128,892	$ 433,999	$ 2,752,789	$ 1,762,667	$ 9,078,347
Fair value of net assets acquired:					
Property and equipment, net	$ 142,167	$ 46,476	$ 3,578	$ 26,788	$ 219,009
Deposits	-	-	12,648	19,301	31,949
Goodwill	1,593,034	792,351	3,136,949	61,498	5,583,832
Right-of-use asset	-	-	328,158	-	328,158
Intangible assets, net	1,339,045	425,000	3,243,000	1,206,000	6,213,045
Total non-current assets	3,074,246	1,263,827	6,724,333	1,313,587	12,375,993
Prepaid expenses and other current assets	-	-	12,317	49,974	62,291
Unbilled receivables	559,286	-	331,181	-	890,467
Investments	372,385	-	-	-	372,385
Receivables	928,603	981,401	1,451,489	465,237	3,826,730
Cash	355,836	84,354	399,151	217,657	1,056,998
Total current assets	2,216,110	1,065,755	2,194,138	732,868	6,208,871
Deferred tax liability	(452,200)	-	(832,410)	-	(1,284,610)
Lease liability	-	-	(331,137)	-	(331,137)
Deferred revenue	-	(296,000)	-	(101,964)	(397,964)
Long-term debt	-	-	(3,800,000)	-	(3,800,000)
Total non-current liabilities	(452,200)	(296,000)	(4,963,547)	(101,964)	(5,813,711)
Accounts payable and accrued expenses	(709,264)	(1,599,583)	(1,202,135)	(181,824)	(3,692,806)
Total current liabilities	(709,264)	(1,599,583)	(1,202,135)	(181,824)	(3,692,806)
Total fair value of net assets acquired	$ 4,128,892	$ 433,999	$ 2,752,789	$ 1,762,667	$ 9,078,347
Cash impact of acquisitions:					
Consideration transferred settled in cash	$ 3,102,631	$ 149,999	$ 2,301,789	$ 1,192,667	$ 6,747,086
Cash acquired	(355,836)	(84,354)	(399,151)	(217,657)	(1,056,998)
Net cash outflow on acquisition	$ 2,746,795	$ 65,645	$ 1,902,638	$ 975,010	$ 5,690,088
Acquisition costs charged to expenses	$ 98,215	$ 90,073	$ 419,010	$ 113,223	$ 720,521

During the year ended December 31, 2023, certain balances were retrospectively adjusted from the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Resonant accounts payable and accrued expenses increased by $8,926.

Expressed in U.S. Dollars, except share information and unless otherwise noted

8. Consideration payable related to acquired companies

		December 31, 2023		December 31, 2022
Current liabilities:				
Consideration payable	$	3,580,071	$	3,889,639
Equity consideration payable		40,095		219,000
Contingent consideration payable		4,580,112		387,346
	$	8,200,278	$	4,495,985
Long-term liabilities:				
Contingent consideration payable		1,084,453		1,082,525
	$	1,084,453	$	1,082,525
Total consideration payable	$	9,284,731	$	5,578,510

From the $9,284,731 of total consideration payable, $2,723,009 relates to 2023 acquisitions and $4,474,064 relates to 2022 acquisitions. The remaining balance of $2,087,65 relates to acquisitions prior to 2022.

The following table provides information about consideration payable.

	Years ended			
		December 31, 2023		December 31, 2022
Balance, January 1	$	5,578,510	$	3,340,630
Acquisition consideration		1,260,000		1,614,844
Contingent compensation related to acquisitions		230,698		1,576,860
Payments		(1,092,907)		(764,850)
Shares issued		(258,686)		(814,937)
Revaluation of equity consideration		(111,573)		(64,228)
Revaluation of contingent and deferred consideration		3,387,636		689,110
Interest expense		479,583		55,500
Interest paid		(168,000)		-
Foreign exchange differences		(20,530)		(54,419)
Balance, December 31	$	9,284,731	$	5,578,510

Consideration amounts payable are in relation to acquired companies and comprise cash consideration, equity consideration and contingent consideration. Cash consideration payable represents deferred cash payments and holdbacks, equity consideration payable represents the fair value of obligations to issue shares in the future, and contingent consideration payable represents the fair value of potential future performance-based earn-out payments. (*Note 26, Subsequent events*)

Expressed in U.S. Dollars, except share information and unless otherwise noted

9. Revenue

The following table summarizes revenue by type of service.

	Years ended December 31, 2023	Years ended December 31, 2022
Data analytics services		
Cost plus fixed fee	$ 10,580,970	$ 8,527,310
Fixed firm price	8,952,355	3,196,245
Time and materials	22,056,649	9,315,418
Total data analytics services	41,589,974	21,038,973
Maintenance and support	4,019,224	2,998,216
License, maintenance and software-as-a-service	5,971,512	2,972,077
Hardware	121,248	-
Total revenue	$ 51,701,958	$ 27,009,266

The following table summarizes revenue by the country of the customer's domicile.

	Years ended December 31, 2023	Years ended December 31, 2022
USA	$ 22,494,891	$ 17,035,070
Argentina	6,728,076	8,216,211
Brazil	10,157,493	-
Chile	1,871,527	-
United Kingdom	9,124,022	1,356,664
Other countries	1,325,949	401,321
Total revenue	$ 51,701,958	$ 27,009,266

The following table provides information about deferred revenue.

	Note	Years ended December 31, 2023	Years ended December 31, 2022
Balance, January 1		$ 2,561,182	$ 1,323,710
Increase from business acquisitions		592,495	397,964
Increase from cash received and amounts billed		16,474,908	6,779,491
Revenue recognized		(18,756,585)	(5,939,983)
Loss on sale of asset	23	(421,823)	-
Foreign exchange revaluation		398,368	-
Balance, December 31		$ 848,545	$ 2,561,182
Deferred revenue classified as a current liability		$ 844,219	$ 2,538,531
Deferred revenue classified as a non-current liability		$ 4,326	$ 22,651

10. Segment reporting

For segment reporting purposes, the Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The determination of the Company's reportable segments is based on its organization structure and how the information is reported to the CODM on a regular basis. The CODM makes decisions and assesses performance of the Company on the basis such that the Company has five reportable operating segments: A10, Acrotrend, Affinio (note 23), Allegient, and CoreBI. Three other operating segments have been aggregated as one reportable segment (Other), on the basis that these operating segments operating in the same sector and have similar economic characteristics.

The accounting policies of the reportable segments are the same as the Company's accounting policies.

Expressed in U.S. Dollars, except share information and unless otherwise noted

Information related to each reportable segment is set out below. Segment income (loss) from continuing operations is used to measure performance, because management believes this information is the most relevant in evaluating the results of the Company.

The adjustments to reconcile from segment income (loss) from continuing operations to the Financial Statements consist of depreciation of property and equipment, amortization of intangible assets, transaction expenses related to acquisitions and foreign exchange gains.

	Year ended December 31, 2023								
	A10	**Acrotrend**	**Affinio**	**Allegient**	**CoreBI**	**Other**	**Corporate**	**Adjustments**	**Total**
Revenue	$12,577,037	$ 5,921,425	$ 604,491	$17,796,025	$ 7,463,669	$ 7,339,311	$ -	$ -	$ 51,701,958
Cost of revenue	(4,077,819)	(2,489,704)	(237,468)	(11,359,299)	(4,008,193)	(2,563,580)	-	(330,389)	(25,066,452)
Gross profit	8,499,218	3,431,721	367,023	6,436,726	3,455,476	4,775,731	-	(330,389)	26,635,506
Administrative expenses	(6,534,095)	(1,361,245)	(451,837)	(5,015,767)	(1,369,054)	(3,107,302)	(5,540,094)	(3,321,396)	(26,700,790)
Income (loss) from continuing operations	1,965,123	2,070,476	(84,814)	1,420,959	2,086,422	1,668,429	(5,540,094)	(3,651,785)	(65,284)
Other expenses	-	-	-	-	-	-	(5,392,913)	-	(5,392,913)
Income (loss) before income taxes	$ 1,965,123	$ 2,070,476	$ (84,814)	$ 1,420,959	$ 2,086,422	$ 1,668,429	$ (10,933,007)	$ (3,651,785)	$ (5,458,197)

	Year ended December 31, 2022								
	A10	**Acrotrend**	**Affinio**	**Allegient**	**CoreBI**	**Other**	**Corporate**	**Adjustments**	**Total**
Revenue	$ -	$ -	$ 1,882,549	$11,079,807	$ 8,514,194	$ 5,532,716	$ -	$ -	$ 27,009,266
Cost of revenue	-	-	(568,331)	(6,877,507)	(6,314,182)	(1,183,529)	-	(487,945)	(15,431,494)
Gross profit	-	-	1,314,218	4,202,300	2,200,012	4,349,187	-	(487,945)	11,577,772
Administrative expenses	-	-	(1,597,500)	(3,042,851)	(348,577)	(4,262,839)	(6,704,869)	(3,509,315)	(19,465,951)
Income (loss) from continuing operations	-	-	(283,282)	1,159,449	1,851,435	86,348	(6,704,869)	(3,997,260)	(7,888,179)
Other expenses	-	-	-	-	-	-	(2,201,988)	-	(2,201,988)
Income (loss) before income taxes	$ -	$ -	$ (283,282)	$ 1,159,449	$ 1,851,435	$ 86,348	$ (8,906,857)	$ (3,997,260)	$ (10,090,167)

Expressed in U.S. Dollars, except share information and unless otherwise noted

11. Intangible assets

Details of the Company's intangible assets and their carrying amounts are as follows:

	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:							
Opening at January 1, 2023	$ 1,207,986	$ 3,607,265	$ 2,752,398	$ 318,166	$ 2,596,000	$ 323,000	$ 10,804,815
Acquisitions	928,413	5,778,964	-	-	280,000	-	6,987,377
Hyperinflation adjustment	37,287	522,910	228,590	20,216	-	-	809,003
Foreign exchange revaluation	(63,751)	(894,045)	-	(34,565)	-	-	(992,361)
Disposal on sale of asset	(613,000)	(47,000)	(364,000)	(253,000)	-	-	(1,277,000)
Closing at December 31, 2023	$ 1,496,935	$ 8,968,094	$ 2,616,988	$ 50,817	$ 2,876,000	$ 323,000	$ 16,331,834
Accumulated amortization:							
Opening at January 1, 2023	$ 356,542	$ 418,520	$ 1,438,369	$ 113,457	$ 356,992	$ 80,750	$ 2,764,630
Amortization expense	610,858	736,154	265,374	48,728	554,811	64,600	2,280,525
Disposal on sale of asset	(116,997)	(14,353)	(99,544)	(127,009)	-	-	(357,903)
Closing at December 31, 2023	850,403	1,140,321	1,604,199	35,176	911,803	145,350	4,687,252
Net book value, December 31, 2023	$ 646,532	$ 7,827,773	$ 1,012,789	$ 15,641	$ 1,964,197	$ 177,650	$ 11,644,582

	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:							
Opening at January 1, 2022	$ 768,614	$ 668,787	$ 2,348,000	$ 254,000	$ -	$ 323,000	$ 4,362,401
Acquisitions	428,000	2,779,000	363,663	58,000	2,596,000	-	6,224,663
Hyperinflation adjustment	41,526	582,359	-	22,514	-	-	646,399
Foreign exchange revaluation	(30,154)	(422,881)	-	(16,348)	-	-	(469,383)
Additions	-	-	40,735	-	-	-	40,735
Closing at December 31, 2022	$ 1,207,986	$ 3,607,265	$ 2,752,398	$ 318,166	$ 2,596,000	$ 323,000	$ 10,804,815
Accumulated amortization:							
Opening at January 1, 2022	$ 94,802	$ 139,769	$ 135,418	$ 13,694	$ -	$ 16,150	$ 399,833
Acquisitions	-	-	11,618	-	-	-	11,618
Impairment	-	-	836,667	-	-	-	836,667
Amortization expense	261,740	278,751	454,666	99,763	356,992	64,600	1,516,512
Closing at December 31, 2022	356,542	418,520	1,438,369	113,457	356,992	80,750	2,764,630
Net book value, December 31 2022	$ 851,444	$ 3,188,745	$ 1,314,029	$ 204,709	$ 2,239,008	$ 242,250	$ 8,040,185

In the year ended December 31, 2023, $330,389 (2022: $487,945) of amortization expense is included in cost of revenue, and $1,950,136 (2022: $1,028,567) is included in administrative expenses in the consolidated statements of loss and comprehensive loss. An impairment loss of $836,667 was recognized during the year ended December 31, 2022 as a certain CGU's carrying amount exceeded its recoverable amount.

12. Goodwill

The following table provides information about the changes in goodwill.

	Note	Years ended December 31, 2023	Years ended December 31, 2022
Balance, January 1		$ 10,938,785	$ 6,908,953
Acquired through acquisitions	7	9,433,715	5,574,906
Adjustment related to 2022 acquisition	7	8,926	-
Hyperinflation adjustment		715,650	797,007
Foreign exchange revaluation		(1,352,117)	(578,748)
Impairment		(250,000)	(1,763,333)
Sale of assets	23	(3,545,559)	-
Balance, December 31		$ 15,949,400	$ 10,938,785

Expressed in U.S. Dollars, except share information and unless otherwise noted

Based on the sale of the Affinio Social (“Affinio”) cash-generating unit (“CGU”) (Note 24), management performed an analysis to determine whether the goodwill related to this CGU was impaired. The Affinio CGU was valued at its estimated fair value less potential costs of disposal. Based on the projections of the estimated fair value, management determined that the goodwill related to this CGU required a $250,000 impairment.

The Company tests goodwill for impairment annually at year-end using data as of December 31 of that year at the level of the group of CGUs to which the goodwill is allocated, which corresponds with the corresponding operating segment. The recoverable amount of the CGU to which the goodwill belongs is determined based on a fair value less cost to sell calculation that discounts the present value of estimated future cash flows at an appropriate risk-adjusted rate. The Company uses its projections to estimate future cash flows and includes an estimate of long-term future growth rates based on its most recent views of the long-term outlook for each business for a period of five years with growth rates ranging from 5% to 15% and a terminal growth rate of 2% to 3%. Actual results may differ from those assumed in these forecasts. The Company derives its discount rates using a capital asset pricing model and by analyzing published rates for industries relevant to its reporting units to estimate the cost of equity financing for the Company and then applies certain risk adjustment for each CGU to commensurate with the risks and uncertainty inherent in the each respective CGU and in its respective projections. The discount rate used in valuations as at December 31, 2023 ranged from 18% to 26%. The results of the assessments performed as at December 31, 2023 indicated that the recoverable amount of goodwill exceeded carrying value for all CGUs, and management believes that no reasonably possible change in any of the above key assumptions would have caused the carrying amount to exceed its recoverable amount. Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. It is reasonably possible that the judgments and estimates described above could change in future periods.

13. Property and equipment

Details of the Company’s property and equipment and their carrying amounts are as follows:

	Computer equipment	Furniture and fixtures	Vehicles	Other	Total
Opening at January 1, 2023	$ 191,964	$ 20,704	$ -	$ 1,429	$ 214,097
Acquisitions	94,103	10,928	21,453	265	126,749
Depreciation	(205,937)	(24,863)	(6,928)	-	(237,728)
Additions	67,451	8,265	-	-	75,716
Disposals	(4,333)	-	-	-	(4,333)
Foreign exchange variances	19,240	1,421	1,628	(1,416)	20,873
Closing at December 31, 2023	$ 162,488	$ 16,455	$ 16,153	$ 278	$ 195,374

	Computer equipment	Furniture and fixtures	Vehicles	Other	Total
Opening at January 1, 2022	$ 15,924	$ -	$ -	$ -	$ 15,924
Acquisitions	198,837	15,587	-	4,585	219,009
Depreciation	(171,034)	(8,820)	-	(3,156)	(183,010)
Additions	148,237	13,937	-	-	162,174
Closing at December 31, 2022	$ 191,964	$ 20,704	$ -	$ 1,429	$ 214,097

14. Long-term debt

	Years ended	
	December 31, 2023	**December 31, 2022**
Balance, January 1	$ 13,375,664	$ 1,418,751
Additions	6,064,550	9,009,008
Debt acquired on acquisition	2,427,312	3,800,000
Interest accrued	543,450	10,774
Repayments	(5,983,162)	(816,262)
Foreign exchange revaluation	65,657	(46,607)
Balance, December 31	$ 16,493,471	$ 13,375,664
Current portion	$ 3,815,075	$ 2,127,244
Long-term portion	$ 12,678,396	$ 11,248,420

Long-term debt consists of:

a) $116,023 (2022: $116,023) related to a loan assumed upon acquisition of Signafire Technologies inc., which is collateralized by substantially all the assets and equity of Signafire and bears interest at 8%.
b) $562,157 (2022: $659,938) related to four unsecured, non-interest-bearing loans to Affinio, denominated in Canadian dollars. The debt was initially recorded at fair value, estimated using future payments discounted at a market rate of interest, with the adjustment amortized into profit and loss over the term of the debt as interest expense. The contractual principal owing at December 31, 2023, is $753,435. (2022: $815,772).
c) $3,030,148 (2022: $3,583,713) related to a term loan to Allegient on April 6, 2022 bearing interest at 6.2%, with interest-only payments for three months and repayable over the following six years. The loan is secured by the assets of Allegient and NOW Guardian Inc. and is subject to standard financial covenants measured quarterly beginning on September 30, 2022.
d) $7,088,756 (2022: $2,503,753) related to a $7,000,000 term loan to NowVertical Group Inc. on December 23, 2022 bearing interest at the U.S. prime rate plus 3.0% per annum. The $1,350,000 term loan to Resonant was repaid with the proceeds from the $4,500,000 draw made in January 2023.
e) $4,421,381 (2022: $5,160,237) related to a C$7,000,000 term loan to NowVertical Canada Holdings Inc. on December 30, 2022 bearing interest at 5.9% per annum. The loan is secured by the assets of NowVertical UK Holdings Ltd. and is subject to standard financial covenants measured quarterly beginning on June 30, 2023.
f) $26,081 related to a term loan to A10 Chile bearing interest at 4.53% per annum.
g) $1,248,924 related to four term loans to A10 Brazil bearing interest at 19.1% per annum.

Estimated principal repayments over the next five years and thereafter are as follows:

2024	$3,781,837
2025	$3,080,613
2026	$3,343,422
2027	$3,592,005
2028	$2,619,737
Thereafter	$75,854

The Company is in compliance with all debt covenants as of December 31, 2023.

15. Share capital

a) Authorized

Unlimited number of Class A SVS and unlimited number of Class B Proportionate Voting Shares ("PVS") without par value.

Expressed in U.S. Dollars, except share information and unless otherwise noted

b) Issued and fully paid

	Note	
Balance January 1, 2023		65,078,417
Shares issued on private placement	16e	9,631,500
Shares issued on acquisition	16d	1,900,000
Shares issued related to acquisitions	16d	1,194,945
Balance December 31, 2023		77,804,862
Balance January 1, 2022		62,042,151
Exercise of stock options	16c	22,635
Shares issued on acquisition	16d	1,358,333
Shares issued related to acquisitions	16d	1,676,298
Shares cancelled	16g	(21,000)
Balance December 31, 2022		65,078,417

c) Exercise of stock options – During the year ended December 31, 2023, no stock options were exercised.

d) Shares issued on acquisition – On January 12, 2023, the Company issued 600,000 SVS in connection with the purchase of Smartlytics and 750,000 SVS in connection with the purchase of Acrotrend. On February 2, 2023, the Company issued 550,000 SVS in connection with the purchase of A10. On April 6, 2022, the Company issued 600,000 SVS in connection with the purchase of Allegient. On July 20, 2022, the Company issued 758,333 SVS in connection with the purchase of Resonant.

Shares issued related to acquisitions – On May 11, 2023, the Company issued 500,000 SVS in connection with the purchase of Exonar. On August 3, 2023, the Company issued 694,945 SVS in connection with the purchase of Allegient. On August 31, 2022, the Company issued 1,561,298 SVS in connection with the purchase of Affinio.

e) Shares issued on private placement – On February 28, 2023, the Company closed a marketed public offering (the "Offering") of 9,631,500 units (the "Units") of the Company at a price of C$0.52 per Unit for gross proceeds of $3,690,964 (C$5,008,380), which includes partial exercise of the over-allotment option. Each Unit consists of one SVS in the capital of the Company and one SVS purchase warrant (a "Warrant") of the Company. Each Warrant is exercisable to acquire one SVS at a price per share of C$0.80 for a period of 36 months following the closing of the Offering. In connection with the Offering, the Company paid the agents a cash commission of C$300,503 and C$131,001 in agent fees, and issued to the agents 577,890 broker warrants, with each broker warrant entitling the holder thereof to purchase one SVS at a price of C$0.52 per SVS for a period 36 months following February 28, 2023. The net proceeds raised amounted to $3,373,098 (C$4,576,876). The value of the Warrants issued was $1,156,127, estimated using the Black-Scholes option-pricing model on the date of grant using the following assumptions: risk-free rate of 4.17%, expected life of three years, expected volatility of 70% based on comparable companies, and dividend yield of 0% and was recorded to warrants liability. The fair value of the warrants liability at December 31, 2023 is $397,694 based on the closing price of C$0.01 per Unit Warrant, and the difference of $797,885 was recorded to the consolidated statements of loss and comprehensive loss including $5,218 of exchange differences. The Company incurred $164,963 in transaction expenses related to the Offering, which were recorded in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2023.

f) Stock options

The Company has an omnibus equity incentive plan (the "Omnibus Plan"), which provides that the Board of Directors of the Company may, from time to time, at its discretion, grant to directors, officers, employees and consultants of the Company non-transferable equity-based awards, including stock options, to purchase SVS, restricted stock units, deferred stock units and performance stock units (collectively "Awards"). The Company is authorized to grant up to 6,965,646 SVS as Awards pursuant to the Omnibus Plan. The Board of Directors determines the price per Award that may be allocated to each director, officer, employee and consultant, and all other terms and conditions of the Award. Stock options typically vest over four years and become partially exercisable on the first anniversary date the options were granted, and Awards vest pursuant to the Omnibus Plan. The Company also has a legacy equity incentive plan through which it granted stock options to certain employees and contractors previously, and which is no longer being used for new grants.

Expressed in U.S. Dollars, except share information and unless otherwise noted

During the year ended December 31, 2023, the Company recognized $513,517 (2022: $484,486) of share-based compensation. The fair value of the options granted were estimated using the Black-Scholes option-pricing model on the date of grant using the following assumptions: risk-free rate ranging from 1.42% to 4.59%, expected life of 0-4 years, expected volatility of 78% based on comparable companies, and dividend yield of 0%.

The following table shows the stock options activity during the year.

	Years ended			
	December 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, January 1	4,560,426	$ 0.89	4,112,461	$ 0.90
Granted	2,109,000	0.46	1,465,000	0.87
Forfeited	(968,484)	0.83	(994,400)	1.01
Exercised	-	-	(22,635)	0.82
Outstanding, December 31	5,700,942	$ 0.72	4,560,426	$ 0.89
Exercisable, December 31	3,213,467	$ 0.83	2,997,326	$ 0.85

Details of the outstanding options as at December 31, 2023 are as follows.

Range of Exercise Prices	Outstanding Options at December 31, 2023	Remaining Term of Options in Years	Weighted Average Exercise Price	Exercisable Options at December 31, 2023	Weighted Average Exercise Price
$0.31 - $0.45	1,732,333	9.42	$ 0.32	235,833	$ 0.35
$0.46 - $0.97	2,538,609	7.34	0.83	2,356,280	0.83
$1.00 - $1.05	1,430,000	8.51	1.00	621,354	1.00
	5,700,942	8.27	$ 0.72	3,213,467	$ 0.83

The weighted average remaining life of the options outstanding as of December 31, 2023 is 8.27 years (2022: 8.30 years).

g) Shares cancelled – On June 16, 2022, 210 PVS (21,000 SVS) were cancelled due to the termination of an employee.

16. Loss per share

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares outstanding during the year.

Diluted loss per share is calculated by dividing net loss for the year attributable to shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares, if any, that would be issued on a conversion of all the dilutive potential effects. All stock options, warrants and shares resulting from convertible debt were excluded from the diluted weighted average number of shares calculation, as their impact would have been anti-dilutive.

Expressed in U.S. Dollars, except share information and unless otherwise noted

The PVS and SVS are economically equivalent and entitled to the same earnings; as such, the basic and diluted net loss per share for the Company for the year is calculated using the following numerators and denominators:

	Years ended	
	December 31, 2023	**December 31, 2022**
Net loss	$ (5,933,861)	$ (9,547,527)
Weighted average shares outstanding, basic and diluted	75,565,077	63,371,700
Loss per share, basic and diluted	$ (0.08)	$ (0.15)

17. Convertible debenture and warrant liability

On October 5, 2022, the Company closed a marketed public offering of 5,069 Debenture Units at a price of $1,000 per Debenture Unit for total gross proceeds of C$5,069,000 (net proceeds of USD $3.3 million) with a maturity date of October 5, 2025. Each Debenture Unit consists of one 10% senior unsecured convertible debenture of the Company with a face value of C$1,000 and 715 Class A SVS purchase warrants of the Company, representing 75% warrant coverage. Each Warrant is exercisable for one SVS at a price of C$1.25 per SVS for a period of 36 months following the closing date. The Warrants are listed under the symbol "NOW.WT.A". The Warrants have been classified as a liability and are revalued to fair value each quarter (Note 15). The Debenture Units include a conversion feature whereby the principal amount shall be convertible, for no additional consideration, into Class A SVS of the Company at the option of the holder (with the exception of the Company Conversion set out below) in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the maturity date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the convertible debentures upon a change of control at a conversion price per share equal to C$1.05 subject to adjustment in certain events (the "Conversion Price"). The Company will be entitled to force the conversion (the "Company Conversion") of the principal amount of the then outstanding convertible debentures at the Conversion Price on not more than 60 days' and not less than 30 days' notice (i) in the event that the daily VWAP of the SVS on the TSXV is greater than C$1.60 per share for 10 consecutive trading days of the SVS on the TSXV preceding such notice; or (ii) in connection with an equity or similar financing (either qualified by a prospectus or by way of private placement) involving SVS, or warrants exercisable for SVS, resulting in aggregate gross proceeds to the Company of not less than C$12,500,000 (the "Qualified Financing"), in each case subject to the Company Conversion being permitted under the policies of the TSXV for any trading of the SVS at that time. If a Qualified Financing is completed at a price per security that is lower than the Conversion Price (with such Conversion Price being calculated, in the case of Warrants, by adding the issue and exercise price), the Conversion Price will be reduced to equal the greater of $0.10 and the closing price of the SVS on the TSXV on the day before the press release announcing the Qualified Financing is disseminated, provided that, among other things, the conditional approval of the TSXV is obtained. The conversion feature was revalued at December 31, 2023 with $nil fair value (December 31, 2022: $337,235) and a gain of $337,153 during the year ended December 31, 2023, including $82 of exchange differences.

Warrants

In connection with the Offering on February 28, 2023, each of the 9,631,500 units included one SVS Warrant of the Company. Each Warrant is exercisable to acquire one SVS at a price per share of C$0.80 for a period of 36 months following the closing of the Offering. The value of the Warrants issued was $1,156,127 and was estimated using the Black-Scholes option-pricing model on the date of grant using the following assumptions: risk-free rate of 4.17%, expected life of three years, expected volatility of 70% based on comparable companies, forfeiture rate of 0%, and dividend yield of 0% and was recorded to warrants liability. The fair value of the warrants liability at December 31, 2023 is $363,460 based on the closing price of C$0.01 per Unit Warrant, and the difference of $797,885 was recorded to the consolidated statements of loss and comprehensive loss including $5,218 of exchange differences.

In connection with the Convertible Debenture Unit ("Debenture Unit") offering on October 5, 2022 (Note 17), each of the 5,069 Units included 715 Unit Warrants. Each of the 3,624,335 full Unit Warrants is exercisable at a price of C$1.05 per warrant for a period of 36 months following the closing date and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $320,537 upon issuance was determined using the closing price of C$0.12 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to warrants liability and the balance of the proceeds was recorded to convertible debt. The warrants liability is revalued at each reporting period using the closing price of the Unit Warrants on the reporting date. The fair value of the warrants liability at December 31, 2023 is $13,677 (2022: $133,557) based on the closing price of C$0.01 (December 31, 2022: C$0.05) per Unit Warrant, and the difference of $119,999 (2022: $187,749) was recorded to the consolidated statements of loss and comprehensive loss including $119 (2022: $769) of exchange differences.

Expressed in U.S. Dollars, except share information and unless otherwise noted

In connection with the Unit offering on December 15, 2021, each of the 10,894,756 Units included one half of one purchase warrant (the "Unit Warrants"). Each of the 5,447,378 full Unit Warrants is exercisable at a price of C$1.25 per warrant for a period of two years ending December 15, 2023 and entitles the holder to purchase one SVS. The Unit Warrants are freely traded. The fair value of the Unit Warrants of $168,999 upon issuance was determined using the closing price of C$0.04 per Unit Warrant on the date of issue. The fair value of the Unit Warrants was recorded to warrants liability, and the balance of the proceeds was recorded to equity. Share issuance costs of $19,159 were allocated to the warrants and expensed though profit and loss in the year ended December 31, 2021. The warrants liability is revalued at each reporting period using the closing price of the Unit Warrants on the reporting date. The fair value of the warrants liability at December 31, 2023 is $20,557 (2022: $200,736) based on the closing price of C$0.01 (2022: C$0.05) per Unit Warrant, and the difference of $180,359 (2022: $1,237,737) was recorded to the consolidated statements of loss and comprehensive loss including $180 (2022: $22,470) of exchange differences.

18. Income tax expense (benefit)

The major components of the tax expense are the reconciliation of the expected tax benefit based on the U.S. effective tax rate of 21% and the reported tax expense (benefit) in consolidated statements of loss and comprehensive loss are as follows:

	Years ended	
	December 31, 2023	**December 31, 2022**
Loss before income taxes	$ (5,458,197)	$ (10,090,167)
U.S. tax rate	21%	21%
Expected tax epense	$ (1,146,221)	$ (2,118,935)
Adjustments for tax rate differences:		
State and local taxes	209,343	-
Non-deductible expenses	912,704	1,560,588
Foreign income tax rate differential	94,260	77,734
Change in unrecognized deferred tax assets	1,727,652	2,695,256
Reversal of previously unrecognized deferred tax asset	(1,051,895)	(832,410)
Other, including prior year true-ups and inflationary adjustments	(270,179)	(1,924,873)
Tax expense (benefit)	$ 475,664	$ (542,640)
Tax expense components:		
Current tax expense	1,552,540	308,781
Deferred tax benefit	(1,076,876)	(851,421)
Tax expense (benefit)	$ 475,664	$ (542,640)

Expressed in U.S. Dollars, except share information and unless otherwise noted

The Company's deferred tax inventory is comprised of the following:

As at December 31, 2023						
Deferred tax assets:		**Deferred Tax**		**Not Recognized**		**Recognized**
U.S. net operating losses	$	2,641,454	$	(1,659,156)	$	982,298
Foreign net operating losses		10,916,751		(9,854,649)		1,062,102
Accrued expenses		153,256		(153,256)		-
R&D credit carryforward		1,490,877		(1,490,877)		-
Intangible Assets		932,672		(641,389)		291,283
Fixed Assets		1,404		(880)		524
	$	16,136,414	$	(13,800,207)	$	2,336,207
Deferred tax liablities:		**Deferred Tax**		**Not Recognized**		**Recognized**
Fixed assets	$	(433)	$	-	$	(433)
Intangible assets		(3,545,386)		-		(3,545,386)
Other		(2,143)		-		(2,143)
		(3,547,962)		-		(3,547,962)
Deferred tax asset		121,748		-		121,748
Deferred tax liability		12,466,704		(13,800,207)		(1,333,503)
Net deferred tax asset (liability)	$	12,588,452	$	(13,800,207)	$	(1,211,755)

As at December 31, 2023, the Company has the following U.S. tax losses available: U.S. federal tax losses of approximately $11.4 million (2022: $13.7 million) which carry forward indefinitely, U.S. tax credit that can be used to offset future taxes owning of $1.5 million (2022: $1.5 million) that expires by 2033, and US state tax losses of $7.0 million (2022: $3.9 million) that expires by 2042. In addition, the Company has Canadian tax losses of $9.7 million (2022: $18.7 million) that expires by 2042 and UK tax losses of $2.3 million (2022: $1.5 million) which has no expiry.

Expressed in U.S. Dollars, except share information and unless otherwise noted

19. Cash flow adjustments and changes in working capital

The following non-cash adjustments for changes in working capital have been made to net loss to arrive at operating cash flow:

	Years ended December 31, 2023	Years ended December 31, 2022
Non-cash adjustments in operating activities:		
Depreciation of property and equipment	$ 237,728	$ 183,010
Amortization of intangible assets	2,280,525	1,516,511
Deferred income tax benefit	(1,076,876)	308,781
Income tax expense	1,552,540	(851,421)
Share-based compensation expense	513,517	507,937
Revaluation of equity consideration	(111,573)	(64,228)
Revaluation of contingent and deferred consideration	3,387,636	689,110
Revaluation of warrants liability	(1,098,243)	(1,425,486)
Revaluation of conversion feature	(337,154)	(126,262)
Goodwill impairment	250,000	1,763,333
Intangible asset impairment	-	836,667
Goodwill adjustment related to 2022 acquisition	(8,926)	-
Loss on disposal of asset	74,706	-
Disposal of property, plant and equipment	4,333	-
Contingent compensation related to acquisitions	230,698	1,576,860
Interest expense	1,295,733	146,556
Foreign exchange differences	(2,278,142)	(1,515,802)
Investing income	-	(530,310)
Shares issued for provision of services	-	57,366
	$ 4,916,502	$ 3,072,622
Net changes in working capital:		
Change in deferred revenue	$ (1,883,309)	$ 839,508
Change in trade and other receivables	(900,796)	485,677
Change in unbilled receivables	2,133,621	78,612
Change in prepaid expenses and other current assets	232,151	17,958
Change in accounts payable	1,433,493	(1,922,970)
Change in accrued expenses and other current liabilities	(5,533,073)	2,101,539
Change in short-term investments	439,545	-
	$ (4,078,368)	$ 1,600,324
Non-cash disclosures in investing and financing activities:		
Shares issued on acquisition	$ 1,124,394	$ 716,417
Shares issued related to acquisitions	258,686	814,937
	$ 1,383,080	$ 1,531,354

Expressed in U.S. Dollars, except share information and unless otherwise noted

20. Administrative expenses and cost of revenue

	Years ended December 31, 2023	Years ended December 31, 2022
Compensation and benefits	$ 14,740,929	$ 9,418,362
Professional fees	4,792,358	3,841,932
Marketing and advertising	1,098,301	1,691,048
Investor relations and filing fees	250,125	570,456
Product development	(332,145)	395,640
Office and other expenses	2,786,337	921,590
Travel expense	545,277	277,862
Depreciation of property and equipment	237,728	183,010
Amortization of intangible assets	1,950,136	1,028,567
Exchange loss	118,227	629,546
Share-based compensation expense	513,517	507,937
Total administrative expenses	$ 26,700,790	$ 19,465,951

	Years ended December 31, 2023	Years ended December 31, 2022
Compensation and benefits	$ 13,068,756	$ 11,378,440
Subcontractor costs	11,179,695	2,996,778
Software and data expense	487,612	568,331
Amortization of intangible assets	330,389	487,945
Total cost of revenue	$ 25,066,452	$ 15,431,494

21. Financial instruments and risk management

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash, accounts receivable, unbilled receivable, taxes receivable, other current assets, accounts payable, accrued expenses and other current liabilities, long-term debt and consideration payable related to acquired companies approximates their fair value due to the short-term maturities of these items. The fair value of the warrants liability is determined using Level 2 valuation techniques. The fair values of equity and contingent consideration related to acquired companies are determined using Level 3 valuation techniques.

Risk

The Company's activities expose it to financial risks including credit risk, liquidity risk, market risk, currency risk, and interest rate risk.

Credit risk
The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for another party by failing to discharge an obligation. The Company is exposed to the risk of non-payment of trade and other receivables balances. The Company's exposure to credit risk is $10,922,210 at December 31, 2023 (December 31, 2022: $4,703,310). The Company is also exposed to credit risk from cash held with banks and financial institutions. The maximum exposure is equal to the carrying value of the financial assets.

Liquidity risk
Liquidity risk is the risk that the Company might not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or it can only do so on terms that are materially disadvantageous. The Company is exposed to liquidity risk through non-payment of its accounts payable, accrued expenses, convertible debenture, other current liabilities, long-term debt and payables to previous shareholders. The Company's exposure to liquidity risk is $37,040,656 at December 31, 2023 (December 31, 2022: $27,846,595).

The table below summarizes the Company's contractual obligations into relevant maturity groups at the consolidated statements of financial position date based on the expected contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amounts.

	Carrying value	Contractual cash flow	Year 1	Years 2 and 3	Years 4 and 5	Thereafter	Total
Current portion of long-term debt	$ 3,815,075	$ 3,815,075	$ 3,815,075	$ -	$ -	$ -	$ 3,815,075
Long-term debt	$ 12,678,396	$ 12,678,396		6,424,035	6,254,361	-	12,678,396
Other long-term liabilities	879,915	879,915		879,915	-	-	879,915
Convertible debenture	3,024,931	3,024,931	-	3,024,931	-	-	3,024,931
Consideration payable to acquired companies	8,200,278	8,200,278	8,200,278	-	-	-	8,200,278
Contingent consideration related to acquired companies	1,084,453	1,084,453	-	1,084,453	-	-	1,084,453
Total	$ 29,683,048	$ 29,683,048	$ 12,015,353	$ 11,413,334	$ 6,254,361	$ -	$ 29,683,048

The Company manages its capital structure on a consolidated level based on the funds available to it to support the continuation and expansion of its operations and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk. The Company defines capital to include share capital and its borrowings. The primary sources of the Company's cash flow are revenue collected from transactions completed for customers, debt financing and net cash proceeds from public offerings. The Company always intends to maintain sufficient liquidity to meet its liabilities as they come due. This is achieved by continuously monitoring cash flows and reviewing actual operating expenditures and revenue to budget.

Market risk
Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, equity prices and *credit spr*eads – will affect the Company's income or the fair value of its holdings of financial instruments. The Company is exposed to market risk through currency risk, which results from both its operating and investing activities.

Currency risk
Currency risk is the possibility of financial loss due to unfavorable moves in exchange rates. The Company is exposed to currency risk, as its equity capital is raised in Canadian dollars, and a significant portion of its operating costs and obligations, and its acquisition prices, are denominated in U.S. dollars. A portion of the Company's operating costs are denominated in Argentine pesos, pound sterling and Colombian pesos but are significantly hedged by offsetting revenue. To mitigate exposure to foreign currency risk, exchange rates and cash requirements in various currencies are monitored, and funds are converted based on short-term rate forecasts.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument (ex. loans and borrowings) will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations. The objective of the Company's interest rate management is to minimize the volatility of income. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk at this time. Please refer to Note 14 Long-term debt for interest rates on outstanding debt.

Expressed in U.S. Dollars, except share information and unless otherwise noted

Price risk
Price risk is the risk that the value of a security or investment will decrease. The Company is not exposed to significant price risk, as the Company does not have securities or investments.

22. Related party transactions

The Company considers a related party a person or entity that is related to the Company and has control, joint control or significant influence over the Company, or is a member of key management personnel. Key management personnel of the Company are its chief officers, executive members of the Board of Directors and non-executive directors. Key management personnel remuneration includes the following expenses:

	Years ended	
	December 31, 2023	**December 31, 2022**
Salaries and bonuses	$ 1,139,531	$ 1,363,316
Share-based payments	459,959	167,626
Total related party transactions	$ 1,599,490	$ 1,530,942

23. Loss on sale of assets

Affinio Social purchase agreement
On May 10, 2023, the Company completed the sale of Affinio to a private UK-based intelligence platform provider, Audiense Ltd. ("Audiense"). Under the terms of the deal, the Company will receive an earn-out consideration based on the revenues collected (net of taxes) on sales of the Affinio product and Audiense products sold by the Company. Audiense is now an official reseller of the Company's vertical intelligence products and solutions. In addition, Audiense will pay $2.2 million of deferred payments in cash to the Company within 24 months of May 10, 2023, with acceleration events included. The Company also received an equity stake in Audiense equivalent to 2% of Audiense's share capital on a fully diluted basis as of May 10, 2023. As part of the transaction, Audiense purchased Affinio assets comprised primarily of IP and patents. The Company received perpetual, royalty-free license to use the transferred IP and patents, which the Company utilizes within its Snowflake product offering. As of December 31, 2023, the Company has received $220,000.

The effect of disposal on the financial position of the Company for the year ended December 31, 2023 is as follows:

Goodwill	$ (3,512,196)
Intangible assets	(917,339)
Deferred revenue	403,093
Net assets and liabilities	(4,026,442)
Consideration from sale	4,105,185
Transaction costs	(136,094)
Net loss on sale of asset	$ (57,351)

Consideration from sale includes deferred cash consideration of $2.2 million, estimated earn-outs based on future revenues, net of related costs, and an equity investment in Audiense.

Seafront Analytics, LLC assignment
On December 31, 2023, the Company assigned their 100% interest in Seafront Analytics, LLC ("Seafront") to a previous shareholder of Seafront ("Assignee") from whom the Company acquired Seafront on November 20, 2020. For consideration of $10,000 the Company assigns all assets and liabilities to the Assignee. The effect of the assignment on the financial position of the Company for the year ended December 31, 2023 is as follows:

Expressed in U.S. Dollars, except share information and unless otherwise noted

Cash	$	(627)
Goodwill		(33,363)
Accounts payable		7,905
Deferred revenue		18,730
Net assets and liabilities		(7,355)
Consideration owing		(10,000)
Net loss on assignment of asset	$	(17,355)

24. Investments

	Years ended			
	December 31, 2023		**December 31, 2022**	
Balance, January 1	$	482,610	$	-
Acquired through business combinations		325,367		372,386
Cash withdrawn		(289,445)		(184,133)
Investing income		284,465		442,883
Foreign exchange differences		(434,467)		(148,526)
Balance, December 31	$	368,530	$	482,610

25. Prepaid expenses and other current assets

	December 31, 2023		**December 31, 2022**	
Prepaid expenses	$	587,263	$	293,078
Security deposits		78,444		31,949
Employee receivable		3,924		59,403
Total prepaid expenses and other current assets	$	669,631	$	384,430

26. Subsequent events

The Company and the former shareholders of CoreBI S.A. and CoreBI S.A.S. entered into a Share Purchase Agreement dated January 12, 2022, as amended May 23, 2023 (the "CoreBI SPA"). The parties to the CoreBI SPA amended the CoreBI SPA with respect to the deferred payment obligations by entering into an amendment to the CoreBI SPA on April 10, 2024 (the "April 2024 Amendment"). The April 2024 Amendment amended the remaining and due deferred payment amount of $1,375,000, to now be paid in installments between June 30, 2024, and up to December 31, 2025.

On April 23, 2024, the Company amended the Purchase Agreement dated December 9, 2022, between the Company and the former shareholders of Acrotrend (the "Sellers"). In particular, the acquisition holdback amount of $410,000, previously due on January 12, 2024, will be deferred and paid in installments by December 1, 2024. The Sellers were previously entitled to a top-up amount equal the difference between the price of the 750,000 Class A SVS in the capital of the Company received by the Sellers in connection with the transaction and the market price of such shares on the date when the Sellers elect to exercise their top-up entitlement, with an estimated value of $558,116.24 (the "Top-Up Consideration"). The Company will issue up to 2,835,277 SVS in settlement of the Sellers' potential entitlement to Top-Up Consideration at a price per share equal to the greater of: (i) CAD$0.27; and (ii) the Discounted Market Price (as such term is defined under the policies of the TSXV) on the date that is two (2) trading days following the filing of the Company's unaudited interim financial statements for the interim period ended March 31, 2024 on SEDAR+ at www.sedarplus.com (such price being, the "Share Issue Price"). The Company will pay $100,000 of the 2023 earn-out amount in cash to the Sellers and will issue up to 5,000,000 SVS in settlement of $1,155,000 of the 2023 earn-out amount at a price per share equal to the Share Issue Price, with any remaining portion of the 2023 earn-out amount to be settled through the issuance of SVS at the Discounted Market Price on the date that is two (2) trading days following the filing of the unaudited interim financial statements for the interim period ended March 31, 2024 on SEDAR+ at www.sedarplus.com. The future earn-outs for the years ending December 31, 2024 and 2025 will be settled through a cash payment by the Company equal to $990,000, payable to the Sellers on or before January 1, 2026. Until such amounts are paid through the issuance of SVS or through cash payments, as applicable, the Holdback Amount, the Top-Up Consideration, the 2023 earn-out amount and the future earn-outs shall bear interest at a rate of up to 8% above the base rate of the Bank of England, provided that, upon the issuance of the SVS in settlement of the Top-Up Consideration and the portion of the 2023 earn-out amount to be settled in shares, interest on certain of such amounts shall be waived. In addition, certain of the Company's subsidiaries have agreed to guarantee the Company's obligations to the Sellers and in certain circumstances, including where the Company and certain of its subsidiaries fail to abide by the terms of the Deed, the Sellers may accelerate the payment of certain amounts and elect to receive two-thirds of the Top-Up Consideration and the 2023 earn-out amount in cash with the remainder to be settled through the issuance of SVS.

On April 30, 2024, the Company and the seller of Smartlytics Consultancy Limited ("the seller") agreed to amend (the "Amending Deed") the existing share purchase agreement dated December 10, 2022, as amended (the "SPA") to restructure the remaining earn-out obligations and defer the acquisition holdback. Under the Amending Deed the future earn-out payments for years 2024 and 2025 will be settled through a payment by the Company tied to the EBITDA of the Company's Technology Product group payable to the seller equally in cash, or through the issuance of Class A SVS of the Company, subject to TSX Venture Exchange approval prior to the time of each issuance; and the original holdback payment of $100,000 will be deferred until no later than the first business day of September 2024.