NowVertical

Condensed Consolidated Interim Financial Statements for March 31, 2024 and 2023

NowVertical Group Inc.
Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2024 and December 31, 2023
Unaudited, Expressed in U.S. Dollars

	Note		**March 31, 2024**		**December 31, 2023**
Assets					
Current assets:					
Cash		$	1,953,193	$	2,774,340
Investments	23		596,447		368,530
Trade and other receivables	5		8,696,609		9,420,676
Unbilled receivables			340,386		157,412
Taxes receivable			1,553,753		1,588,140
Prepaid expenses and other current assets	24		559,709		669,631
			13,700,097		14,978,729
Non-current assets:					
Other long-term receivables			1,344,123		1,344,122
Property and equipment, net	12		220,571		195,374
Right-of-use asset, net			-		85,203
Long-term investments			530,003		530,003
Deferred tax asset	17		118,486		121,748
Intangible assets, net	10		9,151,008		11,644,582
Goodwill	11		12,529,751		15,949,400
			23,893,942		29,870,432
Assets held for sale	25		8,335,549		-
Total assets		$	45,929,588	$	44,849,161
Liabilities and shareholders' deficiency					
Current liabilities:					
Accounts payable		$	7,473,894	$	9,002,886
Accrued expenses and other current liabilities			3,445,199		3,854,844
Short-term lease liability			-		148,052
Taxes payable			2,445,296		2,228,840
Current portion of long-term debt	13		2,902,763		3,815,075
Consideration payable related to acquired companies	7		3,469,109		3,580,071
Equity and contingent consideration related to acquired companies	7		4,517,031		4,620,207
Deferred revenue	8		1,231,143		844,219
			25,484,435		28,094,194
Non-current liabilities:					
Consideration payable related to acquired companies	7		1,065,351		1,084,453
Other long-term liabilities			809,833		879,915
Long-term debt	13		9,717,495		12,678,396
Deferred revenue	8		1,033,198		4,326
Warrants liability	14		389,104		397,694
Convertible debenture	16		3,059,914		3,024,931
Deferred tax liability			1,312,644		1,333,503
			17,387,539		19,403,218
Liabilities held for sale	25		6,194,498		-
Total liabilities			49,066,472		47,497,412
Shareholders' deficiency:					
Common shares			27,787,077		27,787,077
Contributed surplus			5,008,780		4,953,477
Foreign currency translation reserve			(3,101,470)		(4,067,831)
Accumulated deficit			(32,831,271)		(31,320,974)
			(3,136,884)		(2,648,251)
Total liabilities and shareholders' deficiency		$	45,929,588	$	44,849,161

Going concern (Note 2)

Subsequent events (Note 26)

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

Approved on behalf of the Board of Directors

/s/ Elaine Kunda
Director

/s/ David Charron
Director

NowVertical Group Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Unaudited, Expressed in U.S. Dollars

		Three months ended	
	Note	March 31, 2024	March 31, 2023
Revenue	8	$ 12,946,992	$ 12,623,479
Cost of revenue	10,19	6,621,037	6,403,979
Gross profit		6,325,955	6,219,500
Administrative expenses	10,19	6,123,534	7,249,018
Income (loss) from operations		202,421	(1,029,518)
Other income (expenses):			
Contingent compensation related to acquisitions		-	(230,698)
Revaluation of warrants liability	16	-	1,098,243
Revaluation of equity consideration	7	12,887	85,914
Revaluation of contingent and deferred consideration	7	(165,578)	(493,464)
Revaluation of conversion feature	16	-	304,631
Inflation effect on the net monetary position		(583,692)	(2,142)
Impairment loss	11	-	(250,000)
Investing income		265,649	102,089
Interest		(692,409)	(797,073)
		(1,163,143)	(182,500)
Loss before income taxes		(960,722)	(1,212,018)
Income tax expense	17	549,575	278,309
Net loss		(1,510,297)	(1,490,327)
Foreign currency translation adjustment		966,361	(5,084)
Other comprehensive income (loss)		966,361	(5,084)
Total comprehensive loss		$ (543,936)	$ (1,495,411)
Net loss per share, basic and diluted	15	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding, basic and diluted	15	77,804,862	69,914,267

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

NowVertical Group Inc.

Condensed Consolidated Interim Statement of Shareholders' Equity

Unaudited, Expressed in U.S. Dollar

Three months ended March 31, 2024	Note	Issued capital Common shares		Contributed surplus	Foreign currency translation reserve	Accumulated deficit	Total
		Shares	Amount				
Balances at January 1, 2024		77,804,862	$ 27,787,077	$ 4,953,477	$ (4,067,831)	$ (31,320,974)	$ (2,648,251)
Net loss		-	-	-	-	(1,510,297)	(1,510,297)
Share-based compensation expense	14	-	-	55,303	-	-	55,303
Foreign currency translation adjustment		-	-	-	966,361	-	966,361
Balances at March 31, 2024		77,804,862	$ 27,787,077	$ 5,008,780	$ (3,101,470)	$ (32,831,271)	$ (3,136,884)

Three months ended March 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		-	-	-	-	(1,666,814)	(1,666,814)
Share-based compensation expense	14	-	-	73,767	-	-	73,767
Shares issued on private placement	14	9,631,500	2,216,972	-	-	-	2,216,972
Shares issued on acquisition	6, 14	1,900,000	1,124,394	-	-	-	1,124,394
Foreign currency translation adjustment		-	-	-	(5,084)	-	(5,084)
Balances at March 31, 2023		76,609,917	$ 27,528,390	$ 4,513,727	$ (1,428,806)	$ (27,053,927)	$ 3,559,384

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

NowVertical Group Inc.

Condensed Consolidated Interim Statements of Cash Flows

Unaudited, Expressed in U.S. Dollars

		Three months ended	
	Note	**March 31, 2024**	**March 31, 2023**
Cash flows from (used in) operating activities:			
Net loss		$ (1,510,297)	$ (1,666,814)
Non-cash adjustments	18	2,197,618	(1,727,494)
Net changes in working capital	18	(273,857)	(207,845)
		413,464	(3,602,153)
Cash flows from (used in) investing activities:			
Acquisitions of subsidiaries, net of cash acquired	6	-	(3,680,955)
Restricted cash for acquisitions	2	-	5,148,123
Purchase of property and equipment		-	(24,609)
Proceeds from disposals of investments, net of investments		-	193,017
Investment in intangible assets		-	(9,260)
		-	1,626,316
Cash flows from (used in) financing activities:			
Proceeds from long-term debt	13	-	4,500,000
Repayment of long-term debt	13	(998,826)	(4,489,497)
Payment of consideration payable related to acquired companies	7	(236,000)	(455,261)
Proceeds from convertible notes, net of issuance costs		-	3,373,098
		(1,234,826)	2,928,340
Effect of exchange rates		215	82,197
Net change in cash		(821,147)	1,034,700
Cash, beginning of period		2,774,340	3,809,012
Cash, end of period		$ 1,953,193	$ 4,843,712

The accompanying notes form an integral part of these condensed 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. Material accounting policy information and assumptions

In preparing these unaudited condensed consolidated interim Financial Statements ("Financial Statements"), management makes estimates, and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The significant judgments made by management applied to the Company's accounting policies and the key sources of estimate uncertainty were the same as those applied to the audited consolidated Annual Financial Statements.

Basis of Presentation

Statement of compliance

These Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

These Financial Statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023 ("Annual Financial Statements"). These Financial Statements have been prepared using the same accounting policies that were described in Note 3 to the Annual Financial Statements.

The Board of Directors approved these Financial Statements on May 30, 2024.

Basis of measurement

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

Going concern

These Financial Statements have been prepared in accordance with IAS 1, *Presentation of Financial Statements*, which contemplates continuation of the Company as a going concern. However, during the three months ended March 31, 2024, the Company has incurred a net loss of $1,510,297 and cash flows from operating activities of $413,464. 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 $1,953,193, which includes $476,710 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 $910,901 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 Annual 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. 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 and 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 was 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 Argentinian 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 March 31, 2024, was 5,357 (December 31, 2023: 3,533). The Company recognized a net monetary loss of $583,692 (2023: $2,142 gain) to adjust transactions recorded during the period into the measuring unit currency as of March 31, 2024.

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 statement of financial position, except that comparative amounts are not adjusted for subsequent changes in the price level or subsequent changes in exchange rates.

Assets and liabilities held for sale

The Company classifies non-current assets and liabilities as held for sale if their carrying amounts will be recovered principally through a sale or disposition rather than through continuing use. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs of disposal and are presented separately within the consolidated statements of financial position. The criteria for held for sale classification is regarded as met only when the sale or disposition is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. The Company must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification. When the assets or disposal group are sold, the gains or losses on the sale are recognized in the consolidated statements of loss and comprehensive loss.

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

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. Adoption of new accounting standards

The IASB has issued the following new standards and amendments that are effective January 1, 2024 and have not yet been adopted by the Company and could have an impact on future periods. The Company is currently assessing the potential impact on its Financial Statements.

- Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*
  In August 2023, the IASB issued *Lack of Exchangeability* (Amendments to IAS 21) that specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual periods on or after January 1, 2025, with early adoption permitted. Comparative information cannot be restated when applying the amendments.

- IFRS 18, *Presentation and Disclosure in the Financial Statements*
  In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in the Financial Statements which aims to improve the quality of financial reporting by introducing three sets of new requirements that include new required categories and subtotals in the statement of profit and loss, disclosure about management-defined performance measures, and enhanced guidance on grouping of information. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

4. 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:

	March 31, 2024	December 31, 2023
Long-term debt	$ 12,620,258	$ 16,493,471
Convertible debenture	3,059,914	3,024,931
Warrants liability	389,104	397,694
Shareholders' deficiency	(3,136,884)	(2,648,251)
Cash	(1,953,193)	(2,774,340)
Investments	(596,447)	(368,530)
Total capital	$ 10,382,752	$ 14,124,975

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

5. 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.

		March 31, 2024		December 31, 2023
Trade receivables	$	7,058,074	$	7,592,756
Allowance for doubtful accounts		(280,779)		(310,800)
Net trade receivables		6,777,295		7,281,956
Other receivables		1,919,314		2,138,720
Total trade and other receivables	$	8,696,609	$	9,420,676

6. 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 and an (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 and an (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 and an (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 volume-weighted average ('VWAP") price 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 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

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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 revenue and net loss, respectively, from the acquisition date to December 31, 2023.

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 of 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

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, prepaid expenses and other assets 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, intangible assets 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.

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

7. Consideration payable related to acquired companies

		March 31, 2024		December 31, 2023
Current liabilities:				
Consideration payable	$	3,469,109	$	3,580,071
Equity consideration payable		27,199		40,095
Contingent consideration payable		4,489,832		4,580,112
	$	7,986,140	$	8,200,278
Non-current liabilities:				
Contingent consideration payable		1,065,351		1,084,453
	$	1,065,351	$	1,084,453
Total consideration payable	$	9,051,491	$	9,284,731

From the $9,051,491 of total consideration payable, $2,723,009 relates to 2023 acquisitions and $4,440,865 relates to 2022 acquisitions. The remaining balance of $1,887,617 relates to acquisitions prior to 2022.

The following table provides information about consideration payable.

		Three months ended March 31, 2024		Year ended December 31, 2023
Balance, beginning of period	$	9,284,731	$	5,578,510
Acquisition consideration		-		1,260,000
Contingent compensation related to acquisitions		-		230,698
Payments		(236,000)		(1,092,907)
Shares issued		-		(258,686)
Revaluation of equity consideration		(12,887)		(111,573)
Revaluation of contingent and deferred consideration		165,578		3,387,636
Interest expense		-		479,583
Interest paid		-		(168,000)
Foreign exchange differences		(149,931)		(20,530)
Balance, end of period	$	9,051,491	$	9,284,731

Consideration amounts payable are in relation to acquired companies and consist of 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.

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

8. Revenue

The following table summarizes revenue by type of service:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Data analytics services		
Cost plus fixed fee	$ 2,676,578	$ 2,573,015
Fixed firm price	1,573,888	1,782,213
Time and materials	6,686,976	5,595,333
Total data analytics services	10,937,442	9,950,561
Maintenance and support	458,206	1,289,826
License, maintenance and software-as-a-service	1,551,344	1,261,844
Hardware	-	121,248
Total revenue	$ 12,946,992	$ 12,623,479

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
USA	$ 5,202,874	5,922,880
Argentina	2,245,173	2,586,369
Brazil	2,924,489	1,005,594
Chile	631,781	844,780
United Kingdom	1,601,111	2,021,661
Other countries	341,564	242,195
Total revenue	$ 12,946,992	$ 12,623,479

The following table provides information about deferred revenue:

	Note	Three month ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period		$ 848,545	$ 2,561,182
Increase from business acquisitions		-	592,495
Increase from cash received and amounts billed		3,146,246	16,474,908
Revenue recognized		(1,745,961)	(18,756,585)
Loss on sale of asset	22	-	(421,823)
Foreign exchange revaluation		15,511	398,368
Balance, end of period		$ 2,264,341	$ 848,545
Deferred revenue classified as a current liability		$ 1,231,143	$ 844,219
Deferred revenue classified as a non-current liability		$ 1,033,198	$ 4,326

9. 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 organizational 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 Social ("Affinio") (Note 23), Allegient Defense Inc. ("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.

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

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

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.

Three months ended March 31, 2024

	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Adjustments	Total
Revenue	$ 3,566,266	$ 1,039,797	$ -	$ 4,528,042	$ 2,543,020	$ 1,269,867	$ -	$ -	$ 12,946,992
Cost of revenue	(1,003,218)	(688,589)	-	(2,985,141)	(1,460,805)	(411,512)	-	(71,772)	(6,621,037)
Gross profit	2,563,048	351,208	-	1,542,901	1,082,215	858,355	-	(71,772)	6,325,955
Administrative expenses	(1,573,938)	(172,338)	-	(1,207,045)	(276,312)	(842,490)	(1,275,402)	(776,009)	(6,123,534)
Income (loss) from operations	989,110	178,870	-	335,856	805,903	15,865	(1,275,402)	(847,781)	202,421
Other expenses	-	-	-	-	-	-	(1,163,143)	-	(1,163,143)
Income (loss) before income taxes	$ 989,110	$ 178,870	$ -	$ 335,856	$ 805,903	$ 15,865	$ (2,438,545)	$ (847,781)	$ (960,722)

Three months ended March 31, 2023

	A10	Acrotrend	Affinio	Allegient	CoreBI	Other	Corporate	Adjustments	Total
Revenue	$ 1,911,305	$ 1,286,542	$ 464,852	$ 4,172,875	$ 2,717,432	$ 2,070,473	$ -	$ -	$ 12,623,479
Cost of revenue	(644,412)	(507,124)	(196,605)	(2,476,078)	(1,777,948)	(708,913)	-	(92,900)	(6,403,980)
Gross profit	1,266,893	779,418	268,247	1,696,797	939,484	1,361,560	-	(92,900)	6,219,499
Administrative expenses	(983,076)	(395,231)	(290,296)	(1,286,659)	(275,373)	(1,093,466)	(1,891,662)	(1,033,255)	(7,249,018)
Income (loss) from operations	283,817	384,187	(22,049)	410,138	664,111	268,094	(1,891,662)	(1,126,155)	(1,029,519)
Other expenses	-	-	-	-	-	-	(182,500)	-	(182,500)
Income (loss) before income taxes	$ 283,817	$ 384,187	$ (22,049)	$ 410,138	$ 664,111	$ 268,094	$ (2,074,162)	$ (1,126,155)	$ (1,212,019)

10. Intangible assets

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

	Note	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:								
Balance at January 1, 2023		$ 1,496,935	$ 8,968,094	$ 2,616,988	$ 50,817	$ 2,876,000	$ 323,000	$ 16,331,834
Hyperinflation adjustment		9,030	36,389	210,464	4,354	-	-	260,237
Foreign exchange revaluation		(3,797)	(68,246)	-	(2,059)	-	-	(74,102)
Reclassified to assets held for sale	25	(279,002)	(401,002)	-	(10,000)	(2,553,014)	-	(3,243,018)
Balance at March 31, 2024		$ 1,223,166	$ 8,535,235	$ 2,827,452	$ 43,112	$ 322,986	$ 323,000	$ 13,274,951
Accumulated amortization:								
Balance at January 1, 2023		$ 850,403	$ 1,140,321	$ 1,604,199	$ 35,176	$ 911,803	$ 145,350	$ 4,687,252
Hyperinflation adjustment		11,251	25,287	-	3,052	-	-	39,590
Amortization expense		143,273	205,668	60,473	6,502	141,619	16,150	573,685
Reclassified to assets held for sale	25	(276,682)	(47,856)	-	(4,958)	(847,088)	-	(1,176,584)
Balance at March 31, 2024		728,245	1,323,420	1,664,672	39,772	206,334	161,500	4,123,943
Net book value, March 31, 2024		$ 494,921	$ 7,211,815	$ 1,162,780	$ 3,340	$ 116,652	$ 161,500	$ 9,151,008

	Trade names	Customer relationships	Developed technology	Non-compete agreements	Order backlog	Licensed technology	Total
Cost:							
Balance 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)
Balance 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:							
Balance 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)
Balance 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

In the three months ended March 31, 2024, $71,772 (2023: $92,900) amortization expense is included in cost of revenue and $501,913 (2023: $423,500) is included in administrative expenses in the consolidated statements of loss.

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

11. Goodwill

The following table provides information about the changes in goodwill:

	Note	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period		$ 15,949,400	$ 10,938,785
Acquired through acquisitions	6	-	9,433,715
Adjustment related to 2022 acquisition	6	-	8,926
Hyperinflation adjustment		173,318	715,650
Foreign exchange revaluation		(456,000)	(1,352,117)
Impairment		-	(250,000)
Sale of assets	22	-	(3,545,559)
Reclassified to assets held for sale	25	(3,136,967)	-
Balance, end of period		$ 12,529,751	$ 15,949,400

Based on the sale of the Affinio cash-generating unit ("CGU") (Note 22), 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 during the year ended December 31, 2023.

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.

12. 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
Balance at January 1, 2024	$ 162,488	$ 16,455	$ 16,153	$ 278	$ 195,374
Depreciation	(47,107)	(5,964)	(1,684)	(7)	(54,762)
Foreign exchange variances	73,329	7,062	(432)	-	79,959
Balance at March 31, 2024	$ 188,710	$ 17,553	$ 14,037	$ 271	$ 220,571

	Computer equipment	Furniture and fixtures	Vehicles	Other	Total
Balance 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
Balance at December 31, 2023	$ 162,488	$ 16,455	$ 16,153	$ 278	$ 195,374

13. Long-term debt

	Note	Three months ended March 31, 2024	Year ended December 31, 2023
Balance, beginning of period		$ 16,493,471	$ 13,375,664
Additions		-	6,064,550
Debt acquired on acquisition		-	2,933,613
Interest accrued		9,622	543,450
Repayments		(998,826)	(6,489,463)
Foreign exchange revaluation		(73,984)	65,657
Reclassified to liabilities held for sale	25	(2,810,025)	-
Balance, end of period		$ 12,620,258	$ 16,493,471
Current portion		$ 2,902,763	$ 3,815,075
Long-term portion		$ 9,717,495	$ 12,678,396

Long-term debt consists of:

a) $116,023 (December 31, 2023: $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) $522,973 (December 31, 2023: $562,157) 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 March 31, 2024 was $631,004 (December 31, 2023: $670,481).
c) $2,810,025 (December 31, 2023: $3,030,148) 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. As at March 31, 2024, Allegient was classified as a disposal group held for sale and the long-term debt balance was reclassified to liabilities held for sale (Note 25).
d) $6,935,650 (December 31, 2023: 7,088,756) related to a $7,000,000 term loan to NowVertical Group Inc. on December 23, 2022 bearing interest at the US 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) $4,174,156 (December 31, 2023: $4,421,381) 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) $11,778 related to a term loan to A10 Chile bearing interest at 4.53% per annum.
g) $859,676 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	$2,650,528
2025	$3,019,384
2026	$3,276,376
2027	$3,522,533
2028	$3,020,104
Thereafter	$74,216

The Company is in compliance with all debt covenants as of March 31, 2024.

14. Share capital

a) Authorized

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

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

b) Issued and fully paid

The shares outstanding as of March 1, 2024 were 77,804,862 (December 31, 2023: 77,804,862). There were no shares issued during the three months ended March 31, 2024.

Balance, January 1, 2023	Note	65,078,417
Shares issued on private placement	14d	9,631,500
Shares issued on acquisition	14c	1,900,000
Balance, March 31, 2023		76,609,917

c) 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.

d) 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 0% and was recorded to warrants liability. The fair value of the warrants liability at March 31, 2024 was $355,610 (December 31, 2023: $363,460) based on the closing price of C$0.01 per Unit Warrant, and the difference of $7,850 was recorded to the consolidated statement of loss and comprehensive loss as an exchange difference. The Company incurred $164,963 in transaction expenses related to the Offering which were recorded in the consolidated statement of loss and comprehensive loss during the three months ended March 31, 2023.

e) 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, in 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, which 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, which is no longer being used for new grants.

During the three months ended March 31, 2024, the Company recognized $55,303 (2023: $73,767) in 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 to 4 years, expected volatility of 78% based on comparable companies, and dividend yield of 0%.

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

The following table shows the stock options activity during the period:

	Three months ended					
	March 31, 2024			March 31, 2023		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding, January 1	5,700,942	$	0.89	4,560,426	$	0.89
Granted	-		-	310,000		1.00
Forfeited	(2,727,400)		0.66	(124,700)		1.03
Exercised	-		-	-		-
Outstanding, March 31	2,973,542	$	0.77	4,745,726	$	0.89
Exercisable, March 31	2,698,230	$	0.78	3,069,976	$	0.82

Details of the outstanding options as at March 31, 2024 are as follows:

Range of Exercise Prices	Outstanding Options at March 31, 2024	Remaining Term of Options in Years		Weighted Average Exercise Price	Exercisable Options at March 31, 2024		Weighted Average Exercise Price
$0.31 - $0.45	398,333	8.89	$	0.34	279,583	$	0.35
$0.46 - $0.97	2,250,209	7.00		0.82	2,221,042		0.82
$1.00 - $1.05	325,000	8.12		1.00	197,604		1.00
	2,973,542	7.37	$	0.77	2,698,230	$	0.83

15. 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 period. Diluted loss per share is calculated by dividing net loss for the period attributable to shareholders by the weighted average number of shares outstanding during the period 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. The PVS and SVS shares are economically equivalent and entitled to the same earnings; as such, the basic and diluted net loss per share for the Company for the period is calculated using the following numerators and denominators:

	Three months ended			
		March 31, 2024		March 31, 2023
Net loss	$	(1,510,297)	$	(1,490,327)
Weighted average shares outstanding, basic and diluted		77,804,862		69,914,267
Loss per share, basic and diluted	$	(0.02)	$	(0.02)

16. Convertible debenture and warrant liability

On October 5, 2022, the Company closed a marketed public offering of 5,069 Convertible Debenture Units ("Debenture Unit") 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. 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 March 31, 2024 with $nil fair value (December 31, 2023: $nil).

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 March 31, 2024 is $355,610 (December 31, 2023: $363,460) based on the closing price of C$0.01 per Unit Warrant, and the difference of $7,850 was recorded to the consolidated statements of loss and comprehensive as an exchange difference.

In connection with the Debenture Unit offering on October 5, 2022, 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 March 31, 2024 is $13,381 (December 31, 2023: $13,677) based on the closing price of C$0.01 per Unit Warrant, and the difference of $296 was recorded to the consolidated statements of loss and comprehensive loss as an exchange difference.

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 March 31, 2024 is $20,113 (December 31, 2023: $20,557) based on the closing price of C$0.01 per Unit Warrant, and the difference of $444 recorded to the consolidated statements of loss and comprehensive loss as an exchange difference.

17. Income tax expense

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

For the three months ended March 31, 2024, the Company recorded an income tax expense of $549,575 (2023: $278,309) on pre-tax book loss of $960,722 (2023: $1,212,018).

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

18. 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:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Non-cash adjustments in operating activities:		
Depreciation of property and equipment	$ 54,762	$ 49,696
Amortization of intangible assets	573,685	516,400
Deferred income tax benefit	-	250,919
Income tax expense	549,575	27,390
Share-based compensation expense	55,303	73,767
Revaluation of equity consideration	(12,887)	(85,914)
Revaluation of contingent and deferred consideration	165,578	493,464
Revaluation of warrants liability	-	(1,098,243)
Revaluation of conversion feature	-	(304,631)
Contingent compensation related to acquisitions	-	230,698
Interest expense	9,622	96,723
Foreign exchange differences	807,204	(1,977,763)
Assets held for sale	(5,224)	-
	$ 2,197,618	$ (1,727,494)
Net changes in working capital:		
Change in deferred revenue	$ 1,415,796	$ (1,894,743)
Change in trade and other receivables	(1,971,807)	(1,861,064)
Change in unbilled receivables	(447,612)	925,069
Change in prepaid expenses and other current assets	(10,867)	385,546
Change in accounts payable	80,860	584,210
Change in accrued expenses and other current liabilities	887,690	1,755,226
Change in short-term investments	(227,917)	(102,089)
	$ (273,857)	$ (207,845)
Non-cash disclosures in investing and financing activities:		
Shares issued related to acquisitions	$ -	$ 1,124,394
	$ -	$ 1,124,394

19. Administrative expenses and cost of revenue

	Three months ended March 31, 2024	Three months ended March 31, 2023
Compensation and benefits	$ 3,494,702	$ 3,913,131
Professional fees	844,563	1,656,931
Marketing and advertising	227,581	311,440
Investor relations and filing fees	31,222	87,544
Product development	80,645	4,635
Office and other expenses	652,292	621,377
Travel expense	68,932	176,593
Depreciation of property and equipment	54,762	49,696
Amortization of intangible assets	501,913	423,500
Exchange gain	111,619	(69,596)
Share-based compensation expense	55,303	73,767
Total administrative expenses	$ 6,123,534	7,249,018

	Three months ended March 31, 2024	Three months ended March 31, 2023
Compensation and benefits	$ 3,879,573	$ 3,631,388
Subcontractor costs	2,602,306	2,631,326
Software and data expense	67,386	48,365
Amortization of intangible assets	71,772	92,900
Total cost of revenue	$ 6,621,037	$ 6,403,979

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

20. 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 (i.e., 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 receivables, 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 warrant's 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, 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 $10,381,118 at March 31, 2024 (December 31, 2023: $10,922,210). 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 and other current liabilities, convertible debenture, long-term debt and payables to previous shareholders. The Company's exposure to liquidity risk is $31,133,725 at March 31, 2024 (December 31, 2023: $37,040,656).

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	$ 2,902,763	$ 2,902,763	$ 2,902,763	$ -	$ -	$ -	$ 2,902,763
Long-term debt	9,717,495	9,717,495	-	5,001,161	4,646,591	69,743	9,717,495
Other long-term liabilities	809,833	809,833	-	809,833	-	-	809,833
Convertible debenture	3,059,914	3,059,914	-	3,059,914	-	-	3,059,914
Consideration payable to acquired companies	7,986,140	7,986,140	7,986,140	-	-	-	7,986,140
Contingent consideration related to acquired companies	1,065,351	1,065,351	-	1,065,351	-	-	1,065,351
Total	$ 25,541,496	$ 25,541,496	$ 10,888,903	$ 9,936,259	$ 4,646,591	$ 69,743	$ 25,541,496

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 spreads – 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 unfavourable 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 (i.e., 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 13, long-term debt, for interest rates on outstanding debt.

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.

21. 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:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Salaries and bonuses	$ 179,878	$ 328,137
Share-based payments	3,135	51,192
Total related party transactions	$ 183,013	$ 379,329

22. 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 March 31, 2024, 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:

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

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:

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)

23. Investments

		Three months ended March 31, 2024		Year ended December 31, 2023
Balance, beginning of period	$	368,530	$	482,610
Acquired through business combinations		-		325,367
Cash withdrawn		120,398		(289,445)
Investing income		120,545		284,465
Foreign exchange differences		(13,026)		(434,467)
Balance, end of period	$	596,447	$	368,530

24. Prepaid expenses and other current assets

		March 31, 2024		December 31, 2023
Prepaid expenses	$	557,953	$	587,263
Security deposits		1,756		78,444
Employee receivable		-		3,924
Total prepaid expenses and other current assets	$	559,709	$	669,631

Unaudited, Expressed in U.S. Dollars, unless otherwise noted

25. Assets and liabilities held for sale

As at March 31, 2024, Allegient and Now Guardian Inc. were classified as a disposal group held for sale. The following assets and liabilities were reclassified as held for sale in relation to the Allegient CGU.

	Note		As at March 31, 2024
Cash		$	5,224
Trade and other receivables			2,695,875
Unbilled revenue			264,638
Prepaid expenses and other current assets			120,789
Right of use lease			45,622
Intangible assets, net	10		2,066,434
Goodwill	11		3,136,967
Total assets held for sale		$	8,335,549
Accounts payable		$	1,609,853
Accrued expenses and other current liabilities			1,725,629
Short-term lease liability			48,991
Loan payable and current portion of long-term debt	13		598,697
Long-term debt	13		2,211,328
Total liabilities held for sale		$	6,194,498

26. Subsequent events

On May 24, 2024, the Company closed the disposition of its subsidiary, Allegient to Denergy Corporation (the "Purchaser") for a total gross cash consideration of up to $12.5 million pursuant to a purchase and sale agreement among the Company, the Purchaser and The Assérac Group, LLC whereby the Purchaser acquired all of the issued and outstanding equity interests of NOW Guardian Inc., a wholly owned subsidiary of the Company through which the Company indirectly held 100% of the issued and outstanding equity interests in Allegient. The $12.5 million all cash consideration for the transaction consists of $7.5 million in cash received on closing, $1.0 million pursuant to a secured promissory note payable in instalments within 18 months of closing, and $4.0 million as an earn-out payable on Allegient reaching certain revenue milestones.

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.

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.

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.