VIQ Solutions Inc.

Consolidated Financial Statements and
Independent Auditor’s Report Thereon

As of December 31, 2023 and December 31, 2022

(Expressed in United States dollars)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of VIQ Solutions Inc.

Opinion

We have audited the consolidated financial statements of VIQ Solutions Inc. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years 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 2022, and its consolidated financial performance and its consolidated cash flows for the years 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(b) to the consolidated financial statements, which indicates that the Company has incurred recurring losses, has not yet achieved profitable operations and has cash of $1,621,778 and negative working capital as of December 31, 2023. Note 2(b) also indicates that cash flow from operations was negative and financial waivers were obtained in relation to Beedie Note Payable for the year ended December 31, 2023. As stated in Note 2(b), these events or conditions along with the other matters as set forth in Note 2(b), 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.

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 matters 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, 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 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	How our audit addressed the key audit matter
Goodwill impairment assessment	
As described in Note 2 (d), 3 (i) and 6, goodwill is allocated to Cash Generating Units ["CGUs"] or a group of CGUs and management is required to test goodwill for impairment annually or more frequently when there are indicators that impairment may have occurred. As at December 31, 2023 the total carrying value of goodwill amounted to $12,090,609. When performing impairment tests, the Group estimates the recoverable amount of the CGUs to which goodwill has been allocated using a discounted cash flow approach. We have determined that auditing management's annual goodwill impairment assessment is a key audit matter given the complexity, degree of judgment, and subjectivity used in evaluating management's assumptions for determining the recoverable amount of the CGUs. Significant assumptions included earnings margins, revenue growth rates, discount rates and terminal growth rates.	Our audit procedures related to the goodwill impairment assessment included, among others, the following: • Assessed management's assumptions for earnings margins and revenue growth rates used in their forecasts by comparing the prior period forecasts to actual results for the same period and comparing the future period forecasts to historical trends; • Assessed the terminal growth rate assumption by comparing to available market data; • Performed sensitivity analyses on the growth rates to evaluate the impact on the recoverable amount; • Performed procedures to test the allocation of corporate costs within earnings margins, including unallocated costs; • Involved our valuation specialists to assess the valuation methodology used by management, and the various inputs utilized in determining the discount rate by considering current industry information and comparing to guideline company information; • Compared the recoverable amount of the CGUs to the Group's market capitalization; and • Evaluated the adequacy of the disclosure included in the consolidated financial statements.
Capitalization of internally generated intangible assets	
As described in Note 3 (i) and 6 to the consolidated financial statements, management monitors the progress of internal research and development projects and uses judgement in assessing whether these meet the criteria to capitalize development costs. Gross additions to internally generated intangible assets in the year ended December 31, 2023 were $1,955,595, and the net book value of internally generated intangible assets was $8,066,733 as at December 31, 2023. There is judgement required to determine the costs incurred for each research and development project and to evaluate the criteria for capitalization in accordance with IAS 38 to determine the amount to be capitalized for each project. We have determined that auditing the capitalization of internally generated intangible assets is a key audit matter given the complexity, degree of judgment, and subjectivity needed to assess whether the criteria for capitalization have been met and evaluate the amounts capitalized.	Our audit procedures related to the capitalization of internally generated intangible assets included, among others, the following: • Obtained management's analysis of the expenditures and assessed whether the criteria to capitalize the development costs had been appropriately applied by discussing with executive management and development personnel the attributes associated with each project being capitalized; • Assessed the recoverability of capitalized development costs by comparing to projected revenues; • Tested a sample of development costs capitalized to assess whether they were accurately categorized as development related costs and vouched these costs to supporting documentation; and • Evaluated the reasonableness of the amortization for each asset by assessing management's estimated useful life and recalculating the amounts recorded.

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 & 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, 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 Mike Maker.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada

March 28, 2024

VIQ Solutions Inc.

Consolidated Statements of Financial Position

(Expressed in United States dollars)

	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash	$ 1,621,778	$ 1,657,571
Trade and other receivables, net of allowance for doubtful accounts (note 4)	4,382,668	5,305,728
Income taxes recoverable	–	104,670
Inventories	29,146	37,807
Prepaid expense and other deposits	1,636,349	2,050,661
	7,669,941	9,156,437
Non-current assets		
Restricted cash	185,655	463,743
Property and equipment, net (note 5)	1,066,194	1,432,133
Right-of-use assets, net (note 17)	596,063	1,058,600
Intangible assets, net (note 6)	8,066,733	10,731,917
Goodwill (note 6)	12,090,609	12,047,048
Deferred tax assets (note 19)	–	655,004
Total assets	$ 29,675,195	$ 35,544,882
Liabilities		
Current liabilities		
Trade and other payables and accrued liabilities	$ 6,269,023	$ 5,937,880
Income taxes payable	59,044	45,212
Share-based payment liability (note 9)	25,246	31,487
Derivative warrant liability (note 8)	188,042	290,712
Current portion of long-term debt (note 7)	19,812	8,634,258
Current portion of lease obligations (note 18)	483,362	487,673
Contract liabilities	1,809,003	1,745,415
	8,853,532	17,172,637
Non-current liabilities		
Deferred tax liability (note 19)	–	868,643
Long-term debt (note 7)	13,246,176	19,812
Long-term lease obligations (note 18)	220,750	718,575
Other long-term liabilities	1,179,639	1,121,805
Total liabilities	23,500,097	19,901,472
Shareholders' equity		
Capital stock (notes 9 and 10)	76,230,158	74,690,527
Contributed surplus (note 10)	8,671,879	5,892,192
Accumulated other comprehensive loss	(670,788)	(1,214,354)
Deficit	(78,056,151)	(63,724,955)
Total shareholders' equity	6,175,098	15,643,410
Total liabilities and shareholders' equity	$ 29,675,195	$ 35,544,882

See accompanying notes to consolidated financial statements.

Approved by the Board

Signed "*Larry Taylor*"
Larry Taylor, Director

Signed "*Sebastien Paré*"
Sebastien Paré, CEO and Director

VIQ Solutions Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars)

	Years ended December 31, 2023	2022
Revenue (note 14)	$ 41,024,024	$ 45,843,929
Cost of sales	22,911,952	23,918,226
Gross profit	18,112,072	21,925,703
Expenses (note 15 and 16)		
Selling and administrative expenses	21,738,200	24,526,303
Research and development expenses	679,589	734,115
Stock-based compensation (notes 9 and 10)	955,571	2,779,312
Gain on revaluation of options (note 9)	–	(1,511,399)
Gain on revaluation of RSUs (note 9)	(197,711)	(550,260)
Gain on revaluation of the derivative warrant liability (note 8)	(383,428)	(4,255,017)
Foreign exchange loss (gain)	566,530	(452,068)
Depreciation (note 5 and 17)	795,104	579,249
Amortization (note 6)	4,553,255	5,508,954
Interest expense (note 7)	1,358,579	1,052,618
Accretion and other financing costs (note 7)	1,472,400	1,231,194
Loss (gain) on contingent consideration	(10,389)	80,071
Impairment of intangible assets (note 6)	157,464	–
Impairment of property and equipment (note 5)	–	15,246
Loss on extinguishment of debt (note 7)	–	747,865
Loss on modification of debt (note 7)	549,646	–
Restructuring costs	403,870	323,075
Business acquisition costs	–	433,372
Other income	(26,248)	(1,291)
Total expenses	32,612,432	31,241,339
Current income tax expense (recovery) (note 19)	33,596	(105,256)
Deferred income tax recovery (note 19)	(202,760)	(504,365)
Income tax recovery (note 19)	(169,164)	(609,621)
Net loss for the year	$ (14,331,196)	$ (8,706,015)
Exchange gain (loss) on translation of foreign operations	543,566	(1,288,880)
Comprehensive loss for the year	$ (13,787,630)	$ (9,994,895)
Net loss per share (note 11)		
Basic	(0.38)	(0.28)
Diluted	(0.38)	(0.28)
Weighted average number of common shares outstanding – basic (note 11)	37,289,689	31,648,001
Weighted average number of common shares outstanding – diluted (note 11)	37,289,689	31,648,001

See accompanying notes to consolidated financial statements.

VIQ Solutions Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States dollars)

	Capital stock Number	Capital stock Amount	Contributed surplus	Deficit	Accumulated other comprehensive loss	Total shareholders' equity
Balance as at December 31, 2022	34,649,697	$74,690,527	$ 5,892,192	$ (63,724,955)	$ (1,214,354)	$ 15,643,410
Comprehensive loss for the year	–	–	–	(14,331,196)	543,566	(13,787,630)
Warrants issued due to debt financing costs (note 7)	–	–	2,131,787	–	–	2,131,787
Shares issued due to private placement (note 8)	5,800,000	1,427,123	–	–	–	1,427,123
Shares issued due to exercise of restricted share units (note 9)	468,201	101,423	(101,423)	–	–	–
Shares issued due to exercise of performance share units (note 9)	40,000	11,085	(11,085)	–	–	–
Share cancellation	(1,060)	–	–	–	–	–
Options forfeited (note 9)			114,302			114,302
Stock-based compensation (notes 9 and 10)	–	–	646,106	–	–	646,106
Balance as at December 31, 2023	40,956,838	$76,230,158	$ 8,671,879	$ (78,056,151)	$ (670,788)	$ 6,175,098

	Capital stock Number	Capital stock Amount	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total Shareholders' equity
Balance as at December 31, 2021	29,881,717	$ 72,191,764	$ 4,842,208	$ (55,018,940)	$ 74,526	$ 22,089,558
Comprehensive loss for the year	–	–	–	(8,706,015)	(1,288,880)	(9,994,895)
Shares issued due to Private Placement (note 9)	3,551,852	1,898,271	–	–	–	1,898,271
Shares issued due to Crown Capital debt amendment (note 7)	1,078,901	442,626	–	–	–	442,626
Shares issued due to exercise of restricted share units (note 9)	137,227	157,866	(214,539)	–	–	(56,673)
Stock-based compensation (notes 9 and 10)	–	–	1,264,523	–	–	1,264,523
Balance as at December 31, 2022	34,649,697	$ 74,690,527	$ 5,892,192	$ (63,724,955)	$ (1,214,354)	$ 15,643,410

See accompanying notes to consolidated financial statements.

VIQ Solutions Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

	Year ended December 31, 2023	2022
Operating activities		
Net loss for the year	$ (14,331,196)	$ (8,706,015)
Items not affecting cash:		
Depreciation	795,104	579,249
Amortization	4,553,255	5,508,954
Stock-based compensation (notes 9 and 10)	955,571	2,779,312
Accretion and other financing costs (note 7)	1,472,400	1,231,194
Interest expense (note 7)	1,358,578	1,052,617
Income tax expense (recovery) (note 19)	(169,164)	(609,621)
Loss (gain) on contingent consideration	(10,389)	80,071
Impairment of goodwill and intangible assets (note 6)	157,464	–
Impairment of property and equipment (note 5)	–	15,246
Gain on revaluation of options, RSUs, and derivative warrant liability (notes 8 and 9)	(581,139)	(6,316,676)
Loss on extinguishment of debt (note 7)	–	747,865
Loss on modification of debt (note 7)	549,646	–
Other income	(26,248)	(1,291)
Foreign exchange loss (gain)	566,530	(452,068)
Unrealized foreign exchange loss	27,993	360,190
Changes in non-cash operating working capital (note 12)	1,871,341	1,395,097
Cash used in operating activities	**(2,810,254)**	**(2,335,876)**
Investing activities		
Purchase of property and equipment	(25,792)	(1,202,489)
Business acquisitions	–	(298,927)
Earn-out payment	(241,135)	(539,380)
Development costs related to internally generated intangible assets (note 6)	(1,955,595)	(1,828,983)
Change in restricted cash	–	(234,286)
Cash used in investing activities	**(2,222,522)**	**(4,104,065)**
Financing activities		
Issuance of share capital, net of issuance costs (note 8)	1,722,868	4,053,476
Proceeds from debt, net of issuance costs (note 7)	13,880,518	–
Payment of amendment fees on debt (note 7)	–	(239,880)
Repayment of debt (note 7)	(8,590,295)	(4,761,890)
Repayment of lease obligations (note 18)	(475,050)	(270,795)
Payment of interest on debt (note 7)	(1,467,479)	(1,040,596)
Payment of interest on lease obligations (note 18)	(83,658)	(114,131)
Cash provided by (used in) financing activities	**4,986,904**	**(2,373,816)**
Net decrease in cash for year	**(45,872)**	**(8,813,757)**
Cash, beginning of year	1,657,571	10,583,534
Effect of exchange rate changes on cash	10,079	(112,206)
Cash, end of year	**$ 1,621,778**	**$ 1,657,571**

See accompanying notes to consolidated financial statements.

1. Nature of operations

VIQ Solutions Inc. ("VIQ" or the "Company") is a technology and service platform provider for digital evidence capture, retrieval, and content management. VIQ's modular software allows customers to easily integrate the platform at any stage of their organization's digitization, from the capture of digital content from video and audio devices through to online collaboration, mobility, data analytics, and integration with sensors, facial recognition, speech recognition, and case management or patient record systems. VIQ operates worldwide with a network of partners including security integrators, audio-video specialists, and hardware and data storage suppliers.

The Company also provides recording and transcription services directly to a variety of clients including medical, courtrooms, legislative assemblies, hearing rooms, inquiries and quasi-judicial clients in numerous countries including Canada, the United Kingdom, the United States and Australia.

VIQ was incorporated by articles of incorporation in the province of Alberta in November 2004. On June 21, 2017, the Company continued under articles of continuance in the province of Ontario. The Company's head office is located at 700 – 5915 Airport Road, Mississauga, Ontario, L4V 1T1. VIQ is a public company, and the Company graduated from the Toronto Venture Exchange to the Toronto Stock Exchange in 2021. The Company's common shares began trading on the TSX and Nasdaq, under trading symbol VQS, at the market open on January 21, 2021, and August 12, 2021, respectively. The Company's common shares were delisted from trading on Nasdaq on October 5, 2023.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements have been prepared using the Material accounting policy information in note 3. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in notes 2d and 3.

These consolidated financial statements have been authorized for issue in accordance with a resolution from the Board of Directors on March 28, 2024.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value as noted below. Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. The consolidated statements of loss and comprehensive loss are presented using the function classification of expenses.

Going concern uncertainty

The Company's consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. As of December 31, 2023, the Company has cash of $1,621,778 and negative working capital. The Company has incurred recurring losses, has not yet achieved profitable operations and has a deficit of $78,056,151 since its inception. Cash flow from operations was negative for the year ended December 31, 2023 and financial waivers were obtained in relation to Beedie Note Payable for the year ended December 31, 2023. These matters, when considered in the aggregate, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern for at least 12 months from December 31, 2023. In view of these matters, continuation as a going concern is dependent upon the continued operations of the Company, which will be determined by the Company's ability to meet its financial requirements, including financial covenants within its debt agreements and its ability to raise additional capital.

(Expressed in United States dollars)

The Company is evaluating several different strategies and intends to pursue actions that are expected to increase its liquidity position, including, but not limited to, pursuing additional actions under the Company's cost-savings plan and seeking additional financing from both the public and private markets through the issuance of equity and/or debt securities. The Company's management cannot provide assurances that the Company will be successful in accomplishing any of its proposed financing plans. Management also cannot provide any assurance as to unforeseen circumstances that could occur within the next 12 months which could increase the Company’s need to raise additional capital on an immediate basis, which may not be available to the Company.

(c) Functional currency, presentation currency and foreign currency translation

The financial results of each subsidiary consolidated in the Company’s consolidated financial statements are measured using the subsidiary’s functional currency, which is the currency of the primary economic environment in which the entity operates for each of the Company’s wholly owned subsidiaries. The following are the functional currencies of each of the subsidiaries:

Company/Subsidiary	Functional currency
VIQ Solutions Inc.	CAD
Dataworxs Systems Limited	CAD
VIQ Solutions, Inc.	USD
VIQ Australia PTY Ltd.	AUD
Dataworxs Systems Australia Ltd.	AUD
VIQ Solutions PTY Ltd.	AUD
VIQ Solutions Australia PTY Ltd.	AUD
VIQ PTY Ltd.	AUD
VIQ Australia Services PTY Ltd.	AUD
VIQ Services Inc.	USD
Net Transcripts, Inc.	USD
HomeTech, Inc.	USD
Transcription Express, Inc.	USD
VIQ Media Transcription Inc.	USD
wordZexpressed, Inc.	USD
VIQ Solutions (UK) Limited	GBP
VIQ Services (UK) Limited	GBP
The Transcription Agency LLP	GBP

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statements of loss and comprehensive loss.

USD / CAD exchange rate	December 31, 2023	December 31, 2022
Closing at the reporting date	0.7547	0.7370
Average rate for the year	0.7410	0.7685

USD / AUD exchange rate	December 31, 2023	December 31, 2022
Closing at the reporting date	0.6811	0.6805
Average rate for the year	0.6643	0.6940

USD / GBP exchange rate	December 31, 2023	December 31, 2022
Closing at the reporting date	1.2731	1.2103
Average rate for the year	1.2432	1.2368

The financial statements of entities that have a functional currency different from the presentation currency of USD are translated into USD as follows: assets and liabilities at the closing rate at the date of the consolidated statement of financial position, and income and expenses at the average rate of the year as this is considered a reasonable approximation to actual rates. All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

The Company has monetary items that are receivable from foreign operations. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the parent company's net investment in that foreign operation. Such exchange differences are recognized initially in other comprehensive income (loss) and reclassified from equity to net loss on disposal of the net investment in foreign operation.

(d) Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the application of the Company's accounting policies and the amounts reported in the consolidated financial statements and the related notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. These estimates have been applied in a manner consistent with that in prior periods and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the assumptions utilized in these consolidated financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized prospectively. The estimates are impacted by many factors, some of which are highly uncertain, and actual results may differ from those estimates.

Going concern - In the preparation of consolidated financial statements, management is required to identify when events or conditions indicate that material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern would exist when relevant conditions and events, considered in the aggregate, indicate that the Company will not be able to meet its obligations as they become due for a period of at least, but not limited to, 12 months from the consolidated statement of financial position. When the Company identifies conditions or events that raise potential for material uncertainty that may cast significant doubt about its ability to continue as a going concern, the Company considers whether its plans that are intended to mitigate those relevant conditions or events will alleviate the potential significant doubt.

The areas with significant judgments and estimates are as follows:

- **Stock-based compensation** – Management uses judgment to determine the inputs to the Black-Scholes option pricing model including the expected option life volatility and forfeiture rates for equity issued under the Company's stock option plan. Changes in these assumptions will impact the calculation of fair value and the amount of compensation expense recognized in the consolidated statements of loss and comprehensive loss.
- **Warrants** – Similar to other stock-based compensation, management uses judgment to determine the inputs to the Black-Scholes option pricing model including the volatility and expected life. Changes in these assumptions will impact the calculation of fair value and the value attributed to the warrants.
- **Internally generated development costs** – Management monitors the progress of internal research and development projects and uses judgment to distinguish research from the development phase. Expenditures during the research phase are expensed as incurred. Development costs are recognized as an intangible asset when the Company can demonstrate certain criteria in accordance with IAS 38, *Intangible Assets*. Management applies judgement in determining if criteria in IAS 38 have been met, The Company assesses the recoverability of the capitalized development costs by comparing to projected revenues and gross profit.
- **Functional currency –** The functional currency of the Company and its subsidiaries requires management judgment and it has been assessed by management based on consideration of the currency and economic factors that mainly influence revenues, operating costs, financing and related transactions. Changes to these factors may have an impact on the judgment applied in the future determination of the Company's and its subsidiaries' functional currency.
- **Income taxes** – At the end of each reporting period, the Company assesses whether the realization of deferred tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgment on the part of management with respect to, among other things, benefits that could be realized from available income tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available income tax strategies are lowered, or if changes in current income tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize deferred tax benefits. The Company's effective income tax rate can significantly vary quarter-to-quarter for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which

no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized. The Company's effective income tax rate can also vary due to the impact of foreign exchange fluctuations.

- **Allocation of the transaction price to multiple performance obligations in contracts with customers –** Contracts with customers sometimes include promises to deliver multiple products and services. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require judgment. The determination of the standalone selling price ("SSP") is based on the selling prices charged by the Company when it sells each of the products and services separately. The total transaction price is allocated to each of the distinct performance obligations using the relative SSP of the various products and services. In general, SSP for support and maintenance is established as a percentage of the software license fee as supported by internal analysis of similar vendor contracts. SSP for licenses as well as for professional services is established based on observable prices for the same or similar services when sold separately. Management exercises judgment in determining whether a contract's outcome can be estimated reliably. Management also applies estimates in the calculation of future contract costs and related profitability as it relates to labour hours and other considerations, which are used in determining the value of amounts recoverable on contracts and timing of revenue recognition. Estimates are continually and routinely revised based on changes in the facts relating to each contract.
- **Allowance for doubtful accounts –** The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). The expected credit loss ("ECL") model requires judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default, which were then applied over the expected life of the trade receivables, adjusted for forward-looking estimates.
- **Goodwill impairment testing and recoverability of assets** – Goodwill and indefinite-life intangible assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value of the asset, or the cash-generating unit ("CGU") reflecting the lowest level at which assets generate independent cash flows, to the asset or CGU's recoverable amount. Management uses judgment in assessing the CGUs and estimates the recoverable values of the Company's CGUs by using internally developed valuation models that consider various factors and assumptions including earnings margins, revenue growth rates, discount rates and terminal growth rates. The use of different assumptions and estimates could influence the determination of the existence of impairment and the valuation of goodwill and indefinite-life intangible assets. The recoverable amounts of the CGUs are estimated based on the assessment of the higher of their value in use using a discounted cash flow approach and fair value less cost to sell.
- **Purchase price allocation –** In a business combination, all identifiable assets acquired, and liabilities and contingent liabilities assumed are recorded at their fair values. For any intangible asset acquired, management or where the complexity of the estimate requires, an independent valuation expert at the direction of management, develops the fair value using appropriate valuation techniques, which are generally based on a forecast of the revenue attributable to the acquired business, annual customer attrition rates and royalty rates, earnings before interest, taxes, depreciation and amortization and discount rates. The valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last no greater than one year from the acquisition date.
- **Contingent consideration –** The Company measures the contingent consideration payable in a business combination at the estimated fair value at each reporting date. The fair value is estimated based on the range of possible outcomes and management's assessment of the likelihood of each outcome.
- **Incremental borrowing rate used to discount leases –** The Company's incremental borrowing rate is used to estimate the initial value of the lease liability and associated right-of-use asset. The Company's incremental borrowing rate is determined with reference to the Company's long-term debt, which represents the amount that the Company could borrow at within a similar time frame.
- **Property and equipment and definite life Intangible assets -** the recoverability of Property and equipment and definite life intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the assets may be impaired. The amortization period and the amortization method for intangible assets with definite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

3. Material accounting policy information

i) Material accounting policies

Basis of consolidation

The consolidated financial statements of the Company include the accounts of VIQ and the consolidated accounts of all of its wholly owned subsidiaries including (i) the operations of VIQ Solutions, Inc.; (ii) the operations of Dataworxs Systems Limited and its wholly owned subsidiary Dataworxs Australia Pty Ltd. (collectively, "Dataworxs"); (iii) the operations of VIQ Australia Pty. Limited and its wholly-owned subsidiaries VIQ Solutions Pty. Ltd. ,VIQ Solutions Australia PTY Ltd, VIQ Pty Ltd and VIQ Australia Services Pty Ltd . (collectively, "VIQ Australia Pty Limited"), (iv) the operations of VIQ Services Inc. and its wholly owned subsidiaries, Net Transcripts, Inc., Transcription Express, Inc., HomeTech, Inc., VIQ Media Transcription Inc. ("VIQ Media"), and wordZXpressed, Inc., and (v) the operations of VIQ Solutions (UK) Limited, and its wholly owned subsidiary VIQ Services (UK) Limited and The Transcription Agency LLP ("TTA").

Subsidiaries are entities controlled by the Company where control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. All intercompany balances, transactions, income and expenses have been eliminated on consolidation.

Restricted cash

Restricted cash is recorded at fair value. Changes to fair value are recorded in the consolidated statements of loss and comprehensive loss in the period incurred. Restricted cash is required to satisfy operating lease and customer contractual requirements.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Rates and basis of depreciation applied to write off the cost of property and equipment to their residual values over their estimated useful lives are as follows:

Furniture and fixtures	10–13 years straight-line
Computer , software and transcription equipment	3–4 years straight-line
Leasehold improvements	Over the term of the lease

An asset's residual value, useful life and depreciation method are reviewed, and adjusted prospectively if appropriate, on an annual basis. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of selling and administrative expenses in the consolidated statements of loss and comprehensive loss.

Intangible assets

Intangible assets with definite lives that are acquired separately are measured on initial recognition at fair value, which comprises the purchase price plus any directly attributable costs of preparing the asset for its intended use.

The Company's acquired intangible assets consist of customer relationships, acquired technology, non-compete agreements and brands acquired in business combinations. These intangible assets are recorded at their fair value at the respective acquisition date. The Company uses the income approach as a valuation technique that calculates the fair value of an intangible asset based on the present value of future cash flows that the asset can be expected to generate over its remaining useful life. The discounted cash flow ("DCF") is the methodology used, which is a form of the income approach that begins with a forecast of the annual cash flows a market participant would expect the subject intangible asset to generate over a discrete projection period. The future cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the intangible assets' projected cash flows, again, from a market participant perspective. The Company relies on the relief-from-royalty method to value the acquired technology and brands and the multi-period excess earnings Method to value customer relationship assets. After initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

The estimated useful lives at acquisition date for the Company's classes of intangible assets are as follows:

Acquired technology	5 years straight-line
Customer relationships	5–13 years straight-line
Brands	1–2 years straight-line
Non-compete agreements	Straight-line over the term of agreement

The estimated useful life and amortization methods are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis. These assets are subject to an impairment test as described below. The Company's internally generated intangible assets consist of developed technologies. The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the intangible asset and use or sell it, (iii) its ability to use or sell the intangible asset, (iv) how the intangible asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred. Costs associated with maintaining computer software programs are recognized as an expense as incurred. Internally generated intangible assets recognized as intangible assets are carried at cost less any accumulated amortization on a straight- line basis over three years after they are completed. These assets are subject to an impairment test as described below.

Business combinations

IFRS 3, *Business Combinations* ("IFRS 3"), requires business combinations to be accounted using the acquisition method. Under this method, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation based on the facts and circumstances at the acquisition date. Business acquisition costs incurred are expensed and included in transaction costs. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The excess of (i) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (ii) fair value of the net identifiable assets acquired is recorded as goodwill.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each CGU or a group of CGUs that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the consolidated statements of loss and comprehensive loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Determining whether goodwill is impaired requires an estimation of the higher of fair value less costs of disposal and value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

Capital stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the issuance of units (shares and warrants) are bifurcated between capital stock and warrants, with the value of the warrants determined using the Black-Scholes option pricing model.

Financial instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at FVTPL are expensed in the consolidated statements of loss and comprehensive loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL. The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in the consolidated statements of loss and comprehensive loss. Financial assets measured at amortized cost are comprised of trade receivables.
- FVOCI – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at FVOCI. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in the consolidated statements of loss and comprehensive loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net loss. The Company does not hold any financial assets measured at FVOCI.
- Mandatorily FVTPL– Assets that do not meet the criteria to be measured at amortized cost or fair value through other comprehensive income are measured at FVTPL. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at FVTPL are comprised of cash and cash equivalents.
- Designated at FVTPL – On initial recognition, the Company may irrevocably designate a financial asset to be measured at FVTPL in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in the consolidated statements of loss and comprehensive loss. The Company does not hold any financial assets designated to be measured at FVTPL.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation that best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest based on their contractual terms. For this purpose, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money. The Company measures all equity investments at fair value. Changes in fair value are recorded in the consolidated statements of loss and comprehensive loss. The Company does not hold any equity investments.

Impairment of financial assets

The Company recognizes a loss allowance for the ECLs associated with its financial assets, other than financial assets measured at FVTPL. ECLs are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the ECLs resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime ECLs. For financial assets measured at amortized cost, loss allowances for ECLs are presented in the consolidated statements of financial position sheet as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in the consolidated statements of loss and comprehensive loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

IFRS 9 contains three classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification for each class of the Company's financial assets and financial liabilities is as follows:

Financial assets and liabilities	IFRS 9 classification
Cash and restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables and accrued liabilities	Amortized cost
Long-term debt	Amortized cost
Share-based payment liability	FVTPL
Derivative warrant liability	FVTPL

Leases

In accordance with IFRS 16, *Leases* ("IFRS 16"), at inception of a contract, the Company assesses whether the contract is or contains a lease based on whether 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 a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Impairment of property and equipment, definite-life intangible assets and goodwill
For purposes of assessing impairment under IFRS, assets are grouped in CGUs, the lowest levels for which the group of assets can generate largely independent cash inflows. The Company has six CGUs, which consist of VIQ Australia, VIQ US, VIQ Media, VIQ UK, Dataworx and VIQ Solutions Inc., and the CGUs with goodwill or indefinite-lived intangible assets are tested for impairment at least annually. All other long-lived assets and definite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that 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 to sell or value-in-use. To determine the value in use, management estimates expected future cash flows from the CGU and determines a suitable pre-tax 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 approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements.

Discount rates have been determined for each of the CGUs and reflect their respective risk profile as assessed by management. Impairment losses for the CGUs reduce first the carrying amount of any goodwill allocated to that CGU, with any remaining impairment loss charged pro rata to the other assets in the CGU.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the asset's recoverable amount exceeds its carrying amount only to the extent that the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

Property and equipment and definite-life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purpose of measuring recoverable values, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are its CGUs. The recoverable value is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Revenue recognition

Revenue represents the amount of consideration the Company expects to receive for the delivery of products and services in its contracts with customers, net of discounts and sales taxes. The Company reports revenue mainly under seven revenue categories, being, Technology services, Software license, Support and maintenance, Software as a service ("SaaS"), Subscription, Professional services and Hardware and Other.

Revenue is recognized upon transfer of control of products or services to customers at an amount that reflects the transaction price the Company expects to receive in exchange for the products or services. The Company's contracts with customers may include the delivery of multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The accounting for a contract or contracts with a customer that contain multiple performance obligations requires the Company to allocate the contract or contracts' transaction price to the identified distinct performance obligations.

Technology services revenue consists of fees charged for recurring services provided to the Company's customers. Technology service revenue is recognized when the service is delivered to the customer. The Company has select customers where a flat rate is charged and revenue is recognized over time.
Software license revenue is composed of non-recurring license fees charged for the use of the Company's software products generally licensed under perpetual arrangements and to a lesser extent sale of third-party license software. The Company sells

on- premises software licenses on a perpetual basis. On-premises software licenses are bundled with software maintenance and support services for a term. The license component and maintenance and support components are each allocated revenue using their relative estimated standalone selling price. Revenue from the license of distinct software is recognized at the time that both the right to use the software has commenced and the software has been made available to the customer.

Support and maintenance and other recurring revenue primarily consist of fees charged for customer support on the Company's software products post-delivery. Certain of the Company's contracts with customers contain provisions that require the customer to agree to first-year support and maintenance in order to maintain the active right to use a perpetual license. Support and maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post delivery.

Revenue from SaaS arrangements, which allows customers to use hosted software over a term without taking possession of the software, is provided on a subscription basis. Revenue from the SaaS arrangement, which includes the installation, hosted software and maintenance and digital transcription services, is recognized ratably over the term of the subscription.

Professional service revenue consists of fees charged for customization, implementation, integration, training and ongoing services associated with the Company's software products and technology services. Professional services are typically billed on a time and material basis and revenue is recognized over time as the services are performed. For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed. Hardware revenue includes the resale of third-party hardware that forms part of the overall customer solutions. Hardware revenue is recognized when the goods are shipped.

Cost of sales

Cost of sales for the technology segment includes the cost of finished goods inventory, costs related to shipping and handling and expenses relating to software support services. Cost of sales for the technology services segment includes production wages and other associated costs.

Income taxes

The income tax provision comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the asset is realized or liability is settled. Deferred tax assets are recognized for deductible temporary differences, unused tax losses and other income tax deductions to the extent that it is probable the Company will have taxable income against which those deductible temporary differences, unused tax losses and other income tax deductions can be utilized. The extent to which deductible temporary differences, unused tax losses and other income tax deductions are expected to be realized is reassessed at the end of each reporting period.

In a business combination, temporary differences arise as a result of differences in the fair values of identifiable assets and liabilities acquired and their respective tax bases. Deferred tax assets and liabilities are recognized for the tax effects of these differences. Deferred tax assets and liabilities are not recognized for temporary differences arising from goodwill or from the initial recognition of assets and liabilities acquired in a transaction other than a business combination that do not affect either accounting or taxable income or loss.

Net loss per common share

Basic net loss per common share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the period. Diluted net loss per common share is calculated by dividing the applicable net loss by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. The dilutive effect of outstanding stock options and warrants on earnings per share is calculated by determining the proceeds for the exercise of such securities which are then assumed to be used to purchase common shares of the Company.

Stock-based compensation

The Company has a stock option plan, a Deferred Share Units ("DSU") plan, a Performance Share Units ("PSU") plan and a Restricted Share Units ("RSU") plan, with units under such plans awarded to certain employees and directors.

The fair values of the stock options granted that represent equity awards are measured using the Black-Scholes option pricing model. For stock options, the model considers each tranche with graded vesting features as a separate share option grant. Forfeitures for the stock options are estimated on the grant date and revised if the actual forfeitures differ from previous estimates. This fair value is recognized as share-based compensation expense over the vesting periods, with a related credit to contributed surplus. The contributed surplus balance is reduced as options are exercised through a credit to share capital. The consideration paid by option holders is credited to share capital when the options are exercised.

The fair values of PSUs and RSUs granted that represent equity awards are measured at the value of the common shares. This fair value is recognized as share-based compensation expense over the vesting periods, with a related credit to contributed surplus. The contributed surplus balance is reduced as PSUs and RSUs are exercised through a credit to share capital.

Eligible executives and directors may elect to receive RSUs equivalent in value of common shares of the Company in lieu of certain cash payments. Share-based compensation expense is recorded in the year of receipt of the RSUs and changes in the fair value of outstanding RSUs, including deemed dividend equivalents, are recorded as an expense in the period that they occur with a corresponding increase to the liability.

Eligible directors and officers may be granted awards of DSUs, PSUs and RSUs equivalent in value of the shares of the Company. DSUs, PSUs and RSUs vest after three to five years and are settled in equity or cash at the end of the restriction period or in the case of DSUs when the executive is no longer employed with the Company.

The holders of the DSUs will only be able to redeem the DSUs in shares upon cessation of their service with the Company; therefore, the Company records DSUs as equity. Grants of DSUs are recorded at fair value in selling and administrative expenses at the time of grant. The quoted market price of the underlying shares on the grant date is considered to be equivalent to fair value for the DSUs. The charge to equity for DSUs is not updated to fair value at each subsequent reporting period. Upon settlement, the amount recognized in contributed surplus for the award is reclassified to share capital, with any premium or discount applied to deficit.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss). Other comprehensive income (loss) represents changes in shareholders' equity and includes foreign exchange gains and losses on the translation of the financial statements of the Company's foreign operations into its presentation currency and is presented as accumulated other comprehensive income (loss) on the consolidated statements of financial position. The Company's net loss per share presented on the consolidated statements of loss and comprehensive loss is based upon its net loss and not its comprehensive loss.

(ii) Standards and interpretations issued and effective

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 and IFRS Practice Statement 2 aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information' and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Company has adopted the amendment and have disclosed material accounting policy information.

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37")

Amendments to IAS 37 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments address identifying onerous contracts and specify the cost of fulfilling a contract, which includes all costs directly related to the contract. These include incremental direct costs and allocations of other costs that relate directly to fulfilling the contract. The Company has concluded that there is no impact of adopting these amendments on its consolidated financial statements.

IFRS 3, *Business Combinations* ("IFRS 3")

Amendments to IFRS 3 were issued in May 2020, and are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 be used to identify liabilities and contingent assets arising from business combination. The

(Expressed in United States dollars)

Company has concluded there is no impact of adopting these amendments on its consolidated financial statements.

Deferred Tax related assets and liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 1, 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier adoption is permitted. The Company has concluded there is no impact of adopting these amendments on its consolidated financial statements.

The following new and amended standards did not have a significant impact on the Company's consolidated financial statements.

- *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).*
- *Annual Improvements to IFRS Standards 2018–2020.*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).*

(iii) Standards and interpretations issued but not yet effective

Presentation of Financial Statements IAS 1

In October 2022, the IASB issued amendments to IAS 1, *Presentation of Financial Statements*. The amendments are based on those originally set out in the Exposure Draft ED/2021/9, *Non-current Liabilities with Covenants, Proposed Amendments to IAS 1*. In the amendments, the Board clarifies that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within 12 months after the reporting period. The amendments will be effective for annual periods beginning on or after January 1,2024 with early adoption permitted.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)

The amendments specify 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. The amendment applies retrospectively to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments)

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Company is currently assessing the impact of these amendments.

4. Trade and other receivables

	December 31, 2023	December 31, 2022
Trade accounts receivable	$ 4,297,513	$ 4,956,613
Other receivables	782,955	748,585
Less: allowance for doubtful accounts (note 20)	(697,800)	(399,470)
	$ 4,382,668	$ 5,305,728

As at December 31, 2023, other receivables relate to unbilled revenue of $670,872 (December 31, 2022 - $634,226) and sales tax receivable and other receivables of $112,083 (December 31, 2022 - $114,359).

(Expressed in United States dollars)

5. Property and equipment

Details of the Company's property and equipment as of December 31, 2023 and December 31, 2022 are listed as follows:

	Balance December 31, 2022	Additions	Impairment	Foreign exchange	Balance December 31, 2023
Cost					
Furniture and fixtures	$ 318,879	–	–	4,826	$ 323,705
Computer, software, and transcription equipment	2,885,070	25,792	–	18,935	2,929,797
Buildings – leasehold improvements	50,555	–	–	3,529	54,084
	3,254,504	25,792	–	27,290	3,307,586
Accumulated depreciation					
Furniture and fixtures	237,271	9,788	–	8,698	255,757
Computer, software and transcription equipment	1,534,458	347,943	–	49,199	1,931,600
Buildings – leasehold improvements	50,642	1,293	–	2,100	54,035
	1,822,371	359,024	–	59,997	2,241,392
Net book value	**$ 1,432,133**				**$ 1,066,194**

	Balance December 31, 2021	Additions	Impairment	Foreign exchange	Balance December 31, 2022
Cost					
Furniture and fixtures	$ 321,833	12,086	–	(15,040)	$ 318,879
Computer, software, and transcription equipment	1,812,771	1,180,809	(15,246)	(93,264)	2,885,070
Buildings – leasehold improvements	43,051	9,594	–	(2,090)	50,555
	2,177,655	1,202,489	(15,246)	(110,394)	3,254,504
Accumulated depreciation					
Furniture and fixtures	240,611	12,022	–	(15,362)	237,271
Computer, software, and transcription equipment	1,473,012	152,157	–	(90,711)	1,534,458
Buildings – leasehold improvements	3,058	48,284	–	(700)	50,642
	1,716,681	212,463	–	(106,773)	1,822,371
Net book value	**$ 460,974**				**$ 1,432,133**

(Expressed in United States dollars)

6. Intangible assets and goodwill

Details of the Company's intangible assets as at December 31, 2023 and December 31, 2022 are listed as follows:

	December 31, 2022	Additions	Impairment	Foreign exchange	December 31, 2023
Cost					
Customer relationships	$ 15,303,650	–	–	63,333	$ 15,366,983
Technology	470,000	–	–	–	470,000
Non-compete agreements	118,945	–	–	5,024	123,969
Brands	2,379,289	–	–	53,349	2,432,638
Patents	15,232	–	–	50	15,282
Internally generated intangible assets	10,587,378	1,955,595	(157,464)	252,224	12,637,734
	$ 28,874,495	1,955,595	(157,464)	373,980	$ 31,046,605
Accumulated amortization					
Customer relationships	9,058,485	2,631,606	–	23,865	11,713,956
Technology	470,000	–	–	–	470,000
Non-compete agreements	126,431	–	–	–	126,431
Brands	1,945,161	368,876	–	52,679	2,366,716
Patents	–	1,412	–	31	1,443
Internally generated intangible assets	6,542,501	1,551,361	–	207,464	8,301,326
	18,142,578	4,553,255	–	284,039	22,979,872
Net book value	$ 10,731,917				$ 8,066,733

	Balance December 31, 2021	Additions	Foreign exchange	Balance December 31, 2022
Cost				
Customer relationships	$ 15,612,098	–	(308,448)	$ 15,303,650
Technology	470,000	–	–	470,000
Non-compete agreements	176,140	–	(57,195)	118,945
Brands	2,389,443	–	(10,154)	2,379,289
Patents	15,232	–	–	15,232
Internally generated intangible assets	9,371,951	1,828,983	(613,556)	10,587,378
	$ 28,034,864	1,828,983	(989,352)	$ 28,874,495
Accumulated amortization				
Customer relationships	6,361,535	2,722,780	(25,830)	9,058,485
Technology	290,499	179,501	–	470,000
Non-compete agreements	56,744	69,687	–	126,431
Brands	349,495	1,601,285	(5,619)	1,945,161
Patents	–	–	–	–
Internally generated intangible assets	6,047,607	935,701	(440,807)	6,542,501
	13,105,880	5,508,954	(472,256)	18,142,578
Net book value	$ 14,928,984			$ 10,731,917

(Expressed in United States dollars)

Details of the Company's goodwill as of December 31, 2023 and December 31, 2022 are listed as follows:

	Balance December 31, 2022	Foreign exchange	Balance December 31, 2023
VIQ Australia	$ 5,036,815	4,437	$ 5,041,251
Dataworxs	132,446	3,181	135,627
VIQ US	3,570,275	–	3,570,275
VIQ Media	2,614,802	–	2,614,802
VIQ UK	692,710	35,943	728,654
	$ 12,047,048	43,561	$ 12,090,609

	Balance December 31, 2021	Foreign exchange	Balance December 31, 2022
VIQ Australia	$ 5,350,379	$ (313,564)	$ 5,036,815
Dataworxs	141,504	(9,058)	132,446
VIQ US	3,570,275	–	3,570,275
VIQ Media	2,614,802	–	2,614,802
VIQ UK	763,597	(70,887)	692,710
	$ 12,440,557	$ (393,509)	$ 12,047,048

Impairment testing for cash-generating units containing goodwill

The annual impairment test of goodwill was performed as at December 31, 2023. The recoverable amounts of the Company's CGUs were assessed using the higher of value in use or fair value less cost to sell.

- Value in use was estimated using a discounted cash flow approach over a discrete period. Cash flows for the terminal years are estimated using terminal growth rates. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The Company has made certain assumptions in determining the cash flow projections based over a five-year period from 2024 to 2028 and includes management's best estimate of expected market conditions. These assumptions may differ or change quickly depending on economic conditions or other events. It is therefore possible that future changes in assumptions may negatively affect future valuations of CGUs and goodwill, which could result in impairment losses. The Company determined the forecasted cash flows based on earnings margins, revenue growth rate and the terminal revenue growth rate based on past performance and its expectations for market development. The pre-tax discount rates used reflect specific risks in relation to the CGUs.
- In determining Fair Value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company made certain assumptions when deriving expected future cash flows, which may include assumptions pertaining to the revenue growth rates, discount rates and terminal growth rates.

Goodwill is allocated to groups of CGUs, based on the level at which management monitors goodwill, which cannot be higher than an operating segment. The allocation of goodwill is made to groups of CGUs that are expected to benefit from the synergies and future growth of the business combination from which the goodwill arose. The Company makes judgments in determining CGUs and the allocation of goodwill to groups of CGUs for the purpose of impairment testing.

With respect to the VIQ Solutions Inc. CGU, there are no goodwill or indefinite-life intangible assets associated with that CGU and no triggering events as at December 31, 2023. Consequently, no further impairment analysis was performed on that CGU.

For each of the following CGUs, or group of CGUs, the following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on value in use:

(Expressed in United States dollars)

	Carrying value of goodwill	Revenue growth rate	Terminal growth rate	Pre-tax discount
VIQ Australia	$ 5,041,251	1% - 10%	2%	17.9%
Dataworxs	135,627	3%	2%	17.9%
VIQ US	3,570,275	1% - 6%	2%	17.9%
VIQ Media	2,614,802	3%	2%	17.9%
VIQ UK	728,654	5% - 21%	2%	17.9%
	$ 12,090,609			

The Company did not recognize an impairment charge related to its goodwill in 2023 because the recoverable amounts of the CGUs, or groups of CGUs, exceeded their carrying values.

7. Long-term debt

	Beedie Investments Ltd. (a)	Crown Capital (b)	HomeTech VTB loan (c)	Word Z Promissory note (c)	Total
Balance as at December 31, 2022	$ –	$ –	$ 19,812	$ –	$ 19,812
Add: current portion		7,972,790	243,727	417,741	8,634,258
	$ –	$ 7,972,790	$ 263,539	$ 417,741	$ 8,654,070
Interest expense	1,224,799	34,276	–	8,347	1,267,422
Accretion expense	947,799	–	16,273	20,464	984,536
Interest payment	(1,224,799)	(229,067)	–	(13,613)	(1,467,479)
Debt repayment	–	(7,897,356)	(260,000)	(432,939)	(8,590,295)
Loss on modification of debt	549,646	–	–	–	549,646
Addition from debt	11,748,731	–	–	–	11,748,731
Foreign exchange translation	–	119,357	–	–	119,357
Balance as at December 31, 2023	**$ 13,246,176**	**$ –**	**$ 19,812**	**$ –**	**$ 13,265,988**
Less: Current portion	–	–	(19,812)	–	(19,812)
	$ 13,246,176	**$ –**	**$ –**	**$ –**	**$ 13,246,176**

(Expressed in United States dollars)

	Crown Capital (b)	Word Z promissory note (c)	WordZ SBA Loan (d)	HomeTech VTB loan (c)	Total
Balance as at December 31, 2021	$ 11,472,235	$ 323,551	$ –	$ 203,322	$ 11,999,108
Add: current portion	308,892	446,552	114,269	240,000	1,109,713
	$ 11,781,127	$ 770,103	$ 114,269	$ 443,322	$ 13,108,821
Interest expense	900,202	29,667	238	–	930,107
Accretion expense	244,611	64,521	–	40,217	349,349
Interest payment	(1,005,758)	(34,600)	(238)	–	(1,040,596)
Debt repayment	(4,015,669)	(411,952)	(114,269)	(220,000)	(4,761,890)
Amendment fee	(239,880)	–	–	–	(239,880)
Loss on extinguishment of debt	747,865	–	–	–	747,865
Foreign exchange translation	(439,707)	–	–	–	(439,707)
Balance as at December 31, 2022	**$ 7,972,791**	**$ 417,739**	**$ –**	**$ 263,540**	**$ 8,654,070**
Less: Current portion	(7,972,791)	(417,739)	–	(243,728)	(8,634,258)
	$ –	**$ –**	**$ –**	**$ 19,812**	**$ 19,812**

(a) Beedie Investments Ltd. note payable

On January 13 2023, the Company entered into a secured debt facility ("Note Payable") with Beedie Investments Ltd. ("Beedie") of $12,000,000 bearing (i) an annual interest rate of 9.5% payable monthly, (ii) annual interest rate of 1.5% payable monthly on $3,000,000 available to be drawn subsequently subject to certain conditions and (iii) annual interest rate of 3% to be paid-in-kind per annum compounded monthly and added to the outstanding principal amount of the Note Payable and to be repaid on January 16, 2027. The Note Payable is secured by a general security agreement covering all assets of the Company. The outstanding principal balance of the Note Payable is repayable on January 16, 2027.

Under the Note Payable, the Company has undertaken to comply with financial covenants regarding a minimum balance of unrestricted cash and cash equivalents, minimum adjusted monthly EBITDA and maximum total leverage.

In connection with the Note Payable, 7,968,750 common share purchase warrants were issued to Beedie on January 16, 2023. Each warrant is convertible into one common share in the capital of the Company at a price per share equal to $0.256 until January 16, 2030. The Company recorded $2,010,223 reflecting the relative fair value of the 7,968,750 warrants associated with the loan payable as a reduction to the principal amount of $12,000,000 and the amount was recorded into equity. The Company calculated the fair value of $2,190,197 using the Black-Scholes pricing model with the following assumptions: a share price of CAD $0.50, an exercise price of CAD $0.35, a volatility of 69.78%, an expected life of 7.0 years, a dividend yield of 0.0%, and a risk -free interest rate of 2.85%.

In addition, the Company has agreed to issue additional common share purchase warrants in connection with the subsequent advances, with such number of warrants to be equal to 17% of the amount of such subsequent advance divided by the exercise price of such subsequent warrants. The subsequent warrants are to have an exercise price equal to the five-day volume weighted average price of the Company's common shares immediately prior to the earlier of: (i) the announcement of the applicable subsequent advance, and (ii) the funding of the applicable subsequent advance.

The Company incurred transactions costs of $981,115 associated with establishing the Note Payable; $179,974 of transaction costs were deducted from the fair value of warrants of $2,190,197 based on the relative fair value, which resulted in $2,010,223 being credited to contributed surplus.

The value attributed to Note Payable of $9,008,662 was determined using relative fair value, and transaction costs were allocated to the host debt instrument based on relative fair value and are being accreted to the face value of $12,000,000 over the term of four years. The transaction costs are recognized as accretion and other financing costs over the term of the loan.

On July 25, 2023, in connection with the Company's Note Payable, the Company has drawn an additional $1,000,000 ("July 2023 Subsequent Advance") from the $3,000,000 available, increasing the outstanding principal amount of the Note Payable to $13,000,000. In connection with the July 2023 Subsequent Advance, the Company has issued 497,423 common share purchase warrants to Beedie. Each warrant is exercisable to purchase one common share of the Company at an exercise price of CDN$0.45 per warrant share. The warrants expire on July 25, 2030. The Company incurred transactions costs of $42,870 associated with establishing the July 2023 Subsequent Advance; $4,390 of transaction costs were deducted from the fair value of warrants of $114,081 based on the relative fair value, which resulted in $109,691, being credited to contributed surplus.

The July 2023 Subsequent Advance of $847,439 was determined using relative fair value, and transaction costs of $38,480 were allocated to the host debt instrument based on relative fair value and are being accreted to the face value of $1,000,000 over the term of 3.6 years. The transaction costs are recognized as accretion and other financing costs over the term of the loan.

On November 10, 2023, in connection with the Company's Note Payable, the Company has drawn an additional $1,250,000 ("November 2023 Subsequent Advance"), increasing the outstanding principal amount of the Note Payable to $14,250,000. In connection with the November 2023 Subsequent Advance, the Company has issued 123,365 common share purchase warrants to Beedie. Each warrant is exercisable to purchase one common share of the Company at an exercise price of CDN$0.20 per warrant share. The warrants expire on November 30, 2030. The Company incurred transactions costs of $59,000 associated with establishing the November 2023 Subsequent Advance; $582 of transaction costs were deducted from the fair value of warrants of $12,455 based on the relative fair value, which resulted in $11,873, being credited to contributed surplus. The November 2023 Subsequent Advance of $1,179,127 was determined using relative fair value, and transaction costs of $58,418 were allocated to the host debt instrument based on relative fair value and are being accreted to the face value of $1,250,000 over the term of 3.2 years. The transaction costs are recognized as accretion and other financing costs over the term of the loan.

On November 10, 2023, an amendment was made to the loan agreement and the paid-in kind interest rate increased to 5% from 3%. The Note Payable is now subject to 9.5% interest payable monthly and paid-in kind interest rate of 5% per annum (previously 3%) compounded monthly and added to the outstanding amount of the Note Payable. Beedie was also granted a participation right in certain future equity financing of the Company in order to maintain its pro rata equity interest in the Company. Additionally, the Company is to pay an amendment fee of $375,000 at maturity or repayment of the Note Payable, which is subject to waiver in the event that the shareholders of the Company approve an increase to the number of common share purchase warrants issuable to the Lender under the Credit Agreement. The Company also agreed to reprice existing warrants held by Beedie totaling 8,466,173 to an exercise price of CAD$0.20 per warrant share from CAD$0.35 and CAD$0.45 per warrant share. The 8,466,173 warrants expiry between January 16, 2030 and July 25, 2030. The completion of the repriced existing warrants was approved by TSX on November 8, 2023. The amendment of increasing the paid-in kind interest, amendment fee of $375,000 and repricing of the warrants did not result in the terms of the original agreement being substantially modified; as such, the transaction is accounted for as a modification of the old debt. As a result, the Company recorded a loss on modification of debt of $549,646.

On December 22, 2023, in connection with the Company's Note Payable, the Company has drawn an additional $750,000 ("December 2023 Subsequent Advances") from the remaining $750,000 available, increasing the outstanding principal amount of the Note Payable to $15,000,000. The Company incurred $36,497 in transaction costs were incurred and were recorded as an offset to the Note Payable.

During the year ended December 31, 2023, the Company recorded interest expense of $1,224,799 representing the cash interest payable monthly and $947,799 recorded as accretion and other financing costs related to the Note Payable in the consolidated statements of loss and comprehensive loss.

On September 29, 2023, the Company amended the Note Payable agreement, which reduced the minimum balance of unrestricted cash and cash equivalent covenants up to November 30, 2023 and removed the minimum monthly adjusted EBITDA and maximum total leverage covenants up to September 30, 2023. As part of the waiver obtained, the Company agreed to pay Beedie $88,418 , which has been added to the outstanding principal amount of the loan to be repaid on January 16, 2027 and bear the same interest of 9.5% interest payable monthly and interest rate of 3% to be paid-in-kind per annum compounded monthly and added to the outstanding principal amount of the Note Payable and to be repaid on January 13, 2027.

On November 10, 2023 and December 22, 2023, the Company also amended the Note Payable agreement which amended the minimum balance of unrestricted cash and cash equivalents, minimum monthly adjusted EBITDA and maximum total leverage covenants. Minimum balance of unrestricted cash and cash equivalents covenant were amended up to December 31, 2024. The minimum monthly adjusted EBITDA and maximum total leverage covenants were amended up to December 31, 2026.

(b) Crown Capital Funding Partner LP note payable

During the year ended December 31, 2018, the Company entered into a secured debt facility with Crown Capital Funding Partner LP ("Crown") of $11,320,500 (CAD$15,000,000) bearing an interest rate of 10% payable quarterly. The loan was secured by a general security agreement covering all assets of the Company. Additionally, during the period ended September 30, 2020, the Company cancelled 450,000 previously issued common share purchase warrants and reissued new warrants to reflect a price per share equal to CAD$2.06 (the "Exercise Price") until expiry on November 28, 2023. As a result of this modification, the

(Expressed in United States dollars)

Company recorded $84,287 (CAD$111,387) reflecting the incremental fair value of the warrant associated with the amendment as a reduction in the carrying value of the note payable as at September 30, 2020. The Company incurred fees of $353,115 (CAD$450,000) associated with establishing the amended debt facility, which were recorded as a reduction in the carrying value of the note payable. The Company signed an amendment related to the Crown debt facility that required the Company to pay $4,005,768 (CAD$5,000,000) of the principal balance on March 30, 2022 and pay an amendment fee of approximately $239,880 (CAD$300,000). The interest on the Crown debt facility remained at 10% annual interest, and future interest payments were reduced to the reduced principal amount. The amendment did not result in the terms of the original agreement being substantially modified; as such, the transaction is accounted for as a modification of the old debt. During the year ended December 31, 2023, the Company fully repaid the debt outstanding of $7,897,356 (CAD $10,550,000), which included a prepayment fee of $74,000 (CAD $100,000) for repaying the debt in advance of the maturity date November 28,2023.

(c) Unsecured promissory notes

Unsecured promissory notes were issued to the former owners of acquired companies. As part of the acquisition of HomeTech, the Company issued an unsecured interest-free promissory note to the former owners of HomeTech with a face value of $1,200,000, to be paid monthly for 60 months in equal installments of $20,000 beginning February 25, 2019 to the period ending January 25, 2024. The Company recorded the unsecured promissory note by discounting the principal amounts due using a market annual interest rate of 12%. The difference between the present value and the face value is being accreted over the term of the unsecured promissory notes. During the year ended December 31, 2023, the Company repaid a total principal of $260,000 (2022 - $220,000). The Company recorded an accretion expense of $16,273 for the year ended December 31, 2023 (2022 - $40,217).

An additional note was issued to the former owners of WordZ with a face value of $1,200,000 bearing interest at 5% to be paid quarterly for 36 months beginning January 5, 2021 to the period ending October 5, 2023. The fair value of the unsecured promissory notes was determined on a market annual interest rate of 12%. The difference between the face value and the ascribed value of the note is being accreted over the life of the note. During the year ended December 31, 2023, the Company recorded interest expense of $8,347 (2022 - $29,667) and accretion expense of $20,464 (2022 - $64,521). The Company repaid the loan balance in full as at December 31, 2023

(d) U.S. Paycheck protection program loan

During the year ended December 31, 2022, the Company repaid $114,269 of the loan balance.

The minimum remaining principal repayments of debt under all agreements are as follows:

	Beedie Investments Ltd. *	HomeTech VTB loan	Total
2024	$ _	$ 20,000	$ 20,000
2027	15,000,000	_	15,000,000
	$ 15,000,000	$ 20,000	$ 15,020,000

* Amount does not include paid-in-kind interest of $2,994,258 which is due in 2027.

8. Derivative warrant liability

On August 1, 2023, the Company completed a private placement offering (the “2023 Offering”). The Company sold 5,800,000 units (the "Units") at a price per Unit of $0.31 for aggregate gross proceeds of $1,798,000 before the deduction of related transaction costs. Each Unit consists of one common share of the Company and one-half of one common Share purchase warrant. Each warrant will entitle the holder thereof to acquire one common Share at an exercise price of $0.31 per common Share until June 30, 2024. The issuance included 1,583,333 Units under the 2023 Offering made to Brad Wells, a member of the Board of Directors and constitutes a related party transaction. Issuance costs of $75,132 were incurred with $67,644 being recorded as a reduction of common shares and $7,488 recorded in accretion and other financing costs.

On July 21, 2022, the Company completed a private placement offering to institutional investors ("PIPE"). Under the PIPE, the Company sold 3,551,852 units (the "Units") at a price of $1.35 per Unit for gross proceeds to the Company of approximately $4,800,000 before the deduction of any fees and other PIPE expenses. Each Unit consists of one common share of the Company (a "Common Share") and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.39 per share. The Warrants will be exercisable beginning on January 21, 2023 and will expire on July 21, 2027. Issuance costs of $741,000 were incurred with $344,000 being recorded as a reduction of common shares and $397,000 recorded in accretion and other financing costs.

On September 15, 2021, the Company closed its direct offering with institutional investors (the "2021 Offering"). Under the Offering, the Company sold 4,235,294 units (the "Units") at a price of $4.25 per Unit for gross proceeds to the Company of approximately $18,000,000 before the deduction of any fees and other estimated Offering expenses. Each Unit consists of one and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). A total of 2,117,647 Warrants were issued. Each Warrant entitles the shareholder thereof to purchase one Common Share (a "Warrant Share") at an exercise price of $5.00. The Warrants were exercisable as at March 15, 2022 and will expire five years from the issuance date on September 14, 2026.

In accordance with IFRS, a contract for the issuance of equity instruments that fails to meet the fixed for fixed criteria, i.e., issue a fixed number of shares for a fixed amount of cash or another financial asset, fails to meet the definition of equity. The exercise prices for the Warrants issued under the PIPE and 2021 and 2023 Offerings are denominated in U.S. currency, which differs from the CAD functional currency of the issuing entity. As a result, the Warrants are recorded as a derivative warrant liability since the Company will be receiving cash in a currency other than the issuing entity's functional currency and therefore is deemed to be variable.

The derivative warrant liability is measured at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss at each year-end. The derivative warrant liability will ultimately be converted into the Company's equity (common shares) when the Warrants are exercised or will be extinguished on the expiry of the outstanding Warrants and will not result in the outlay of any cash by the Company.

The Company uses the Black-Scholes option pricing model to estimate fair value at initial recognition and at each reporting date. The Company considers expected volatility of its common shares in estimating its future stock price volatility. The risk-free interest rate for the life of the Warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of issue and at the time of revaluation. The life of Warrants are based on an estimated exercise term.

The following are assumptions used by the Company to determine fair value for year ended December 31, 2023:

2023 Offering - August 1, 2023

	December 31, 2023	August 1, 2023 initial recognition
Fair value (CAD)	$0.03	$0.13
Share price (CAD)	$0.23	$0.39
Exercise price (USD)	$0.41	$0.31
Expected volatility	111.23%	90.96%
Risk-free rate	3.91%	4.78%
Expected life (years)	0.50	0.92
Expected dividends	0%	0%

PIPE - July 21, 2022

	December 31, 2023	December 31, 2022	July 21, 2022 initial recognition
Fair value (CAD)	$0.04	$0.10	$0.93
Share price (CAD)	$0.23	$0.36	$1.41
Exercise price (USD)	$1.39	$1.39	$1.39
Expected volatility	83.3%	77.1%	69.9%
Risk-free rate	3.53%	3.50%	3.06%
Expected life (years)	3.55	4.55	5.0
Expected dividends	0%	0%	0%

(Expressed in United States dollars)

Offering - September 15, 2021

	December 31, 2023	December 31, 2022	September 15, 2021 initial recognition
Fair value (CAD)	$0.01	$0.02	$1.93
Share price (CAD)	$0.23	$0.36	$4.43
Exercise price (USD)	$5.00	$5.00	$5.00
Expected volatility	90.6%	75.0%	62.0 %
Risk-free rate	3.74%	3.67%	0.83%
Expected life (years)	2.71	3.71	5.0
Expected dividends	0%	0%	0%

For the year ended December 31, 2023, a gain on revaluation of derivative warrant liabilities was recorded in the amount of $383,428 (2022 - $4,255,017).

As at December 31, 2023, there were 8,569,499 warrants outstanding associated with the PIPE and Offerings from 2021 and 2023 and nil exercised (2022 – 5,669,499 and nil exercised).

9. Capital stock

Omnibus Equity Incentive Plan

On April 29, 2021, the Company adopted a new omnibus equity incentive plan (the "Omnibus Equity Incentive Plan") by way of a Shareholder Resolution. The Omnibus Equity Incentive Plan is a "rolling" plan that, subject to certain adjustment provisions, provides that the aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of awards granted under the Omnibus Equity Incentive Plan shall not exceed 10% of the Company's issued and outstanding Common Shares from time to time. The Omnibus Equity Incentive Plan is considered an "evergreen" plan, since the Common Shares covered by awards that have been exercised, settled or terminated shall be available for subsequent grants under the Omnibus Equity Incentive Plan, and the number of awards available to grant increases as the number of issued and outstanding Common Shares increases. As such, the Omnibus Equity Incentive Plan must be approved by the majority of the Company's Board and its shareholders every three years following its adoption pursuant to the requirements of the TSX.

Under the Omnibus Equity Incentive Plan, the Company is able to grant equity-based incentive awards in the form of stock options, RSUs, PSUs and DSUs. All future grants of equity-based awards will be made pursuant to the Omnibus Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Company's Stock Option Plan, DSU plan, and Stock Appreciation Rights Plan (collectively, the "Legacy Plan"). The Legacy Plan will continue to be authorized for the sole purpose of facilitating the vesting and exercise of existing awards previously granted under the Legacy Plans. Once the existing awards granted under the Legacy Plans are exercised or terminated, the Legacy Plans will terminate and be of no further force or effect.

(Expressed in United States dollars)

Common shares

The Company's authorized capital consists of an unlimited number of common shares with no par value. As at December 31, 2023, common shares of the Company were reserved as follows:

	Exercise price (CAD)	Expiry dates	Number outstanding
Options – Legacy Plan	$2.20	January 2024-December 2024	22,500
	$3.13	January 2025-December 2025	10,000
Options – Omnibus Equity Incentive Plan	$2.80 - $2.99	January 2031-December 2031	45,000
	$0.45 - $1.35	January 2032-December 2032	689,829
Deferred share units – Legacy Plan	$1.20 - $2.10	N/A	33,333
Restricted share units – Omnibus Equity Incentive Plan	N/A	January 2024-December 2024	267,667
	N/A	January 2026-December 2026	867,000
	N/A	January 2031-December 2031	163,178
	N/A	N/A	449,173
Performance share units – Omnibus Equity Incentive Plan	N/A	N/A	125,000

Warrants

See note 7(a) for accounting for warrants issued in connection with the Beedie Note Payable.

During the year ended December 31, 2023, there were no warrants exercised (2022 - nil) for $nil proceeds (2022 - $nil). There were no warrants issued under the Legacy Plan (2022 - nil).

As at December 31, 2023, there are 8,589,538 warrants outstanding associated with the Beedie financing (2022 - nil). See note 7(a)

As at December 31, 2023, there are 17,159,037 total warrants outstanding (2022 – 5,669,499).

Stock option plan

The Company has an incentive stock option plan for its directors, officers, employees, and contractors. The Company's legacy stock option plan allows for the granting of options (and DSUs as described below) up to an aggregate amount equal to 10% of the aggregate number of common shares of the Company outstanding. The options, which have a term not exceeding five years when issued, generally vest as follows:

- 1/3 at time of issue
- 1/3 after one year
- 1/3 after two years

Under the Omnibus Equity Incentive Plan, the stock options that are granted have a term not exceeding 10 years when granted, and can be fully vested on date of grant or vest as follows:

- 1/3 after one year
- 1/3 after two years
- 1/3 after three years

During the year ended December 31, 2021, certain stock options granted included cash settlement alternatives at the discretion of the stock option holder, subject to the approval of the Company's Plan Administrator. The option holder could elect to perform the following on the settlement date:

- acquire common shares of the Company on a 1:1 basis to vested options
- receive cash payment, net of withholding taxes, equal to vested options multiplied by the market price of common shares of the Company
- acquire and receive a combination of common shares and cash payment, respectively, as noted above

(Expressed in United States dollars)

Since the election and choice of settlement method lies with the stock option holder, which includes a cash settlement, the Company recorded the associated grants with this option as a cash-settled share-based payment and recorded a share-based payment liability, which is remeasured at each reporting period. As at December 31, 2023, the Company had no options outstanding that are to be cash-settled as these options were all forfeited (2022 – nil). For the year ended December 31, 2023, there was $nil recorded of gain or loss on revaluation of options (2022 - gain on revaluation of $1,511,399) deemed to be cash-settled.

As at December 31, 2023, 32,500 options were vested related to the Legacy Plan (2022 - 720,100) with a weighted average exercise price of CAD $2.49 per share (2022 - CAD $2.88 per share).

As at December 31, 2023, 573,996 options were vested related to the Omnibus Equity Incentive Plan (2022 - 486,864) with a weighted average exercise price of CAD $0.80 per share (2022 - CAD $1.67).

During the year ended December 31, 2023, there were no stock options granted to directors, officers, employees, and contractors (2022 – 805,947). The Company utilized the Black-Scholes option pricing model to fair value the stock options granted for the year ended December 31, 2022 and included the following assumptions:

	Year ended December 31, 2022 Omnibus Equity Incentive Plan
Fair value at grant date (CAD)	$0.20 - $ 0.81
Share price at grant date (CAD)	$0.34 - $1.32
Exercise price (CAD)	$0.45 - $1.35
Expected volatility	62.5% - 72.3%
Expected option life	5.5 - 6.5
Expected dividends	0%
Risk-free interest rate (based on government bonds)	2.90% - 3.16%

During the year ended December 31, 2023, nil options were exercised (2022 – nil). There were 1,076,718 stock options forfeited during the year ended December 31, 2023 (2022 - 886,253) and nil stock options that expired during the year ended December 31, 2023 (2022 - 72,000).

The following information applies to stock options outstanding per the Legacy Plan as at December 31, 2023, along with their respective exercise prices and related weighted average remaining contractual life:

Range of exercise prices (CAD)	**Options outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price (CAD)**	**Options exercisable**	**Weighted average exercise price (CAD)**
$2.20	22,500	0.7 years	$2.20	22,500	$2.20
$3.13	10,000	1.3 years	$3.13	10,000	$3.13
	32,500	0.9 years	$2.49	32,500	$2.49

The following information applies to stock options outstanding per the Omnibus Equity Incentive Plan as at December 31, 2023, along with their respective exercise prices and related weighted average remaining contractual life:

Range of exercise prices (CAD)	**Options outstanding**	**Weighted average remaining contractual life**	**Weighted average exercise price (CAD)**	**Options exercisable**	**Weighted average exercise price (CAD)**
$2.80 - $2.99	45,000	8.0 years	$2.84	30,000	$2.84
$0.45 - $1.35	689,829	8.7 years	$0.90	543,996	$0.80
	734,829	8.6 years	$1.02	573,996	$0.91

(Expressed in United States dollars)

Deferred Share Units Plan

The Company established a DSU Plan to provide non-employee directors to participate in the long-term success of the Company. DSUs are fully vested upon being granted.

The Board of Directors may grant DSUs (and the number of options to purchase shares described above) up to a maximum of 10% of common shares outstanding and up to a maximum of 100,000 units.

Maximum allowable grants under the option and DSU plans in aggregate as at December 31, 2023 were 4,095,684 (2022 - 3,464,970) of which 767,329 were outstanding stock options, 33,333 were outstanding DSUs, 1,747,018 were outstanding RSUs, and 125,000 were outstanding PSUs for a total of 2,672,680 (2022 - 2,896,933).

The Company did not grant any DSUs to directors of the Company during the year ended December 31, 2023 (2022 - nil).

Restricted Share Units Plan

Under the Omnibus Equity Incentive Plan, the Company established an RSU Plan. RSUs have a term not exceeding 10 years to indefinite expiry when granted and can fully vest immediately, after one year, vest each month, or vest as follows:

- 1/3 after one year
- 1/3 after two years
- 1/3 after three years

During the year ended December 31, 2021, certain RSUs granted included cash settlement alternatives at the discretion of the RSU holder, subject to the approval of the Company's Plan Administrator. The RSU holder could elect to perform the following on the settlement date:

- acquire common shares of the Company on a 1:1 basis to vested RSUs
- receive cash payment, net of withholding taxes, equal to vested RSUs multiplied by the market price of common shares of the Company
- acquire and receive a combination of common shares and cash payment, respectively, as noted above

Certain RSUs issued by the Company included the choice of settlement method lies with the RSU holder, which includes a cash settlement option; the Company has recorded the associated RSU grants as a cash-settled share-based payment and recorded a share-based payment liability. As at December 31, 2023, there are 153,678 RSUs outstanding that are classified as cash-settled share-based payments (2022 – 155,517).

As a result of remeasuring the RSUs classified as cash-settled share-based payments related to the Omnibus Equity Incentive Plan at fair value, the Company recorded a gain of $197,711 for the year ended December 31, 2023 (2022 - gain of $550,260). The RSUs were valued at the following fair values:

	Year ended December 31, 2023	**Year ended December 31, 2022**
Fair value (CAD)	$0.23	$0.36
Share price (CAD)	$0.23	$0.36

During the year ended December 31, 2023, 1,394,000 (2022 – 803,463) RSUs were granted to directors, officers, employees, and contractors which are equity accounted for. During the year ended December 31, 2023, 1,628,339 RSUs were vested, nil RSUs were forfeited, and 468,201 RSUs were exercised (2022 – 689,469 RSUs were vested and 175,261 RSUs were exercised).

Performance Share Units Plan

Under the Omnibus Equity Incentive Plan, the Company established a PSU Plan. The PSUs have an indefinite term when granted and vest 100% after one year if the performance vesting conditions are met. As at December 31, 2023, the Company has determined that the performance vesting condition has been met by the respective employees.

No PSUs were granted to employees for the year ended December 31, 2023.

(Expressed in United States dollars)

On May 16, 2022, 195,000 PSUs were granted to employees. During the year ended December 31, 2023, 40,000 PSUs were exercised and nil PSUs were forfeited (2022 - nil exercised and 30,000 were forfeited). The PSUs were recorded at the fair value on the date of the grant. The PSUs were valued at the following fair values:

	Year ended December 31, 2023	Year ended December 31, 2022
Fair value (CAD)	$0.23	$1.32
Share price (CAD)	$0.23	$1.32

10. Stock-based compensation

The total compensation expense relating to the value assigned to the stock options, RSUs, and PSUs granted to directors, officers, employees and contractors for the year ended December 31, 2023 was $955,571 (2022 - $2,779,312), which was included in the stock-based compensation expense with a corresponding charge to contributed surplus of $760,408 (2022 - $1,264,523) and share-based payment liability of $195,163 (2022 - $1,514,789).

11. Net loss per share

	Year ended December 31, 2023	Year ended December 31, 2022
Numerator for basic and diluted net loss per share:		
Net loss for the year	$ (14,331,196)	$ (8,706,015)
Denominator for basic net loss per share:		
Weighted average number of common shares outstanding	37,289,689	31,648,001
Effect of potential dilutive securities	–	–
Adjusted denominator for diluted net loss per share	37,289,689	31,648,001
Basic net loss per share	$ (0.38)	$ (0.28)
Diluted net loss per share	$ (0.38)	$ (0.28)

For the year ended December 31, 2023, 19,831,717 of potentially dilutive common shares (2022 - 8,566,432) issuable upon the exercise of warrants, DSUs, RSUs, PSUs, and options were not included in the computation of loss per share because their effect was anti-dilutive.

12. Supplemental cash flow information

Components of the net change in non-cash working capital are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Trade and other receivables	$ 951,526	$ 72,230
Inventories	8,661	11,750
Prepaid expense and other deposits	636,160	4,132
Trade and other payables and accrued liabilities	106,736	669,427
Income taxes receivable	104,670	(104,670)
Contract liabilities	63,588	742,228
Total	$ 1,871,341	$ 1,395,097

Other supplemental cash flow information as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Cash received for interest	$ 26,334	$ 1,718
Cash paid for interest	1,551,138	1,154,727

(Expressed in United States dollars)

13. Segmented financial information

The Company has determined it has two reportable business segments, namely technology and related revenue and technology services. The technology and related revenue segment develops, distributes licenses computer-based digital solutions based on the Company's proprietary technology and the technology service segment provides recording and transcription services.

The Company's reportable segments are strategic business segments that offer different products and/or services. These business segments work on different business models and operate autonomously. The Company does not segregate sales and associated costs by individual technology products. Accordingly, segmented information on revenue and associated costs is only provided for the transcription services and computer-based digital solutions currently offered by the Company.

The Chief Executive Officer, President and Chief Operating Officer, and Chief Financial Officer ("CODMs") are the operating decision makers and regularly reviews the Company's operations and performance by segment. Effective January 1, 2023, the CODMs review segment Adjusted EBITDA as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. Prior to this, the CODMs reviewed segment income (loss) as the key measure of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources.

Financial information by reportable business segment is as follows:

	Year ended December 31, 2023			
	Technology and related revenue	**Technology services**	**Corporate**	**Total**
Revenue	$ 3,880,082	$ 37,143,942	$ –	$ 41,024,024
Gross profit	2,870,175	15,241,897	–	18,112,072
Selling and administrative expenses	1,924,595	18,424,104	1,389,501	21,738,200
Research and development expenses	64,276	615,313	–	679,589
Gain on contingent consideration	–	(10,389)	–	(10,389)
Adjusted EBITDA	$ 881,304	$ (3,787,131)	$ (1,389,501)	$ (4,295,328)
Stock-based compensation				955,571
Depreciation and amortization				5,348,359
Foreign exchange loss				566,530
Interest, accretion, and other financing costs				2,830,979
Gain on revaluation of RSUs				(197,711)
Gain on revaluation of the derivative warrant liability				(383,428)
Restructuring costs				403,870
Impairment of goodwill and intangible assets				157,464
Loss on modification of debt				549,646
Other income				(26,248)
Current income recovery				33,596
Deferred income tax expense				(202,760)
Net loss				$ (14,331,196)

(Expressed in United States dollars)

	Year ended December 31, 2022			
	Technology and related revenue	Technology services	Corporate	Total
Revenue	$ 4,031,450	$ 41,812,479	$ –	$ 45,843,929
Gross profit	2,818,137	19,107,566	–	21,925,703
Selling and administrative expenses	1,930,520	20,022,524	2,573,260	24,526,303
Research and development expenses	64,557	669,558	–	734,115
Loss on contingent consideration	–	80,071	–	80,071
Adjusted EBITDA	$ 823,061	$ (1,664,587)	$ (2,573,260)	$ (3,414,786)
Stock-based compensation				2,779,312
Depreciation and amortization				6,088,203
Foreign exchange loss				(452,068)
Interest, accretion, and other financing costs				2,283,812
Gain on revaluation of options				(1,511,399)
Gain on revaluation of RSUs				(550,260)
Gain on revaluation of the derivative warrant liability				(4,255,017)
Restructuring costs				323,075
Business acquisition costs				433,372
Impairment of property and equipment				15,246
Loss on extinguishment of debt				747,865
Other income				(1,291)
Current income tax recovery				(105,256)
Deferred income tax recovery				(504,365)
Net loss				$ (8,706,015)

The comparative figures for selling and administrative expenses has been adjusted for the year ended December 31, 2022 to reflect the current period presentation. The selling and administrative expenses originally reported for year ended December 31, 2022 for technology and related revenue and technology services were $2,156,808 and $19,796,235 respectively.

The adjustments were not considered material and did not affect the Company's consolidated revenue or consolidated net loss.

Property and equipment are located in the following countries:

	Year ended December 31, 2023	2022
Australia	$ 1,016,547	$ 1,316,010
United States	41,134	67,307
Canada	–	35,331
United Kingdom	8,513	13,485
	$ 1,066,194	$ 1,432,133

(Expressed in United States dollars)

14. Revenue

The Company generates revenue primarily from the delivery of technology and transcription services to its customers. Revenue from contracts with customers is disaggregated by primary geographical market, major products and services and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (note 13).

	Year ended December 31,	
Primary geographical markets	**2023**	**2022**
Australia	$ 22,411,464	$ 26,332,938
United States	16,488,195	17,473,030
United Kingdom	1,886,024	1,718,537
Canada	195,092	205,656
Other	43,249	113,768
Total	$ 41,024,024	$ 45,843,929

	Year ended December 31,	
Major products/service lines	**2023**	**2022**
Technology services	$ 37,143,942	$ 41,812,479
Software licenses	482,489	352,473
Support and maintenance	1,794,189	1,872,620
SaaS	182,378	89,692
Subscriptions	658,035	493,845
Professional services	387,771	950,605
Hardware and other	375,220	272,215
Total	$ 41,024,024	$ 45,843,929

Technology Services revenue is reported in Technology Services segment and all other remaining products/services revenues are reported in Technology and related revenue segment.

The Company had one customer who contributed greater than 10% of consolidated total revenues during the year ended December 31, 2023 comprising of 17.4% (2022 – two customers at 18.7% and 14.1%).

Technology services, software licenses, hardware and other revenue are recognized at a point in time, except for revenue for select customers is recognized over time. Professional services, support and maintenance, SaaS, and subscription revenue is recognized over time.

15. Expenses by nature

Expenses incurred by nature are as follows:

	Year ended December 31,	
	2023	**2022**
Employee and contractor expenses (note 16)	$ 33,348,529	$ 39,054,160
Third-party vendors and other cost of sales	4,846,383	3,577,368
Depreciation and amortization	5,348,359	6,088,203
Facilities	371,073	646,894
Professional and consulting fees	1,379,030	1,648,274
Investor relations and other shareholder expenses	236,773	371,389
Bad debt	440,025	100,163
Marketing and advertising/promotion expenses	393,124	294,997
Software license and IT expenses	3,727,087	3,999,468
Telephone and internet	282,158	568,813
Travel	138,262	264,238
Insurance	854,727	1,143,358
Office, administrative, and other operating expenses	268,141	288,834
Foreign exchange loss (gain)	566,530	(452,068)
Total	$ 52,200,201	$ 57,594,091

(Expressed in United States dollars)

16. Employee and contractor expenses

Expenditures for employee and contractor salaries and benefits are as follows:

	Year ended December 31, 2023	2022
Salaries and wages and employee benefits	$ 20,404,293	$ 25,731,132
Contract labour	11,219,691	10,082,646
Stock-based compensation	955,571	2,779,312
Other staff expense	768,973	461,070
Total	$ 33,348,529	$ 39,054,160

17. Right-of-use assets

Details of the Company's right-of-use assets are the following:

	Balance December 31, 2022	Additions	Adjustments	Foreign exchange	Balance December 31, 2023
Cost					
Buildings	$ 1,976,074	73,205	(95,788)	11,641	$ 1,965,132
Equipment	64,386	–	–	25	64,411
	$ 2,040,460	73,205	(95,788)	11,666	$ 2,029,543
Accumulated depreciation					
Buildings	$ 936,406	427,160	–	15,306	$ 1,378,872
Equipment	45,454	8,920	–	234	54,608
	$ 981,860	436,080	–	15,540	$ 1,433,480
Net book value	**$ 1,058,600**				**$ 596,063**

	Balance December 31, 2021	Additions	Adjustments	Foreign exchange	Balance December 31, 2022
Cost					
Buildings	$ 2,042,126	365,303	–	(431,355)	$ 1,976,074
Equipment	75,169	–	(12,255)	1,472	64,386
	$ 2,117,295	365,303	(12,255)	(429,883)	$ 2,040,460
Accumulated depreciation					
Buildings	952,901	351,702	–	(368,197)	$ 936,406
Equipment	29,901	15,084	–	469	45,454
	982,802	366,786	–	(367,728)	$ 981,860
Net book value	**$ 1,134,493**				**$ 1,058,600**

(Expressed in United States dollars)

18. Lease obligations

Below is a summary of the activity related to the Company's lease liabilities for the year ended December 31, 2023 and 2022:

	Year ended December 31, 2023	2022
Lease obligations, beginning of period	$ 1,206,248	$ 1,188,769
Additions	–	386,090
Interest on lease liabilities	(83,658)	(114,131)
Interest payments on lease liabilities	83,658	114,131
Principal payments of lease liabilities	(475,050)	(270,795)
Adjustment/abatement	(17,620)	–
Foreign exchange difference	(9,466)	(97,816)
Total	$ 704,112	$1,206,248

The Company and its subsidiaries have entered into agreements to lease office premises until 2025. The annual rent expenses for premises of minimum rent and do not include variable costs. The minimum payments under all agreements are as follows:

2024	$ 575,138
2025	238,921
	$ 814,059

19. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2022 - 26.5%) to the effective tax rate is as follows:

	2023	2022
Net loss before income taxes	$ (14,500,360)	$ (9,315,636)
Expected income tax recovery	(3,842,595)	(2,468,644)
Difference in foreign tax rates	(117,962)	258,214
Share-based compensation and non-deductible expenses	234,826	(1,075,684)
Prior year true-ups	71,985	(205,361)
Tax rate changes and other adjustments	31,023	21,067
Change in tax benefits not recognized	3,453,559	2,860,787
Income tax expense (recovery)	$ (169,164)	$ (609,621)

The Company's income tax expense (recovery) is allocated as follows:

	2023	2022
Current income tax expense (recovery)	$ 33,596	$ (105,256)
Deferred income tax expense (recovery)	(202,760)	(504,365)
Income tax expense (recovery)	$ (169,164)	$ (609,621)

(Expressed in United States dollars)

The significant components of deferred tax assets and liabilities are as follows:

	2023	2022
Non-capital losses carried forward	$ 739,090	$ 529,525
Right-of-use assets	–	1,056
Reserves	–	124,423
Deferred tax assets	739,090	$ 655,004
Non-capital losses carried forward	–	126,029
Intangible assets	(739,090)	(978,114)
Reserves	–	(16,558)
Deferred tax liabilities	(739,090)	(868,643)
Net deferred tax liabilities	$ –	$ (213,639)

The following tables present tax effects of temporary differences and carry forwards, as well as movements in the deferred tax balances:

	Balance at December 31, 2022	Recognized in profit and loss	Adjustments	Balance at December 31, 2023
Deferred tax assets (liabilities):				
Non-capital losses carried forward	655,555	83,535	–	739,090
Intangible assets	(978,114)	239,024	–	(739,090)
Right-of-use assets	1,056	(1,056)	–	–
Reserves	107,864	(107,864)	–	–
Other	–	(10,879)	10,879	–
	$ (213,639)	**$ 202,760**	**$ 10,879**	$ –

	Balance at December 31, 2021	Recognized in profit and loss	Adjustments	Balance at December 31, 2022
Deferred tax assets (liabilities):				
Non-capital losses carried forward	288,655	366,900	–	655,555
Intangible assets	(1,148,280)	170,166	–	(978,114)
Right-of-use assets	–	1,056	–	1,056
Reserves	176,145	(68,280)	–	107,864
Other	(76,360)	34,523	41,837	–
	$(759,840)	**$ 504,365**	**$ 41,837**	**$ (213,639)**

(Expressed in United States dollars)

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities, tax losses and credits. Deferred tax assets have not been recognized in respect of the following deductible temporary differences, tax losses and credits:

	2023	2022
Property and equipment	$ 94,774	$ 168,259
Intangible assets	13,246,837	13,483,871
Share issuance costs – 20(1)(e)	1,347,120	149,410
Non-capital losses carried forward – Canada	26,231,265	22,769,811
Non-capital losses carried forward – U.S.	16,686,814	14,371,217
Non-capital losses carried forward – Australia	4,589,818	684
Non-capital losses carried forward – U.K.	457,682	153,842
Capital losses carried forward - Canada	332,080	324,281
Capital losses carried forward - Australia	504,029	503,570
Investment tax credits	572,395	558,951
SR&ED pool	1,790,914	1,748,848
Ontario SR&ED credit	88,669	86,586
Contract liabilities	–	130,834
Lease liabilities	359,062	332,306
Accrued vacation	740,137	1,004
Inventory reserve	344	–
Accrued superannuation	217,587	–
Accrued interest	1,666,633	1,786,594
AFDA reserve	703,737	262,849
Contingent consideration liabilities	–	136,663
Stock-based compensation	279,318	397,153
Business acquisition expenses	691,951	691,321
Charitable contributions	250	250
	$ 70,601,416	**$ 58,058,304**

The Company has available Canadian non-capital losses of approximately $26,231,265 and capital losses of approximately $332,080. The net capital loss carry forward may be carried forward indefinitely but can only be used to reduce capital gains. The Company's Canadian non-capital income tax losses expire between the years 2026 to 2043.

The Company also has investment tax credits available to reduce future federal taxes payable of approximately $572,395 which if not utilized will expire between the years 2025 to 2034.

The effective and statutory tax rate in the Company's Australian subsidiaries is 30.0% (2022 - 30.0%). These subsidiaries have non-capital losses of approximately $4,589,817 (2022 - $2,061,281) and capital losses of approximately $504,029 (2022 - 503,570) available to offset future taxable capital gains. These losses do not expire.

The Company's US subsidiaries have non-capital losses of approximately $16,686,814 available to reduce future taxable. These losses do not expire.

The Company's U.K. subsidiaries have non-capital losses of approximately $457,682 available to reduce future taxable income. These losses do not expire.

Unrecognized deferred tax liabilities

The aggregate amount of temporary differences associated with investments in subsidiaries for which the Company has not recognized deferred tax liabilities is approximately $4,589,818 as the Company ultimately controls whether the liability will be incurred and is satisfied that it will not be incurred in the foreseeable future.

(Expressed in United States dollars)

20. Risk management for financial instruments

The estimated fair values of cash, trade and other receivables, restricted cash, trade and other payables and accrued liabilities approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of current and long-term debt and obligations under finance lease also approximate carrying values due to the fact that effective interest rates are not significantly different from market.

Fair value measurements recognized in the consolidated statement of financial position must be categorized in accordance with the following levels:

a. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments carried at fair value on the interim condensed consolidated statements of financial position consist of cash and restricted cash. Cash and restricted cash are valued using quoted market prices (Level 1). Share-based payment liability, contingent consideration, and derivative warrant liability are categorized using observable market inputs (Level 2). The Company did not value any financial instruments using valuation techniques based on non-observable market inputs (Level 3) as at December 31, 2023.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach in managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, by continuously monitoring actual and budgeted cash flows.

The Company has sustained losses over the last number of periods and has financed these losses mainly through a combination of equity and debt offerings. Management believes that it has raised sufficient cash to meet all of its contractual debt that is coming due in 2023 and has the ability to fund any operating losses that may occur in the upcoming periods.

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

	2024	2025	2026	2027	Total
Trade and other payables	$ 6,269,023	$ –	$ –	$ –	$ 6,269,023
Lease obligations	575,138	238,921	–	–	814,059
Beedie Investments Ltd. note payable	–	–	–	17,994,258	17,994,258
Income taxes payable	59,044	–	–	–	59,044
HomeTech VTB loan	20,000	–	–	–	20,000
Total	$ 6,923,205	$ 238,921	$ –	$ 17,994,258	$ 25,156,384

Credit risk
Credit risk arises from the potential that a customer or counterparty will fail to perform its obligations. The Company is exposed to credit risk from its customers; however, the Company has a significant number of customers, minimizing the concentration of credit risk. Further, a large majority of the Company's customers are economically stable organizations such as government agencies or departments with whom the Company transacts with on a regular basis, further reducing the overall credit risk. Historically, the Company has suffered losses under trade receivables. In order to minimize the risk of loss from trade receivables, the Company's extension of credit to customers involves review and approval by senior management and conservative credit limits for new or higher risk accounts.

The Company reviews its trade receivable accounts regularly and writes down these accounts to their expected realizable values, by making an allowance for ECLs based on aging and historic collection of receivables. The allowance is recorded as an expense in the consolidated statements of loss and comprehensive loss. Shortfalls in collections are applied against this provision. Estimates for allowance for ECLs are determined by a customer-by-customer evaluation of collectability at each balance sheet reporting date, taking into account the amounts that are past due and any available relevant information on the customers' liquidity and going concern issues. Normal credit terms for amounts due from customers call for payment within 30 to 60 days.

(Expressed in United States dollars)

The Company's exposure to credit risk for trade receivables by geographic area was as follows:

	December 31, 2023	December 31, 2022
United States	48%	48%
Australia	28%	29%
United Kingdom	17%	16%
Rest of world	7%	7%
	100%	100%

The Company is subject to risk of non-payment of accounts receivable. The Company mitigates credit risk by assessing the credit worthiness of customers prior to extending credit and monitoring the aging and size of credit extended to customers. All of the Company's cash is held with major financial institutions and thus the exposure to credit risk is considered low. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to trade receivables.

The following is a breakdown of trade receivables aging, net of allowance of doubtful accounts:

	December 31, 2023	December 31, 2022
0 to 30 days	$ 3,457,270	$ 2,723,119
31 to 60 days	201,138	1,034,627
61 to 90 days	341,375	816,221
91 days and older	382,885	731,761
	$ 4,382,668	$ 5,305,728

As at December 31, 2023, the allowance for doubtful accounts recorded against trade receivables is $697,800 (2022 - $399,470). The activity of the allowance for doubtful accounts provision is as follows:

	December 31, 2023	December 31, 2022
Beginning of year	$ 399,470	$ 316,202
Add: provision for allowance for doubtful accounts	440,025	100,163
Less: write-offs	(139,554)	(6,635)
Foreign exchange adjustments	(2,141)	(10,260)
Expected credit loss – end of year	$ 697,800	$ 399,470

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest-bearing debts on its interim condensed consolidated statement of financial position. The Company does not have a material amount of long-term debt with variable interest rates, thereby minimizing the Company's exposure to cash flow interest rate risk.

Foreign currency risk

Foreign currency risk arises because of fluctuations in exchange rates. The Company conducts a significant portion of its business activities in foreign currencies, primarily the U.S. and Australian dollars and Great Britain pounds with a large portion of the Company's sales and operating costs being realized in these foreign currencies. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in Great Britain pounds, Canadian, U.S., and Australian dollars.

The financial assets and liabilities that are denominated in foreign currencies will be affected by changes in the exchange rate between the United States dollar and these foreign currencies. This primarily includes cash, restricted cash, trade and other receivables, trade and other payables, provisions and obligations under finance lease which were denominated in foreign currencies.

The Company's Australian subsidiaries have a majority of revenue and expenses being transacted in Australian dollars. As of December 31, 2023, fluctuations of the Australian dollar relative to the U.S. dollar of 5% would result in an exchange gain or loss on the net financial assets, impacting the Company's comprehensive income by approximately $26,000 (2022 - $6,000).

The Company's Canadian operations are exposed to exchange rate changes in the U.S. dollar relative to the Canadian dollar since a substantial portion of this business unit's sales are denominated in U.S. dollars with most of the related expenses in Canadian dollars. A 5% fluctuation of the U.S. dollar would result in an exchange gain or loss on the net financial assets of approximately $48,000 as a December 31, 2023 (2022 - $53,000).

The Company's UK subsidiaries are exposed to exchange rate changes in the Great Britain pound relative to the United States dollar since a portion of this business unit's sales are denominated in Great Britain pounds with most of the related expenses in United States dollars. A fluctuation of the Great Britain pound of 5% would result in an exchange gain or loss on the net financial assets of approximately $18,000 as at December 31, 2023 (2022 - $3,000).

The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currencies cash flows as management has determined that this risk is not significant at this point in time. The Company recognized a foreign exchange loss from operations of $566,530 for the year ended December 31, 2023 (2022 – foreign exchange gain of $452,068).

Capital management

The Company considers its capital structure to consist of shareholders' equity and long-term debt. The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy, fund research and development and undertake selective acquisitions, while at the same time taking a conservative approach toward financial leverage and management of financial risk.

21. Related party transactions

Key management personnel comprise the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's Legacy Plan and Omnibus Equity Incentive Plan share option program and DSU Plan (note 9). Key management personnel compensation for the year ended December 31, 2023 and 2022 as follows:

	2023	2022
Salaries and short-term employee benefits (i)	$ 1,376,446	$ 1,258,191
Stock-based compensation (ii)	231,177	663,145
	$ 1,607,623	$ 1,921,336

(i) Short-term employee benefits include bonuses and car allowances.
(ii) 2022 included reversal of stock-based compensation expense for forfeitures of options for cash-settled options.

22. Subsequent event

On February 27, 2024, the Company closed a non-brokered private placement. Under the offering, the Company sold 10,239,000 common shares of the Company at a price per common share of $0.12 for gross proceeds of $1,200,000. The Company intends to use the net proceeds from the offering for working capital and general corporate purposes. The issuance included 3,000,000 common shares made to Beedie, a significant shareholder and constitutes a related party transaction.