PIVOTREE INC.
Interim Condensed Consolidated Financial Statements
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars unless otherwise stated)
(Unaudited)

Notice of no auditor review of Interim Condensed Consolidated Financial Statements

Under National Instrument 51-102, if an auditor has not performed a review of the interim condensed consolidated financial statements required to be filed, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of Pivotree Inc. (“Pivotree” or the “Company”) have been prepared by management and approved by the Audit Committee and Board of Directors of Pivotree.

The Company’s independent auditors have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity’s auditors.

PIVOTREE INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31, 2023 and December 31, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Notes	March 31, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash		15,838,651	17,346,028
Accounts receivable	3	16,557,187	17,759,740
Income taxes receivable		-	146,878
Prepaid expenses and other current assets	4	3,272,034	2,546,891
		35,667,872	37,799,537
Property and equipment	5	3,392,382	3,432,343
Right-of-use assets	6	1,071,294	1,252,451
Deferred income tax asset		106,328	106,328
Intangible assets	7	10,404,790	11,675,999
Goodwill	8	29,484,908	29,486,561
Total Assets		**80,127,574**	83,753,219
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	8,818,834	11,488,741
Income taxes payable		2,913	-
Deferred revenue		4,050,258	3,551,529
Current portion of lease liabilities	10	854,306	905,298
Current portion of earnouts payable on acquisitions	20	1,557,955	1,558,070
		15,284,266	17,503,638
Non-current liabilities			
Lease liabilities	10	558,151	775,171
Total liabilities		15,842,417	18,278,809
Shareholders' Equity			
Share capital	12	94,365,942	94,262,592
Contributed surplus		3,320,584	3,136,558
Deficit		(36,253,845)	(34,835,475)
Accumulated other comprehensive income (loss)		2,852,476	2,910,735
		64,285,157	65,474,410
Total Liabilities & Shareholders' Equity		**80,127,574**	83,753,219

Nature of operations (Note 1)

Approved on behalf of the Board of Directors:

________________________ Director

________________________ Director

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

PIVOTREE INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

		Three Months Ended	
		March 31, 2023	March 31, 2022
	Notes	**$**	$
Revenues	16	**25,046,367**	24,497,124
Cost of sales	14	**13,441,511**	14,072,847
Gross profit		**11,604,856**	10,424,277
EXPENSES			
General and administration	15	**3,277,321**	3,209,796
Research and development	15	**838,513**	1,048,498
Information technology and operations	15	**3,776,061**	3,760,687
Sales and marketing	15	**2,849,260**	2,151,425
Amortization and depreciation		**1,625,873**	2,686,669
Stock based compensation	13	**238,574**	268,531
Interest	15	**109,411**	71,910
Loss (gain) on foreign exchange		**(6,451)**	68,792
Restructure and other	15	**130,582**	113,709
Total expenses		**12,839,144**	13,380,017
Operating loss before interest income and taxes		**(1,234,288)**	(2,955,740)
Interest income		**11,724**	20,673
Loss before income taxes		**(1,222,564)**	(2,935,067)
Income tax expense - current		**195,806**	580,326
Deferred taxes		**-**	(212,394)
Net loss for the period		**(1,418,370)**	(3,302,999)
Other comprehensive loss:			
Items that may be reclassified subsequently to income:			
Foreign currency translation adjustment		**(58,259)**	(986,907)
Comprehensive loss for the period		**(1,476,629)**	(4,289,906)
Loss per share - basic and diluted		**(0.05)**	(0.13)
Weighted Average Number of Common Shares Outstanding		**26,625,010**	25,298,992

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

PIVOTREE INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Number of common shares	Capital Stock $	Contributed Surplus $	Deficit $	Accumulated Other Comprehensive Income (Loss) $	Total $
Balance, December 31, 2021	25,278,853	90,393,390	2,905,890	(25,748,954)	328,373	67,878,699
Options exercised	50,000	125,581	(50,000)	-	-	75,581
Share based compensation	-	-	268,531	-	-	268,531
Foreign exchange translation	-	-	-	-	(986,907)	(986,907)
Net loss for the period	-	-	-	(3,302,999)	-	(3,302,999)
Balance, March 31, 2022	**25,328,853**	**90,518,971**	**3,124,421**	**(29,051,953)**	**(658,534)**	**63,932,905**
Balance, December 31, 2022	26,616,416	94,262,592	3,136,558	(34,835,475)	2,910,735	65,474,410
Options exercised	25,000	57,750	-	-	-	57,750
RSUs converted	11,375	54,548	(54,548)	-	-	-
Share based compensation	-	-	238,574	-	-	238,574
Share repurchase	(2,700)	(8,948)	-	-	-	(8,948)
Foreign exchange translation	-	-	-	-	(58,259)	(58,259)
Net loss for the period	-	-	-	(1,418,370)	-	(1,418,370)
Balance, March 31, 2023	**26,650,091**	**94,365,942**	**3,320,584**	**(36,253,845)**	**2,852,476**	**64,285,157**

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

PIVOTREE INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	**(1,418,370)**	**(3,302,999)**
Items not affecting cash:		
Amortization and depreciation	1,625,873	2,686,669
Share-based compensation	238,574	268,531
Deferred income tax	-	(212,394)
Change in fair value of derivative	36,200	-
Changes in non-cash working capital balances:		
Accounts receivable	1,202,553	(627,645)
Prepaid expenses and other current assets	(761,343)	(356,326)
Accounts payable and accrued liabilities	(2,651,860)	(3,797,118)
Income taxes payable (receivable)	149,791	579,663
Deferred revenue	498,729	601,540
Cash flows provided by operating activities	(1,079,853)	(4,160,079)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(205,276)	(140,350)
Additions of intangible property	-	(48,916)
Cash flows used in investing activities	(205,276)	(189,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital lease repayment	(271,050)	(336,108)
Share repurchase	(8,948)	-
Proceeds from share issuance, net of share issue costs	57,750	73,875
Cash flows provided by financing activities	(222,248)	(262,233)
Net decrease in cash	(1,507,377)	(4,611,578)
Cash, beginning of period	17,346,028	24,570,287
Cash, end of period	**15,838,651**	**19,958,709**

1. NATURE OF OPERATIONS

Pivotree Inc. was incorporated under the Business Corporations Act in Ontario, Canada on August 13, 1998 and provincially registered in Ontario, Canada on June 22, 2015; Pivotree and its subsidiaries (together "the Company"), principal place of business is its headquarters at 6300 Northam Drive, Mississauga, Ontario, Canada L4V 1H7. The Company designs, integrates, deploys, and manages digital platforms in Commerce, Data Management and Supply Chain for major retail and branded manufacturers throughout the world. Pivotree provides the technical skills necessary to enable the effective use of technologies combined with the business context to leverage a solution to solve clients' business challenges. Pivotree's portfolio of products, managed and professional services help provide B2B2C digital businesses with end-to-end service to manage complex digital commerce platforms, along with ongoing support from strategic planning through product selection, deployment, and hosting, to data and supply chain management.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These unaudited interim condensed consolidated financial statements (''financial statements'') were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2022. These interim condensed consolidated financial statements have been prepared in compliance with IAS 34 — Interim Financial Reporting. Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (''IFRS'') have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022. These financial statements were approved and authorized for issuance by the Board of Directors of the Corporation on May 11, 2023.

(b) Basis of consolidation

The consolidated financial statements include the accounts of Pivotree Inc. and its wholly owned subsidiaries Pivotree US Holdings Corp., Pivotree USA Inc., Thinkwrap Solutions Inc., and Pivotree Solutions India PVT Ltd.. Subsidiaries are entities that the Company has control of and are fully consolidated from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(c) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

In preparing these unaudited condensed consolidated interim financial statements, Management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2022.

(Expressed in Canadian dollars)

3. ACCOUNTS RECEIVABLE

The Company's accounts receivable is comprised of the following:

	March 31, 2023 $	December 31, 2022 $
Trade receivables	14,773,620	16,981,924
Other receivables	1,884,331	840,613
Less: expected credit loss provision	(100,764)	(62,797)
Net accounts receivable	**16,557,187**	17,759,740

A continuity of the Company's expected credit loss provision is as follows:

	March 31, 2023 $	December 31, 2022 $
Opening balance	62,797	29,627
Additions	37,967	33,170
Less: write-offs	-	-
Ending balance	**100,764**	62,797

For the three months ended March 31, 2023, the Company recorded bad debt expense of $37,967 (2022 — nil).

4. PREPAID EXPENSES

	March 31, 2023 $	December 31, 2022 $
Software subscriptions	1,930,468	1,428,766
Insurance	547,923	524,788
Rent deposits	165,422	209,374
Professional fees	142,856	-
Derivative	64,100	100,300
Other	421,265	283,663
Ending balance	**3,272,034**	2,546,891

(Expressed in Canadian dollars)

5. PROPERTY AND EQUIPMENT

	Computer Hardware and Software*	Furniture and Equipment	Leasehold Improvements	Total
	$	$	$	$
COST				
Balance, December 31, 2021	22,654,195	1,234,662	434,529	24,323,386
Additions	705,657	-	-	705,657
Balance, December 31, 2022	23,359,852	1,234,662	434,529	25,029,043
Additions	205,276	-	-	205,276
Balance, March 31, 2023	23,565,128	1,234,662	434,529	25,234,319
ACCUMULATED DEPRECIATION				
Balance, December 31, 2021	19,399,655	926,340	318,924	20,644,919
Additions	876,000	61,422	21,115	958,537
Effect of foreign currency translation	(6,756)	-	-	(6,756)
Balance, December 31, 2022	20,268,899	987,762	340,039	21,596,700
Additions	228,617	13,356	4,646	246,619
Effect of foreign currency translation	(1,382)	-	-	(1,382)
Balance, March 31, 2023	20,496,134	1,001,118	344,685	21,841,937
Net book value December 31, 2022	3,090,953	246,900	94,490	3,432,343
Net book value March 31, 2023	**3,068,994**	**233,544**	**89,844**	**3,392,382**

*Included in computer hardware and software is equipment under lease and accounted for as a Right-of-use-Asset pursuant to the Company's adoption of IFRS 16 (see Note 6).

6. RIGHT-OF-USE ASSETS

The Company leases certain office premises. The leases typically run for a period of 3 to 4 years with an option to renew the lease after that date. Lease payments are renegotiated within one year of expiry to reflect market rentals.

Information about leases for which the Company is a lessee is presented below:

	Premises Leases	Computer Equipment	Total
	$	$	$
Balance, December 31, 2021	1,391,550	1,893,197	3,284,747
Additions	761,554	—	761,554
Depreciation charge for the year	(861,768)	(516,964)	(1,378,732)
Effects of foreign exchange	(38,885)	3,738	(35,147)
Balance, December 31, 2022	1,252,451	1,379,971	2,632,422
Additions	—	—	—
Depreciation charge for the year	(147,995)	(85,192)	(233,187)
Effects of foreign exchange	(33,162)	—	(33,162)
Balance, March 31, 2023	**1,071,294**	**1,294,779**	**2,366,073**

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

	Software Technologies $	Brand & Trademark $	Non-Compete $	License $	Customer List $	Total $
COST						
Balance, December 31, 2021	5,683,836	86,093	368,533	1,798,738	21,174,430	29,111,630
Additions	136,363	—	—	—	—	136,363
Foreign exchange movement	—	—	22,947	65,534	975,839	1,064,320
Balance, December 31, 2022	5,820,199	86,093	391,480	1,864,272	22,150,269	30,312,313
Additions	—	—	—	—	—	—
Foreign exchange movement	—	—	—	—	—	—
Balance, March 31, 2023	**5,820,199**	**86,093**	**391,480**	**1,864,272**	**22,150,269**	**30,312,313**
ACCUMULATED AMORTIZATION						
Balance, December 31, 2021	4,468,723	18,285	20,367	345,682	6,284,054	11,137,111
Amortization	865,043	—	119,364	145,932	5,670,593	6,800,932
Foreign exchange movement	(14,134)	—	12,511	14,356	685,538	698,271
Balance, December 31, 2022	5,319,632	18,285	152,242	505,970	12,640,185	18,636,314
Amortization	119,421	16,952	29,842	86,233	941,695	1,194,143
Foreign exchange movement	2,910	—	2,797	6,472	64,887	77,066
Balance, March 31, 2023	**5,441,963**	**35,237**	**184,881**	**598,675**	**13,646,767**	**19,907,523**
Net book value December 31, 2022	500,567	67,808	239,238	1,358,302	9,510,084	11,675,999
Net book value March 31, 2023	**417,333**	**50,856**	**206,599**	**1,265,597**	**8,503,502**	**10,404,790**

8. GOODWILL

	March 31, 2023 **$**	December 31, 2022 $
Balance, Opening	29,486,561	27,794,484
Impact of final working capital adjustments	-	(785,483)
Foreign exchange movement	(1,653)	2,477,560
Balance, Closing	**29,484,908**	29,486,561

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	March 31, 2023 **$**	December 31, 2022 $
Accounts payable	5,331,305	4,694,552
Payroll accruals	798,802	4,538,143
Accrued liabilities	2,688,727	2,256,046
	8,818,834	11,488,741

(Expressed in Canadian dollars)

10. LEASE LIABILITIES

	March 31, 2023 $	December 31, 2022 $
Obligation under lease contracts for computer equipment	251,812	337,127
Obligation under lease contracts for office space	1,160,645	1,343,342
Less: current portion	(854,306)	(905,298)
	558,151	775,171

11. RELATED PARTY TRANSACTIONS

The following are details of the related party transactions entered into by the Company during the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023 $	2022 $
Expenses paid to a private company related to a majority shareholder:		
Occupancy	21,061	-
	21,061	**-**

Compensation of key management personnel

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer and the executive leadership team. The remuneration of key management personnel during the three months ended March 31, 2023 and 2022 is as follows:

	Three months ended March 31,	
	2023 $	2022 $
Salaries (including benefits)	445,961	258,075
Stock based compensation	99,615	95,442
	545,576	**353,517**

(Expressed in Canadian dollars)

12. SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of common shares, an unlimited number of Series A preferred shares, an unlimited number of Series B preferred shares, an unlimited number of Series C preferred shares, and an unlimited number of Series D preferred shares. The Company's common shares are without par value, have voting rights and are entitled to receive dividends.

During the three months ended March 31, 2023 the Company issued:

- 25,000 common shares upon the exercise of stock options in exchange for $57,750
- 11,375 common shares upon the exercise of restricted stock units with a value of $54,548

During the three months ended March 31, 2023 the Company repurchased and retired 2,700 shares for $8,948 under a normal course issuer bid (NCIB).

13. STOCK OPTIONS & RESTRICTED SHARES

(a) Stock-based Compensation

On October 30, 2020 the Company established its 2020 Omnibus Equity Incentive Compensation Plan ("2020 Plan") which provides for the granting of Options, Share Appreciation Rights ("SARS"), Restricted Share Units ("RSUs"), Deferred Share Units ("DSUs") and Performance Share Units ("PSUs") to employees, directors, officers and consultants of the Company. The maximum number of shares issuable pursuant to Options issued under the 2020 Plan will be equal to 10% of the then outstanding shares on a rolling basis. In addition to the number of Options issuable under the 2020 Plan, the Company may issue an additional 2,266,778 shares in aggregate pursuant to the exercise of all SARs, RSU, DSUs and PSUs.

(b) Options

The following table reflects the continuity of the stock options granted for the three month period ended March 31, 2023 and the year ended December 31, 2022:

	March 31, 2023		December 31, 2022	
	Number of options	**Weighted Average Exercise Price $**	Number of options	Weighted Average Exercise Price $
Outstanding, beginning of period	1,109,957	3.02	1,538,822	1.71
Granted	9,206	4.04	497,668	4.09
Exercised	(25,000)	(2.31)	(811,018)	(1.10)
Expired/Forfeited	(10,611)	(4.19)	(115,515)	(3.60)
Outstanding, end of period	**1,083,552**	**3.08**	1,109,957	3.02

Stock compensation expense related to stock options for the three months ended March 31, 2023 and 2022 was $48,147 (2022 - $83,642).

(c) Restricted Shares

Since 2016 the Company has provided compensation to select advisors and management all or in part with retractable common shares (the "Restricted Shares" or 'RSU(s)". Restricted shares grant an individual share in exchange for the promise to provide services over a 3 year period. In the event that the individual ceases to be engaged by the Company during the Restricted Share period some or all of the common shares are retracted corresponding to the services not delivered. The fair value of restricted shares is estimated using the market price of the Company's common stock at the date of grant. The Company reports the portion of the common shares that have been fully earned and can no longer be retracted from shares outstanding.

(Expressed in Canadian dollars)

13. STOCK OPTIONS & RESTRICTED SHARES (Continued)

During the three months ended March 31, 2023 and 2022, the Company granted 2,273 RSUs (2022 – 43,614), and 1,664 (2022 – 2,804) were forfeited; A total of 11,375 (2022 – nil) RSUs vested. As at March 31, 2023 and 2022 the Company had a total of 257,939 (2022 – 151,945) RSU's outstanding. For the three months ended March 31, 2023 and 2022, the Company recognized share based compensation related to RSU's of $105,426 (2022 - $58,966).

(d) Deferred Shares

During the three months ended March 31, 2023 and 2022 the Company granted nil DSUs (2022 – 22,457) and nil were converted to shares (2022 – nil). The DSUs were measured at their grant date fair value and vest immediately, which is equal to the fair value of the Company's common shares. At the Company's discretion, participants shall be entitled to receive payment from the Company in settlement of DSUs in cash, in an amount equal to the product of the FMV of a share on the applicable settlement date, multiplied by the number of DSUs being settled, in a number of shares, or in some combination of the two.

Stock compensation expense related to DSUs for the three months ended March 31, 2023 and 2022 was $85,001 (2022 - $95,442).

(e) Performance Shares

During the three months ended March 31, 2023 and 2022 the Company granted nil performance share units ("PSUs") (2022 – 11,842). The PSUs vest upon the achievement of specified revenue per share and earnings before interest, taxes, depreciation and amortization ("EBITDA") percentage targets over the period of October 1, 2023 to December 31, 2023. For the three months ended March 31, 2023 and 2022, the Company recognized share based compensation related to PSUs of $nil (2022 - $30,481). The PSUs were measured at their grant date fair value, which was equal to the fair value of the Company's common shares.

At the Company's discretion, participants shall be entitled to receive payment from the Company in settlement of PSUs in cash, in an amount equal to the product of the FMV of a share on the applicable settlement date, multiplied by the number of PSUs being settled, in a number of shares, or in some combination of the two.

14. COST OF SALES

	Three months ended March 31,	
	2023	**2022**
	$	**$**
Data center costs and software usage rights	4,070,413	4,664,945
Salaries and benefits	9,309,449	9,277,683
Other direct costs	61,649	130,219
	13,441,511	14,072,847

(Expressed in Canadian dollars)

15. EXPENSES

	Three months ended March 31,	
	2023	2022
Sales and Marketing	$	$
Salaries and benefits	2,094,782	1,860,657
Advertising and marketing	423,609	202,322
Travel and other expenses	330,869	88,446
	2,849,260	2,151,425
Information Technology and Operations		
Salaries and benefits	3,137,791	3,165,193
Internet and software costs	432,685	435,483
Other expenses	205,585	160,011
	3,776,061	3,760,687
General and Administrative		
Salaries and benefits	2,357,589	2,462,726
Professional fees	285,904	262,528
Travel, rent and general office	633,828	484,542
	3,277,321	3,209,796
Research and Development		
Salaries and benefits	713,817	963,663
Software and other expenses	124,696	84,835
	838,513	1,048,498
Restructure and Other		
Acquisition	-	279,129
Restructure	68,449	143,116
Gain on revaluation on earnouts payable	-	(321,766)
Other	62,133	13,230
	130,582	113,709
Interest		
Loans, borrowings and standy fees	85,910	37,808
Interest on lease obligations - office space	17,784	17,750
Interest on lease obligations - equipment	5,718	16,352
	109,411	71,910

(Expressed in Canadian dollars)

16. SEGMENTED INFORMATION

The Company's Chief Executive Officer ("CEO") has been identified as the chief operating decision maker. The CEO evaluates the performance of the Company and allocates resources based on the information provided by the Company's internal management system at a consolidated level. The Company has determined that it has only one operating segment.

Geographic information

The following table presents external revenue on a geographic basis:

		Three months ended March 31,	
		2023	2022
		$	$
Revenue by location	Canada	6,063,432	5,945,231
	United States	16,982,116	16,170,239
	Other	2,000,819	2,381,654
Total		**25,046,367**	24,497,124

17. EARNINGS (LOSS) PER SHARE

To the extent that the Company's results of operations are a loss, potentially dilutive shares relating to preferred shares, deferred common shares, stock options, RSU's, DSU's and PSU's as set-out below have been excluded from the calculation of the diluted number of shares as the impact would be anti-dilutive.

	Three months ended March 31,	
	2023	2022
	$	$
RSU's, DSU's and PSU's	503,240	290,435
Stock options	1,083,552	1,490,351
	1,586,792	1,757,590

(Expressed in Canadian dollars)

18. CAPITAL RISK MANAGEMENT

The general objectives of the Company in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth and strategic acquisitions in order to continue operating, in providing benefits to its stakeholders and in providing an adequate return on investment to its shareholders by selling its services at a price commensurate with the level of operating risk assumed by the Company. The Company thus determines the total amount of capital required consistent with risk levels.

The Company's capital structure consists of cash and shareholders' equity, which is comprised of issued capital, contributed surplus, accumulated other comprehensive income and deficit. The Company does not currently hold debt but may in the future. This capital structure is adjusted on a timely basis depending on changes in the economic environment and in the risks of the underlying assets.

In December 2020, the Company entered into a single revolving facility (the "BMO Facility") for up to $25,000,000 of revolving credit, with the ability to access an additional $1,000,000 treasury risk line of credit to be used at the direction of BMO for hedging agreements and a $250,000 line of credit in respect of corporate MasterCard to be issued to Company employees for corporate purposes.

The BMO Facility may be drawn by way of Canadian dollar loans, US dollar loans or the issuance of letters of credit and will mature on October 31, 2023 and will carry an interest rate of 1.5% per annum and is subject to a general security agreement creating a First-Ranking Security interest in all present and future property of the Company and its subsidiaries. A condition of this Facility is that the Company must maintain, on a consolidated basis, a minimum of $5,000,000 cash on the closing date and at the end of each subsequent fiscal quarter. As of March 31, 2023 and December 31, 2022 the Company has not drawn on the BMO Facility.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and earnouts payable approximate their fair values due to the immediate or short-term nature of these instruments. The carrying value of the current portion of lease liabilities approximate their fair value due to their short term to maturity. Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table summarizes the Company's financial instruments measured at fair value at March 31, 2023 and December 31, 2022, by categorization in the fair value hierarchy level:

	Fair value hierarchy level	**March 31, 2023**	December 31, 2022
Earnouts payable	Level 3	(1,557,955)	(1,558,070)
Derivative	Level 2	64,100	100,300

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Earnouts payable

The fair value of earnouts at March 31, 2023 and December 31, 2022 was determined using a probability weighted model based on the likelihood of achieving certain revenue and gross margin targets.

Derivative
During 2022, the Company entered into an agreement with a Canadian financial institution to sell $10 million US$ over the course of 2023 at an exchange rate of 1.3601. At March 31, 2023 the unrealized decrease in the value of this derivative instrument is $36,200. The fair value of the forward contract was determined using mark-to-market information as at March 31, 2023 from a third party. The balance of the value of the derivative has been included in prepaid expenses and other current assets in the statement of financial position.

The Company has exposure to the following risks from its use of financial instruments:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash is placed with a major US and Canadian financial institutions and the Company's concentration of credit risk for cash and maximum exposure thereto is $15,838,651 (December 31, 2022 — $17,346,028).

With respect to its accounts receivable, the Company assesses the credit rating of all customers and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to trade and other accounts receivable and maximum exposure thereto is $14,818,266 (December 31, 2022 — $17,822,537). Included in accounts receivable is $100,764 (December 31, 2022 — $62,797) as a provision for credit losses.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At March 31, 2023 and December 31, 2022, the Company has liabilities with the following due dates:

					March 31, 2023
	Under 3 months **$**	**3 months – 1 year** **$**	**1 – 2 years** **$**	**3 – 5 years** **$**	**Total** **$**
A/P and accrued liabilities	8,818,834	—	—	—	8,818,834
Earnout on acquisitions	1,557,955	—	—	—	1,557,955
Corporate taxes payable	—	2,913	—	—	2,913
Leases payable	271,050	546,312	765,390	18,417	1,601,169
	10,647,839	**549,225**	**765,390**	**18,417**	**11,980,871**

					December 31, 2022
	Under 3 months $	3 months – 1 year $	1 – 2 years $	3 – 5 years $	Total $
A/P and accrued liabilities	11,488,741	—	—	—	11,488,741
Earnout on acquisitions	—	1,558,070	—	—	1,558,070
Leases payable	202,448	742,815	874,732	18,417	1,838,412
	11,691,189	2,300,885	874,732	18,417	14,885,223

The Company manages its liquidity risk by relying upon its revenues and available funds from existing credit facilities.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Market Risks

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to this risk through its long-term debt when incurred. As of March 31, 2023 and December 31, 2022 the Company's has no long-term debt.

Foreign Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into foreign currency purchase and sale transactions and has assets and liabilities denominated in foreign currencies resulting in exposure to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company's financial instruments denominated in foreign currencies and the exchange rate (Canadian dollars per unit of foreign currency) used at the balance sheet date are as follows:

Instrument	Currency	**March 31, 2023**	December 31, 2022
Cash	U.S. dollar	$ 10,053,124	$ 11,334,327
Cash	Euro	€ 66,090	€ 78,474
Cash	Indian Rupee	₹ 16,788,227	₹ 19,866,506
Accounts receivable	U.S. dollar	$ 10,041,501	$ 11,333,533
Accounts receivable	Euro	€ 39,684	€ 39,684
Accounts receivable	Singapore Dollar	$ 72,870	$ 75,355
Accounts payable	U.S. dollar	$ 3,121,538	$ 2,698,282
Accounts payable	Euro	€ 10,942	€ 9,271
Accounts payable	Indian Rupee	₹ 2,884,844	₹ 3,207,114

The month-end exchange rate to the Canadian dollar, by currency, is as follows:

Currency	**March 31, 2023**	December 31, 2022
U.S. dollar	$ 1.3545	$ 1.3546
Euro	€ 1.4708	€ 1.4471
Great British Pound	£ 1.6726	£ 1.7238
Indian Rupee	₹ 0.0165	₹ 0.0164

At March 31, 2023 and December 31, 2022, the Company had net assets of $22,990,046 denominated in USD $16,973,087 [2022 – net assets of $27,050,791 in USD $19,969,578]. A 10% variation in USD, and if all other variables remain constant, would have an impact on comprehensive income of $2,299,004 during the three month period ended March 31, 2023 [December 31, 2022 – $2,705,079]. Operating activities denominated in Euro and Indian Rupee have a minimal impact on the Company.

20. BUSINESS COMBINATIONS

(a) Bridge Solutions Group

On September 1, 2021, the Company purchased 100% of the outstanding shares of Bridge Solutions Group Corp. and Bridge SGI Solutions India Private Limited (together "Bridge") Bridge Solutions is a supply chain service provider and Pivotree partner specializing in order management systems, warehouse management systems and application integration. The acquisition enhances Pivotree's ability to deliver end-to-end frictionless experiences for customers by providing a single entity to manage commerce systems.

(Expressed in Canadian dollars)

20. BUSINESS COMBINATIONS (Continued)

Details of the fair value of the identifiable assets and liabilities acquired, purchase consideration, and goodwill are as follows:

Purchase consideration:

Cash consideration	6,913,598
Shares	797,651
Contingent consideration payable	4,766,764
Total consideration	**12,478,013**

Contingent consideration

The determination of the fair value of the contingent consideration payable is primarily based on the Company's expectations of the amount of gross margin to be achieved by the business unit within a specified time period based on the purchase agreement.

The balance of contingent consideration is as follows:

Carrying value of contingent consideration, December 31, 2022	1,558,070
Effects of movements in foreign exchange	(115)
Carrying value of contingent consideration, March 31, 2023	**1,557,955**