Consolidated Financial Statements
(In US dollars)

VERTICALSCOPE HOLDINGS INC.

For the years ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of VerticalScope Holdings Inc.

Opinion

We have audited the consolidated financial statements of VerticalScope Holdings Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the impairment of non-financial assets of the VerticalScope cash generating unit

Description of the matter

We draw attention to Notes 2(c)(i) and 3(g) of the financial statements. During the year, the Entity tested the VerticalScope cash generating unit ("CGU") for impairment.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). CGUs to which goodwill has been allocated are tested for impairment at least annually and earlier if indicators of impairment are identified. The Entity has one CGU (the VerticalScope CGU). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. The VerticalScope CGU's value in use was estimated by discounting estimated future cash flows expected to be generated from the continuing use of the VerticalScope CGU. The significant assumptions used by the Entity in estimating the value in use of the VerticalScope CGU include estimated cash flows, discount rate, and long-term growth rate.

Why the matter is a key audit matter

We identified the evaluation of the impairment of non-financial assets of the VerticalScope CGU as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. In addition, significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required to evaluate the Entity's use of significant assumptions in assessing the recoverable amount of the CGU.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

We compared the Entity's previous estimated cash flows to the actual historical cash flows generated by the CGU to assess the Entity's ability to accurately predict cash flows.

We evaluated the estimated cash flows by comparing to the Entity's historical results and industry analyst report.

We evaluated the long-term growth rate by comparing to published industry data.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate used to determine the recoverable amount, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable companies and Entity specific risk factors.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the 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 auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Pardeep Singh Gill.

Vaughan, Canada

March 13, 2024

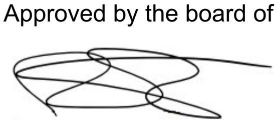
VERTICALSCOPE HOLDINGS INC.

Consolidated Statements of Financial Position
(In US dollars)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$6,015,184	$8,766,769
Restricted cash	93,840	116,830
Trade and other receivables (note 5)	14,175,352	15,712,508
Lease receivable (note 8)	595,961	569,278
Income taxes receivable	797,465	—
Prepaid expenses	804,692	1,127,365
Derivative instruments	51,303	—
	22,533,797	26,292,750
Property and equipment (note 7)	754,293	1,065,888
Right-of-use asset (note 8)	2,123,739	1,745,398
Intangible assets (note 9)	52,480,458	70,579,988
Goodwill (note 9)	52,635,164	52,635,164
Other assets	283,278	315,403
Deferred tax asset (note 14)	21,786,506	23,991,561
Lease receivable (note 8)	354,288	929,682
Total assets	$152,951,523	$177,555,834
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$5,563,354	$8,334,556
Income taxes payable	229,770	549,713
Deferred revenue	1,157,049	889,259
Current portion of long-term debt (note 11)	3,614,396	3,209,382
Lease liability (note 8)	1,227,160	1,027,309
Contingent considerations (note 4)	—	15,000,000
	11,791,729	29,010,219
Deferred revenue	—	4,389
Long-term debt (note 11)	54,431,100	54,883,514
Lease liability (note 8)	2,248,029	2,518,053
Deferred tax liability (note 14)	3,609,683	8,310,894
Contingent considerations (note 4)	—	1,051,222
Other long-term liabilities	185,399	281,959
Total liabilities	72,265,940	96,060,250
Shareholders' equity:		
Share capital (note 12)	167,705,234	160,559,106
Contributed surplus (note 13)	22,435,738	25,306,872
Accumulated other comprehensive loss	(145,494)	(86,145)
Deficit	(109,309,895)	(104,284,249)
	80,685,583	81,495,584
Related party transactions (note 21)		
Total liabilities and shareholders' equity	$152,951,523	$177,555,834

See accompanying notes to consolidated financial statements.

Approved by the board of directors:



Director

Director

VERTICALSCOPE HOLDINGS INC.

Consolidated Statements of Loss and Comprehensive Loss
(In US dollars, except per share amounts)

	For the year ended December 31, 2023	2022
Revenue (note 6)	$60,899,089	$80,488,146
Operating expenses:		
Wages and consulting	28,157,502	35,818,079
Share-based compensation (note 13)	4,517,052	9,809,234
Platform and technology	6,941,603	8,816,339
General and administrative	4,005,025	7,743,383
Depreciation and amortization (notes 7, 8, and 9)	21,321,892	38,659,197
Impairment of investment (note 10)	—	1,000,000
Adjustment to contingent considerations (note 4)	(1,051,222)	2,671,222
	63,891,852	104,517,454
Operating loss	(2,992,763)	(24,029,308)
Other expenses:		
Loss (gain) on sale of assets	(178,450)	3,198
Net interest expense (note 18)	5,087,087	3,094,352
Gain on investments	(1,791)	—
Foreign exchange gain	(31,661)	(21,753)
	4,875,185	3,075,797
Loss before income taxes	(7,867,948)	(27,105,105)
Income tax expense (recovery)		
Current (note 14)	(420,837)	3,093,317
Deferred (note 14)	(2,496,156)	(5,426,371)
	(2,916,993)	(2,333,054)
Net loss	($4,950,955)	($24,772,051)
Other comprehensive income		
Items that may be reclassified to net loss:		
Foreign currency differences on translation of foreign operations	(59,349)	(89,472)
Total comprehensive loss	($5,010,304)	($24,861,523)
Loss per share (note 17):		
Basic	($0.23)	($1.16)
Diluted	(0.23)	(1.16)

See accompanying notes to consolidated financial statements.

VERTICALSCOPE HOLDINGS INC.

Consolidated Statements of Changes in Equity
(In US dollars)

	Multiple Voting Shares ("MVS")		Subordinate Voting Shares ("SVS")					
	Number of shares	Amount	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance as at December 31, 2021	**2,957,265**	**$7,191,707**	**18,323,878**	**$152,990,710**	**$15,568,994**	**$3,327**	**($79,512,198)**	**$96,242,540**
Net loss	—	—	—	—	—	—	(24,772,051)	(24,772,051)
Foreign currency differences on translation of foreign operations	—	—	—	—	—	(89,472)	—	(89,472)
Share-based compensation	—	—	—	—	10,358,414	—	—	10,358,414
Repurchase of share capital for cancellation	—	—	(100,200)	(430,324)	—	—	—	(430,324)
Share options exercised	—	—	12,700	285,343	(98,866)	—	—	186,477
Shares issued on exercise of vested RSUs and DSUs	—	—	31,626	521,670	(521,670)	—	—	—
Balance as at December 31, 2022	**2,957,265**	**$7,191,707**	**18,268,004**	**$153,367,399**	**$25,306,872**	**($86,145)**	**($104,284,249)**	**$81,495,584**

	Multiple Voting Shares ("MVS")		Subordinate Voting Shares ("SVS")					
	Number of shares	Amount	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance as at December 31, 2022	**2,957,265**	**$7,191,707**	**18,268,004**	**$153,367,399**	**$25,306,872**	**(86,145)**	**($104,284,249)**	**$81,495,584**
Net loss	—	—	—	—	—	—	(4,950,955)	(4,950,955)
Foreign currency differences on translation of foreign operations	—	—	—	—	—	(59,349)	—	(59,349)
Other adjustments	—	—	—	—	—	—	(74,691)	(74,691)
Share-based compensation (note 13)	—	—	—	—	4,516,796	—	—	4,516,796
Repurchase of share capital for cancellation (note 12)	—	—	(34,100)	(134,803)	—	—	—	(134,803)
Shares issued on exercise of vested RSUs and DSUs (notes 12 and 13)	—	—	433,136	7,280,931	(7,280,931)	—	—	—
Net settlement of tax liabilities on RSUs and DSUs (note 13)	—	—	—	—	(106,999)	—	—	(106,999)
Balance as at December 31, 2023	**2,957,265**	**$7,191,707**	**18,667,040**	**$160,513,527**	**$22,435,738**	**($145,494)**	**($109,309,895)**	**$80,685,583**

See accompanying notes to consolidated financial statements.

VERTICALSCOPE HOLDINGS INC.

Consolidated Statements of Cash Flows
(In US dollars)

	For the year ended December 31, 2023	2022
Cash provided by (used in):		
Operating activities:		
Net loss	($4,950,955)	($24,772,051)
Items not involving cash:		
Depreciation and amortization (notes 7, 8, and 9)	21,321,892	38,659,197
Net interest expense (note 18)	5,087,087	3,094,352
Loss (gain) on sale of assets	(178,450)	3,198
Unrealized loss (gain) in derivative instruments	(51,303)	18,325
Impairment of investment (note 10)	—	1,000,000
Income tax recovery (note 14)	(2,916,993)	(2,333,054)
Adjustment to contingent considerations (note 4)	(1,051,222)	2,671,222
Share-based compensation (note 13)	4,517,052	9,809,234
	21,777,108	28,150,423
Change in non-cash operating assets and liabilities (note 15)	(1,068,235)	(1,346,439)
Interest paid	(4,507,773)	(2,307,714)
Income taxes paid	(694,349)	(3,860,370)
	15,506,751	20,635,900
Financing activities:		
Repayment of term loan (note 11)	(2,500,000)	(2,500,000)
Proceeds from issuance of revolving loan (note 11)	15,000,000	—
Repayment of revolving loan (note 11)	(12,750,000)	(19,000,000)
Proceeds from exercise of share options	—	186,477
Repurchase of share capital for cancellation (note 12)	(134,803)	(430,324)
Lease payments (note 8)	(1,455,419)	(1,352,625)
Proceeds from sublease (note 8)	599,634	622,604
Proceeds from leasehold improvement allowance (note 8)	106,426	—
	(1,134,162)	(22,473,868)
Investing activities:		
Additions to property and equipment and intangible assets (notes 7 and 9)	(2,257,811)	(9,715,075)
Proceeds from sale of assets	191,288	57,475
Payment of contingent considerations (note 4)	(15,000,000)	—
	(17,066,523)	(9,657,600)
Increase (decrease) in cash and cash equivalents	(2,693,934)	(11,495,568)
Cash and cash equivalents, beginning of the year	8,766,769	20,494,313
Change in restricted cash balances	22,990	62,913
Effect of movement of exchange rates on cash and restricted cash held	(80,641)	(294,889)
Cash and cash equivalents, end of year	$6,015,184	$8,766,769

See accompanying notes to consolidated financial statements.

1. Organization and nature of operations:

VerticalScope Holdings Inc. (and its wholly owned subsidiaries (together the "Company" or "VSHI")) was incorporated on November 19, 2012 under the Ontario Business Corporation Act. The Company is a technology company that has built and operates a cloud-based digital community platform for online enthusiast communities. The Company's headquarters and registered office is located at 111 Peter Street, Suite 600, Toronto, Ontario M5V 2H1. The Company is listed on the Toronto Stock Exchange (TSX: FORA).

2. Basis of presentation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements are presented in US dollars, which is the Company's functional currency.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 13, 2024.

(b) Basis of consolidation:

These consolidated financial statements include the accounts of VerticalScope Holdings Inc., and its subsidiaries. Balances and transactions between VerticalScope Holdings Inc. and its subsidiaries have been eliminated upon consolidation.

(c) Use of estimates and judgments:

The preparation of consolidated financial statements often involves management's judgment and the use of estimates and assumptions deemed to be reasonable at the time they are made. The Company reviews estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the year in which the estimates are revised and may impact future years as well. Other results may be derived with different judgments or using different assumptions or estimates and events may occur that could require a material adjustment.

Areas in these consolidated financial statements requiring the use of management estimates and judgments include the expected credit losses on trade and other receivables, the recognition of government grants including investment tax credits and receivables, valuation of long-lived assets, the determination of the estimated useful lives of property and equipment, right-of-use assets and intangibles assets, inputs used in the determination of the fair value of share option grants, the determination of the incremental borrowing rate and lease term for lease contracts for right of use assets and lease contract liability, and deferred income taxes.

Areas requiring the use of significant management estimates and judgements are:

(i) Impairment of long-lived assets, including goodwill

When long-lived assets including goodwill are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates. The recoverable amount is based on the higher of the fair value of the assets less costs of disposal and value-in-use, which is determined using discounted cash flow models. The significant assumptions used by the Company in estimating the value-in-use of the VerticalScope cash-generating unit ("CGU") include estimated cash flows, discount rate, and long-term growth rate.

(ii) Internally generated intangibles

Management exercises significant judgment in determining whether an item meets the criteria in the definition of an intangible asset which, in part, requires that the software is technically feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Judgment is required to distinguish those expenditures that develop the business, which cannot be capitalized as intangible assets and are expensed in the years incurred.

(d) Measurement uncertainty:

The Company continues to monitor the conflict in Israel and potential impacts the conflict could have on the Company’s personnel and business in Israel and the recorded amounts of assets and liabilities related to the Company’s operations in Israel, specifically HomeTalk IL Development Ltd., the Company's subsidiary in Israel. The extent to which the conflict may impact the Company’s personnel, business and activities will depend on future developments which remain highly uncertain and cannot be predicted. It is possible that the recorded amounts of assets and liabilities related to the Company’s operations in Israel could change materially in the near term.

3. Material accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Revenue recognition:

The Company has two primary streams of revenue: digital advertising and e-commerce. The digital advertising stream includes revenue generated from (i) direct advertising campaigns, (ii) programmatic advertising, and (iii) custom content solutions. The e-commerce revenue stream includes revenue generated from (i) commissions, (ii) referral payments and (iii) subscriptions.

(i) Digital advertising:

Direct advertising campaigns include placement of advertising for end-advertiser customers. Revenue is recognized based on fees for the delivery of display and video ad impressions, being the number of times content is displayed to users ("Impressions"). Substantially all Impressions are delivered on websites owned by the Company. Impressions are tracked using both first-and-third party advertising management platforms and follow the guidelines established by the Interactive Advertising Bureau.

Programmatic advertising includes sales of display and video ad inventory on a per-Impression basis through an auction run by the Company's ad exchange and supply-side platform partners, or premium Impression auctions in the Company's private marketplace. Revenue is recognized for the fees the Company earns from these sales in the period the Impressions are delivered.

Custom content solutions includes the Company's in-house production studio Geared Content Studios which provides custom content, in particular, video solutions specializing in reaching enthusiasts and in-market shoppers. The Company's wider content team also manages and produces a range of branded content for advertisers, including product reviews, articles, e-mail features, and short videos. Revenue is recognized when the content is delivered to the customer.

(ii) E-commerce:

The Company receives commissions from third party sales attributable to traffic sent to partners, with a range of rates as a percentage of transaction value purchased. Commissioned sales are driven by product reviews from the Company's network of freelance writers and by user-generated product links posted in community sites. Commission revenue is recognized in the same period the commissioned transactions occur based on the contract terms.

For certain e-commerce customers, referral fees are earned for traffic directed from the Company's communities, even if no transaction is completed. Referral fees are recognized in the period the transaction occurs which triggers the referral fee, as this is when the Company's performance is completed.

Subscription-related e-commerce revenue is generated from term-based subscriptions with customers that: (i) enable merchants to maintain a presence on the Company's communities, (ii) provide presence in an online business directory that connects consumers with service providers; and (iii) provide access to the Company's websites with fewer advertisements. Revenue from subscription contracts is recognized evenly over the term of the subscription as the customer receives and consumes the benefits of the subscription services.

(b) Deferred revenue:

Deferred revenue represents the portion of goods or services to be transferred to the customer for the contractual subscription term or membership term remaining as at the period-end date and amounts received in advance of services to be delivered.

(c) Deferred commissions:

The Company defers sales commissions that are incremental to the acquisition of customer contracts. The Company uses the practical expedient to expense commission as incurred when the period of benefit would be one year or less. The Company determines the period of benefit for commissions paid for the acquisition of contracts by taking into consideration the commitment term of the customer contract, the existence and extent of commissions on contract renewals, and the estimated customer relationship period.

(d) Property and equipment:

Property and equipment are initially measured at cost on recognition and subsequently measured at historical cost less accumulated depreciation and accumulated impairment losses, if any. Any gain or loss on disposal of an item of property plant and equipment is recognized in profit or loss. Residual values, useful lives and depreciation methods of property and equipment are reviewed at least once each financial year and adjusted, if appropriate. Depreciation is recognized based on the following:

Asset	Basis	Rate
Office furniture and equipment	Straight line	3 to 7 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	1 to 7 years

(e) Intangible assets:

Intangible assets with finite lives that are acquired separately are measured on initial recognition at cost, which comprises the purchase price plus any directly attributable costs of preparing the asset for its intended use. Intangible assets acquired as part of a business combination that are recognized separately from goodwill are initially measured at fair value.

The Company incurs internal and external costs for its revenue-generating community websites. Costs incurred during the planning stage (pre-development) are expensed as incurred. Costs incurred during the application and infrastructure development stage, the graphical design stage and the content development stage are capitalized as internally generated intangible assets once it can be demonstrated that software is technically feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. This applies to costs that can be directly attributed and necessary to creating, producing or preparing the website for it to be capable of operating in the manner intended by management. Costs incurred to operate the website once complete are expensed as incurred except for costs associated with additions to the website that separately meet the capitalization criteria. Capitalization ceases once the asset is capable of operating in the manner intended by management. Other costs are expensed as incurred.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses. Intangible assets are amortized over the periods in the tables below. The estimated useful life and amortization method are reviewed annually, with the effect of any change in estimate being accounted for on a prospective basis.

Asset	Basis	Rate
Websites / Trade Names	Straight line	5 to 15 years
Acquired content	Straight line	1 year
Customer relationships	Straight line	5 years
Software	Straight line	3 to 10 years

(f) Business combinations and goodwill:

The Company follows the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations. The acquisition method of accounting requires that assets acquired and liabilities assumed be recorded at their estimated fair values on the date of a business acquisition.

Acquisition costs that are tied to continuing employment of pre-existing shareholders are recognized as acquisition-related compensation and recognized in accordance with the vesting terms in the corresponding acquisition agreement. Consequently, those costs are not included in the total purchase consideration of the business combination. All other costs that are not eligible for capitalization related to the acquisition are expensed as incurred.

New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date affect the acquisition accounting.

Goodwill represents the excess of the acquisition cost in a business combination over the fair value of the Company's share of the identifiable net assets acquired. Goodwill is carried at cost less accumulated impairment losses.

(g) Impairment of long-lived assets, including goodwill:

Long-lived assets, including property and equipment, intangible assets subject to amortization and goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). CGUs to which goodwill has been allocated are tested for impairment at least annually and earlier if indicators of impairment are identified. The Company has one CGU at December 31, 2023 (the VerticalScope CGU). An impairment loss is recognized for the amount by which the CGUs carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the CGU's: (i) fair value less costs of disposal, and (ii) value in use.

The VerticalScope CGU's value in use was estimated by discounting estimated future cash flows expected to be generated from the continuing use of the VerticalScope CGU. The significant assumptions used by the Company in estimating the value in use of the VerticalScope CGU include estimated cash flows, discount rate, and long-term growth rate.

Management also performed an analysis of the carrying amount compared to the recoverable amount of the Company as at December 31, 2023 and determined no impairment had occurred in 2023.

(h) Leases:

At inception of a contract, the Company assesses whether a 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 based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives receivable. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 36 to 120 months for offices.

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 determinable, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, 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.

The Company has elected not to recognize right-of-use assets and lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the consolidated statements of cash flows, lease payments related to short-term leases, low value assets and variable lease payments not included in lease liability are classified as cash outflows from operating activities, whereas the remaining lease payments are classified as cash flows from financing activities.

(i) Investment tax credits:

Investment tax credits are accounted for under the cost reduction method, whereby the investment tax credits are applied against the carrying value of the related expense or asset. Investment tax credits are recorded when the qualifying expenditure has been incurred provided there is reasonable assurance that the tax credits will be realized. Investment tax credits are subject to audit by the tax authorities. Tax credits receivable are recorded within trade and other receivables in the consolidated statement of financial position.

(j) Share-based compensation:

The fair value of all share options granted to employees is recorded in share-based compensation in the consolidated statements of loss and comprehensive loss. The fair value of the options is determined using the Black-Scholes option pricing model. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Expected volatility is determined using historical volatility of publicly-traded comparable companies, the risk-free interest rates are based on US Treasury Rates and the expected term of the option is calculated based on a combination of each tranche's time to vest plus the actual or expected life of an award based on the past activity or remaining time to expiry on outstanding awards.

The fair value of the granted share options that are ultimately expected to vest is amortized to share-based compensation expense over the vesting period of the tranche of shares being considered. Estimated forfeitures are based on historical experience and management's estimates. When options are exercised, the amount of proceeds, together with the amount recorded in additional paid-in capital in respect of the exercised options, is recorded to share capital.

The fair value of restricted share units ("RSUs") and deferred share units ("DSUs") is measured using the fair value of the Company's shares as if the units were vested and issued on the grant date. The RSUs are valued at the market price on the grant date. The DSUs are valued using the five-day volume-weighted average market price at period-end. The fair value of performance share units ("PSUs") is measured using the Monte Carlo simulation model on the grant date. An estimate of the probability of meeting related performance conditions for the PSU’s is also included in determining fair value. The grant date value of equity-settled PSUs is expensed throughout the vesting period. The cash-settled PSUs are remeasured at each reporting period using the Monte Carlo simulation model. The Company has taken into account the extent to which services have been rendered to date when recognizing the related expense.

(k) Translation of foreign currencies:

The majority of the Company's subsidiaries have a US dollar functional currency, which represents the currency of the primary economic environment in which they operate. For these subsidiaries, the Company translates monetary assets and liabilities denominated in foreign currencies into US dollars at the period-end exchange rates. The Company translates non-monetary assets and liabilities denominated in foreign currencies into US dollars at historic rates, and translates revenue and expenses into US dollars at the exchange rate prevailing during the month of the transaction. Foreign exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. The Company recognizes foreign currency differences arising on translation in the consolidated statements of loss and comprehensive loss.

Upon consolidation, for the subsidiaries with a non-US dollar functional currency, the Company translates assets and liabilities denominated in foreign currencies into US dollars using the period-end exchange rates, and revenue and expenses into US dollars at the exchange rates prevailing during the month of the transaction. The Company defers gains and losses arising from the translation of these operations in the foreign currency differences on translation account included in accumulated other comprehensive loss.

(l) Income taxes:

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable or recoverable is based on taxable profit or loss for the year. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and their corresponding tax bases (known as temporary differences).

Deferred tax liabilities are generally recognized for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognized for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future years when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences). This is only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in the consolidated statements of loss and comprehensive loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the years in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting year.

(m) Financial instruments:

(i) Financial assets:

Initial recognition and measurement:

The Company's financial assets comprise cash, trade and other receivables and derivative instruments. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset other than financial assets measured at fair value through profit or loss ("FVTPL"). On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI"); or FVTPL.

Subsequent measurement and derecognition:

Cash is carried at fair value with gains and losses recognized in the consolidated statements of loss and comprehensive loss. Trade and other receivables are carried at amortized cost using the effective interest rate method.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired. All financial assets not designated at amortized cost or FVOCI, including freestanding derivative instruments that are not in a qualifying hedging relationship are subsequently measured at FVTPL at each reporting period with changes in fair value recognized in profit or loss.

(ii) Impairment of financial assets:

The Company assesses at each reporting date whether there is any evidence that its trade receivables are impaired. The Company uses the simplified approach for measuring impairment for its trade receivables as these financial assets do not have a significant financing component as defined under IFRS 15, Revenue from Contracts with Customers. Therefore, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime Expected Credit Loss ("ECL") at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has established a provision matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment losses and subsequent reversals are recognized in profit or loss and are the amounts required to adjust the loss allowance at the reporting date to the amount that is required to be recognized based on the aforementioned policy. As for the exposure at default for financial assets, it is represented by the assets' gross carrying amount at the reporting date.

(iii) Financial liabilities:

Initial recognition and measurement:

The Company's financial liabilities comprise accounts payable and accrued liabilities, lease liability, current portion of long-term debt and long-term debt, and contingent considerations payable in cash. All financial liabilities except lease liability are recognized initially at fair value, less directly attributable transaction costs for liabilities not classified as FVTPL. The Company determines the classification of its financial liabilities at initial recognition. The Company also assesses whether embedded derivative financial instruments are required to be separated from host contracts when the Company first becomes party to the contract. Financial liabilities are classified as financial liabilities at FVTPL or amortized cost, as appropriate.

Subsequent measurement and derecognition:

Financial liabilities that do not meet the criteria of FVTPL or are not designated as such are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included as interest expense in the consolidated statements of loss and comprehensive loss. Gains and losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized.

The Company accounts for contingent considerations payable in cash and derivative liabilities as financial liabilities measured at FVTPL and subsequently re-measures fair value at the end of each reporting period. The change in the fair value of the contingent consideration, if any, is recognized as an adjustment to contingent considerations in the consolidated statements of loss and comprehensive loss.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled, or expires.

(iv) Fair value of financial instruments:

An analysis of fair values of financial instruments and further details as to how they are measured is provided in note 18.

(n) Segment information:

The Company's Chief Operating Decision-Maker (CODM) is the Chief Executive Officer, The CODM is the highest level of management responsible for assessing the Company's overall performance and making operational decisions such as resource allocations related to operations, product prioritization, and delegation of authority. Management has determined that the Company operates in a single operating and reportable segment.

(o) Loss per share:

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year, plus the effect of dilutive potential common shares outstanding during the year. This method requires that diluted loss per share be calculated as if all dilutive potential common shares had been exercised at the latest of the beginning of the year or on the date of issuance, and that the funds obtained thereby (plus an amount equivalent to the unamortized portion of related share-based compensation costs) be used to purchase common shares of the Company at the average fair value of the common shares during the year.

(p) Recently issued accounting standards and amendments:

(i) Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure Initiative – Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 "Making Materiality Judgements," which provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments 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 their material accounting policies and adding guidance on how entities are to apply the concept of materiality in making decisions about accounting policy disclosures. These amendments are applicable for annual periods beginning on or after January 1, 2023. These amendments, which we adopted as of such date, are reflected in, and had no material impact on these consolidated financial statements.

(ii) Amendments to IAS 8 - Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are applied for annual periods beginning on or after January 1, 2023. The adoption of the amendments to this standard did not have a material impact on the consolidated financial statements.

(iii) Amendment to IAS 12 Income taxes – Deferred tax related to assets and liabilities arising from a single transaction

In May 2021, the IASB issued Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income Taxes) to clarify the accounting treatment for deferred taxes on transactions such as leases and decommissioning obligations. The amendments are effective for reporting periods beginning on or after January 1, 2023. The Company adopted this standard as of January 1, 2023. The adoption of this standard had no material impact on these consolidated financial statements.

(iv) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. This standard is effective for reporting periods beginning on or after January 1, 2023. The Company adopted this standard as of January 1, 2023. The adoption of this standard had no material impact on these consolidated financial statements.

(iv) Interest Rate Benchmark Reform (Amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement), IFRS 4 (Insurance Contracts), IFRS 7 (Financial Instruments: Disclosures) and IFRS 16 (Leases)):

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2 (Phase 2 IBOR Reform), which amends IFRS 9, IAS 39, IFRS 4, IFRS 7, and IFRS 16. Phase 2 IBOR Reform focuses on the effects on financial statements when a company replaces a previous interest rate benchmark with an alternative benchmark rate as a result of Interbank Offered Rates (IBOR) reform. The Company adopted Phase 2 IBOR Reform as of January 1, 2021. The adoption of Phase 2 IBOR Reform had no material impact on these consolidated financial statements.

(v) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants

The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which a company must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability. If a liability has any conversion options, then those generally affect its classification as current or non-current, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

The amendments are applied for annual periods beginning on or after January 1, 2024. The Company is currently evaluating the impact of these amendments and do not expect the amendments to have a material impact on the consolidated financial statements.

(vi) International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

(In US dollars, except per share amounts and as otherwise indicated)

In May 2023, the IASB issued amendments to IAS 12 to give entities temporary mandatory relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's international tax reform. The amendments became effective upon issuance, except for certain disclosure requirements which are effective for annual reporting periods beginning on or after January 1, 2023. The Company adopted the required amendments in May 2023, and have applied the mandatory temporary exception to recognizing and disclosing information related to Pillar Two income taxes.

Pillar Two legislation has not been enacted or substantively enacted in certain jurisdictions where we have operations. The Company will continue to monitor the impact of Pillar Two income taxes as the Pillar Two Model Rules become enacted in the jurisdictions where the Company has operations.

4. Business combinations:

Contingent considerations:

As a part of the acquisition of FOMOPOP, Inc. in 2021, contingent consideration of up to $30,000,000 in cash may become payable if certain financial performance requirements are met. The contingent consideration relates to payments determined after the first anniversary of the acquisition of between $8,100,000 and $15,000,000 based on specific financial performance requirements in year one and payments determined in respect of the twelve month period ending on December 31, 2023 of between $8,100,000 and $15,000,000 based on specific financial performance requirements during year two. On January 6, 2023, the Company paid $15,000,000 to the sellers of FOMOPOP, Inc. for the year one contingent consideration.

On March 31, 2023, the Company amended its purchase agreement with the former shareholders of FOMOPOP, Inc. to extend the measurement period of the year two potential contingent consideration to June 30, 2024.

The contingent consideration is revalued periodically using the Monte Carlo simulation valuation model. The key inputs used by management to determine fair value are: (i) projected EBITDA, (ii) the expected future volatility of FOMOPOP, Inc. based on comparable companies, (iii) the risk-free interest rate, and (iv) weighted average cost of capital. A balance of nil was accrued related to the estimated fair value of potential contingent consideration at December 31, 2023.

	December 31, 2023	December 31, 2022
Balance, beginning of year	$16,051,222	$13,380,000
Payments	(15,000,000)	—
Adjustments	(1,051,222)	2,671,222
Balance, end of year	$—	$16,051,222
Comprised of:		
Current	$—	$15,000,000
Non-current	—	1,051,222

(In US dollars, except per share amounts and as otherwise indicated)

5. Trade and other receivables:

	December 31, 2023	December 31, 2022
Trade accounts receivable	$13,147,964	$15,392,869
Investment tax credits recoverable	341,964	242,265
Sundry receivables	685,424	77,374
	$14,175,352	$15,712,508

6. Revenue from contracts with customers:

(a) Disaggregation of revenue:

The main sources of the Company's revenue are as follows:

	For the year ended December 31 2023	2022
Digital advertising	$49,974,348	$55,089,873
E-commerce	10,924,741	25,398,273
Revenue	$60,899,089	$80,488,146

(b) Deferred revenue:

Deferred revenue consists of billings or payments received in advance of revenue recognition and is recognized as the revenue recognition criteria are met. The Company often collects annual considerations from its customers on commencement of the subscription arrangements. Accordingly, the deferred revenue balance does not represent the total contract value of multi-year, non-cancelable subscription agreements. The following table presents the changes in deferred revenue during the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Balance, beginning of year	$893,648	$1,042,432
Increase due to amounts invoiced and cash received	1,157,049	889,260
Decrease due to recognition of deferred revenue from balance at beginning of year	(893,648)	(1,038,044)
Balance, end of year	1,157,049	893,648
Comprised of:		
Current	$1,157,049	$889,259
Non-current	—	4,389

(In US dollars, except per share amounts and as otherwise indicated)

The amount of revenue recognized in the years ended December 31, 2023 and 2022 from performance obligations satisfied in previous periods was insignificant.

(c) Transaction price allocated to the remaining performance obligations:

The transaction price amount allocated to remaining performance obligations represents contracted revenue that has not yet been recognized as the performance obligations are unsatisfied as of December 31, 2023 ("contracted not yet recognized"). Contracted not yet recognized revenue was $1,157,049 as of December 31, 2023 ($893,648 as at December 31, 2022), of which the Company expects to recognize an estimated 100.0% of the revenue over the next 12 months.

7. Property and equipment:

	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
Cost				
Balance, December 31, 2021	$830,390	$1,519,997	$275,289	$2,625,676
Reclassifications	(475,659)	179,767	353,097	57,205
Additions	6,270	255,033	376,395	637,698
Disposals	(39,024)	(176,550)	(2,898)	(218,472)
Balance, December 31, 2022	$321,977	$1,778,247	$1,001,883	$3,102,107
Additions	2,668	78,667	17,034	98,369
Disposals	—	(110,466)	—	(110,466)
Balance, December 31, 2023	$324,645	$1,746,448	$1,018,917	$3,090,010
Accumulated depreciation				
Balance, December 31, 2021	$406,082	$1,058,471	$174,440	$1,638,993
Reclassifications	(255,402)	166,750	145,857	57,205
Depreciation	55,193	317,744	123,403	496,340
Disposals	(33,430)	(119,991)	(2,898)	(156,319)
Balance, December 31, 2022	$172,443	$1,422,974	$440,802	$2,036,219
Reclassifications	(2,113)	(811)	(4,946)	(7,870)
Depreciation	28,211	195,495	181,364	405,070
Disposals	—	(97,702)	—	(97,702)
Balance, December 31, 2023	$198,541	$1,519,956	$617,220	$2,335,717
Carrying amounts				
December 31, 2022	$149,534	$355,273	$561,081	$1,065,888
December 31, 2023	126,104	226,492	401,697	754,293

(In US dollars, except per share amounts and as otherwise indicated)

8. Right-of-use assets and lease liability:

The Company leases certain properties under non-cancellable lease agreements that relate to office space. The expected remaining lease terms are between 1 and 49 months. The Company also has leased properties that are subleased to third parties.

(a) As a lessee

The following reconciles the right-of-use asset as at December 31, 2023:

Right-of-use asset	December 31, 2023	December 31, 2022
Balance, December 31, 2022	$1,745,398	$2,629,130
Additions	1,105,071	—
Leasehold improvement allowance receivable	(106,426)	—
Modifications to lease contracts	37,546	(24,253)
Depreciation	(657,850)	(859,479)
Balance, December 31, 2023	$2,123,739	$1,745,398

The following reconciles the lease liability as at December 31, 2023:

Lease liability	December 31, 2023	December 31, 2022
Balance, December 31, 2022	$3,545,362	$4,935,665
Additions	1,105,071	—
Modifications to lease contracts	37,546	(25,730)
Interest expense	217,345	218,969
Foreign exchange	25,284	(230,917)
Lease payments	(1,455,419)	(1,352,625)
Balance, December 31, 2023	$3,475,189	$3,545,362
Current	$1,227,160	$1,027,309
Non-current	2,248,029	2,518,053
	$3,475,189	$3,545,362

During 2023, the weighted average incremental borrowing rate used to measure the lease liability was 6% (2022 - 5%).

Lease payments related to low-value assets were $5,954 for the year ended December 31, 2023 (year ended December 31, 2022 - $7,071).

(b) As a lessor:

(In US dollars, except per share amounts and as otherwise indicated)

On July 14, 2021, the Company entered into an agreement to sublet a portion of its Toronto office space to a subtenant from November 1, 2021 to July 30, 2025. The sublease resulted in the derecognition of the right-of-use assets associated with the Toronto office space and current and non-current receivables set up for the sublease receipts. The discounted current and non-current lease receivables at December 31, 2023 were $595,961 and $354,288 (December 31, 2022 - $569,278 and $929,682) respectively.

The Company sublets a separate portion of its Toronto office space to another subtenant. During the year ended December 31, 2023, $130,631 was recognized as lease income for its operating lease (year ended December 31, 2022 - $135,410). The undiscounted lease payments to be received for the remaining lease terms at December 31, 2023 are $501,232 (as at December 31, 2022 - $633,380).

9. Acquired and other intangible assets:

	Websites / Trade Names	Acquired content	Customer relationships	Software	Total
Cost					
Balance, December 31, 2021	$153,877,618	$91,636,694	$40,924,430	$51,996,225	$338,434,967
Additions acquired separately	2,327,178	2,083,463	—	1,659	4,412,300
Additions arising from internal development	—	—	—	4,665,077	4,665,077
Balance, December 31, 2022	$156,204,796	$93,720,157	$40,924,430	$56,662,961	$347,512,344
Additions arising from internal development	—	—	—	2,159,442	2,159,442
Disposals	(211,000)	—	—	—	(211,000)
Balance, December 31, 2023	$155,993,796	$93,720,157	$40,924,430	$58,822,403	$349,460,786
Accumulated amortization					
Balance, December 31, 2021	$127,857,374	$84,126,259	$18,293,304	$9,352,041	$239,628,978
Amortization	10,388,685	8,811,394	7,139,300	10,963,999	37,303,378
Balance, December 31, 2022	$138,246,059	$92,937,653	$25,432,604	$20,316,040	$276,932,356
Amortization	5,050,251	782,504	4,489,934	9,936,283	20,258,972
Disposals	(211,000)	—	—	—	(211,000)
Balance, December 31, 2023	$143,085,310	$93,720,157	$29,922,538	$30,252,323	$296,980,328
Carrying amounts					
December 31, 2022	$17,958,737	$782,504	$15,491,826	$36,346,921	$70,579,988
December 31, 2023	12,908,486	—	11,001,892	28,570,080	52,480,458

The Company capitalized third party costs of $92,857 for the year ended December 31, 2023, ($567,874 for the year ended December 31, 2022) and internal costs of $2,066,585 for the year ended December 31, 2023, ($4,097,203 for the year ended December 31, 2022) in relation to a community platform for the Company's forum sites. These costs were capitalized to software.

(In US dollars, except per share amounts and as otherwise indicated)

During the year ended December 31, 2023, the Company did not acquire any community sites. During the year ended December 31, 2022, fourteen community sites were acquired for a total value of $4,410,641.

Goodwill:

	December 31, 2023	December 31, 2022
Balance, beginning of year	$52,635,164	$53,436,546
Adjustments	—	(801,382)
Balance, end of year	$52,635,164	$52,635,164

10. Investments:

As at December 31, 2023, VerticalScope Inc. no longer holds an interest in a forum mobile application previously designated as an investment. The Company designated this investment at FVTPL. A review of the investment was performed during 2022 and it was determined that the investment was impaired. Consequently, an impairment charge of $1,000,000 was recorded, reducing the carrying value of the forum mobile application investment to nil as at December 31, 2022.

11. Long-term debt:

	Term Loan	Revolving Loan	Total
Balance, December 31, 2021	$49,032,795	$30,089,946	$79,122,741
Payments	(4,068,000)	(19,739,714)	(23,807,714)
Interest and accretion	1,959,921	817,948	2,777,869
Balance, December 31, 2022	$46,924,716	$11,168,180	$58,092,896
Advances	—	15,000,000	15,000,000
Payments	(5,704,089)	(14,053,684)	(19,757,773)
Interest and accretion	3,302,079	1,408,294	4,710,373
Balance, December 31, 2023	44,522,706	13,522,790	58,045,496
Current portion of long-term debt	2,555,311	1,059,085	3,614,396
Non-current portion of long-term debt	$41,967,395	$12,463,705	$54,431,100

On October 5, 2017, the Company entered into a credit agreement with Capital One, National Association ("Capital One"), as successor from Antares Capital LP (the "Original Credit Agreement"), which provided for credit facilities consisting of a revolving credit facility of $20,000,000, a term loan of $110,000,000, and a delayed draw term loan of $70,000,000, each bearing interest at a floating rate of LIBOR plus a margin determined by the Company's net leverage ratio and expiring on October 4, 2022.

(In US dollars, except per share amounts and as otherwise indicated)

On December 20, 2019, the Company and Capital One entered into an amendment to the Original Credit Agreement (the "First Amendment"), which increased the amortization to 7.5% per annum, maximum total net leverage to 4.50x, and minimum fixed charge coverage ratio to 1.05x. On May 25, 2021, the Company and Capital One entered into a second amendment to the Original Credit Agreement (the "Second Amendment"), which provided for certain amendments to the event of default related to a “Change of Control” (as defined in the Original Credit Agreement).

On June 24, 2021, the Company and Capital One entered into an amended and restated credit agreement (the "A&R Credit Agreement" or "Credit Facilities"). As of the effective date of the A&R Credit Agreement, the term loan and the delayed draw term loan were restated into a single term loan of $50,000,000 (the "Term Loan"), repayable in quarterly installments at an annual amortization rate of 5%, and the revolving loan was restated to $75,000,000 (the "Revolving Loan" or "Revolver"), with each maturing five years after the effective date. The maximum total net leverage ratio is 4.00x, with such ratio reducing by 0.25 percentage points each fiscal year beginning with the fiscal year ended December 31, 2022, to 3.0x for the fiscal year ended December 31, 2025 and the minimum fixed charge coverage ratio is 1.25x upon close and thereafter. All outstanding loans bear a floating interest of US dollar LIBOR plus a margin, which is determined by the total net leverage ratio, with a maximum margin of 3.25% and a minimum margin of 2.25%.

On May 18, 2023, the Company and Capital One entered into an amended credit agreement referred to as the "First Amendment to Credit Agreement". This amendment replaces LIBOR with Adjusted Term SOFR as the benchmark interest rate effective July 1, 2023.

The Company made repayments including interest of $19,757,773 during the year ended December 31, 2023 against the long-term debt (during the year ended December 31, 2022 - $23,807,714).

The Company is required to pay a quarterly commitment fee for the total undrawn amount of the Revolver. As at December 31, 2023, the fee was 0.25% per annum. The fee is dependent on the Company's total net leverage ratio as set forth in the First Amendment to Credit Agreement.

During the year ended December 31, 2023, the total interest and expenses incurred on long-term debt was $4,710,373 (year ended December 31, 2022 - $2,777,869).

As at December 31, 2023, the Company had principal outstanding of $57,000,000 under its First Amendment to Credit Agreement with $61,750,000 available to borrow from its Revolver. The Company also had accrued interest of $1,045,496 at December 31, 2023 (December 31, 2022 - $842,896).

Principal repayments required on the credit facility are due as follows:

	2024	2025	2026
Term Loan	2,500,000	2,500,000	38,750,000
Revolving loan	—	—	13,250,000

(In US dollars, except per share amounts and as otherwise indicated)

12. Share capital:

	Common Shares			
	MVS		SVS	
		Amount		Amount
Balance as at December 31, 2021	2,957,265	$7,191,707	18,323,878	$152,990,710
Repurchase of share capital for cancellation	—	—	(100,200)	(430,324)
Share options exercised	—	—	12,700	285,343
Shares issued on exercise of vested RSUs and DSUs	—	—	31,626	521,670
Balance as at December 31, 2022	2,957,265	$7,191,707	18,268,004	$153,367,399
Repurchase of share capital for cancellation	—	—	(34,100)	(134,803)
Shares issued on exercise of vested RSUs and DSUs	—	—	433,136	7,280,931
Balance as at December 31, 2023	2,957,265	$7,191,707	18,667,040	$160,513,527

On August 12, 2022, the Company announced a normal course issuer bid ("NCIB"), commencing on August 16, 2022, to purchase up to 918,143 of its SVS in the open market for cancellation. Under the NCIB, the Company may acquire up to 1,418 shares per day, subject to certain exceptions, including block purchase exceptions. All shares purchased by the Company under the NCIB will be canceled. Purchases under the NCIB concluded on August 15, 2023.

On August 16, 2023, the Company renewed their NCIB, to purchase up to 920,374 of its SVS in the open market for cancellation. Under the NCIB, the Company may acquire up to 5,033 shares per day, subject to certain exceptions, including block purchase exceptions. All shares purchased by the Company under the NCIB will be canceled. Purchases will conclude on the earlier of the date on which the Company has purchased the maximum number of shares under the NCIB and August 15, 2024.

Pursuant to the terms of the Company's First Amendment to Credit Agreement, the Company may expend no more than 6% of the net cash proceeds from public equity offerings, including its initial public offering, to acquire shares under the NCIB. Any purchases under the NCIB will be subject to the terms and limitations applicable to such NCIB, and will be made through the facilities of the TSX, other designated exchanges and/or alternative Canadian trading systems, or such other means as may be permitted by the Ontario Securities Commission or Canadian Securities Administrators.

In connection with the NCIB program, the Company has entered into an automatic repurchase plan with its designated broker to allow for purchases of its shares during certain predetermined black-out periods, subject to certain parameters to be determined as to price and number of shares.

(In US dollars, except per share amounts and as otherwise indicated)

During the year ended December 31, 2023, the Company repurchased and canceled 34,100 of its SVS for an aggregate purchase price of $134,803 (year ended December 31, 2022 - 100,200 SVS for an aggregate purchase price of $430,324).

13. Share-based compensation:

Omnibus incentive plan:

The Company has an Omnibus Incentive Plan (the "Plan") for certain qualified directors, executive officers, employees, and consultants of the Company or any of its subsidiaries. The maximum number of SVS available for issuance, in the aggregate, under this Plan and the Legacy Option Plan (the executive stock option plan that was in place prior to the Initial Public Offering) shall not exceed twelve percent (12%) of the aggregate number of SVS and MVS issued and outstanding from time to time (calculated on a non-diluted basis); of which not more than 2,594,917 shares may be issued pursuant to the exercise of stock options granted under the Plan. Any shares subject to an award which has been exercised or settled in shares will again be available for issuance under the Plan. The number of shares available for issuance under the Plan will increase as the number of issued and outstanding SVS shares increases from time to time. Under the plan, the SVS may be issued as share options, Performance Share Units ("PSUs"), Restricted Share Units ("RSUs") or Deferred Share Units ("DSUs").

The following table summarizes share based compensation balances in contributed surplus as at December 31, 2023:

	Share Options	Deferred share units	Restricted share units	Market performance based share units	Total
Contributed surplus, December 31, 2021	$11,632,223	$105,556	$860,174	$2,971,041	$15,568,994
Share based compensation expense	1,518,170	197,380	4,874,886	3,767,978	10,358,414
Exercise of share options	(98,866)	—	—	—	(98,866)
Shares issued from treasury for RSUs and DSUs	$—	($54,671)	($466,999)	$—	($521,670)
Contributed surplus, December 31, 2022	$13,051,527	$248,265	$5,268,061	$6,739,019	$25,306,872
Share based compensation expense	580,632	266,097	3,512,168	157,899	4,516,796
Shares issued from treasury for RSUs and DSUs	—	(102,529)	(7,178,402)	—	(7,280,931)
Net settlement of tax liabilities on RSUs and DSUs	—	(24,936)	(82,063)	—	(106,999)
Contributed surplus, December 31, 2023	$13,632,159	$386,897	$1,519,764	$6,896,918	$22,435,738

(In US dollars, except per share amounts and as otherwise indicated)

As at December 31, 2023, $1,863 (December 31, 2022 - $1,607) is included in accounts payable for market performance based share units.

Share Options:

The following table summarizes share options that are outstanding as at December 31, 2023 and 2022.

	December 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
Outstanding share options, beginning of period	1,245,268	$19.29	900,000	$21.35
Granted share options	24,284	4.42	503,172	14.07
Exercised share options	—	—	(12,700)	15.17
Cancelled share options	—	—	(40,000)	16.98
Forfeited share options	(167,259)	15.67	(105,204)	14.68
Expired share options	(3,418)	14.70	—	—
Outstanding share options, ending balance	1,098,875	19.53	1,245,268	19.29
Exercisable share options, ending balance	908,104	20.87	891,463	21.32

During the year ended December 31, 2023, the Company granted share options on three grant dates. The fair value of the share options were valued at the date of grant using the Black-Scholes option pricing model with assumptions for a risk free interest rate, expected volatility, expected life until exercise and dividend yield. The weighted average expected option life is calculated based on the remaining expected option life of each option granted. As the subordinate voting shares have not historically received dividends, no dividend yield is included in the fair value calculation for the share options granted. The following table summarizes the share options granted during the year ended December 31, 2023 and the respective assumptions.

Grant date	March 10, 2023	May 16, 2023	November 13, 2023
Options granted	17,745	5,838	701
Granted value	$40,989	$7,103	$1,313
Share-based compensation expense 2023	$17,942	$2,513	$96
Vesting period (years)	4 years	4 years	4 years
Risk free interest rate	3.70 %	3.54 %	4.63 %
Volatility	44.66 %	44.73 %	45.28 %
Expected life (years)	5.5 - 7.0 years	5.5 - 7.0 years	5.5 - 7.0 years
Dividend yield	—	—	—

(In US dollars, except per share amounts and as otherwise indicated)

The following table summarizes the share options granted during the year ended December 31, 2022 and the respective assumptions.

Grant date	April 8, 2022	May 13, 2022	August 12, 2022	November 11, 2022
Options granted	356,256	61,177	33,421	12,318
Granted value	$2,307,863	$407,559	$144,148	$29,168
Share-based compensation expense 2022	$875,375	$143,731	$28,018	$2,249
Vesting period (years)	4 years	4 years	4 years	4 years
Risk free interest rate	2.72 %	2.93 %	2.84 %	3.88 %
Volatility	43.57 %	43.68 %	44.00 %	44.31 %
Expected life (years)	5.5 - 7.0 years	5.5 - 7.0 years	5.5 - 7.0 years	5.5 - 7.0 years
Dividend yield	—	—	—	—

Outstanding share options comprising:

	2023		2022	
Exercise price	Number of options	Weighted average remaining life (years)	Number of options	Weighted average remaining life (years)
$2.69	5,838	9.38	12,318.00	9.87
$3.97	701	9.88	—	—
$5.07	15,974	9.20	—	—
$5.08	7,655	8.87	—	—
$9.57	20,666	8.62	29,302	9.62
$14.70	215,583	8.28	297,462	9.28
$15.10	52,458	8.37	56,186	9.37
$15.63	150,000	6.92	175,000	7.90
$15.95	—	—	10,000	7.09
$16.22	30,000	6.52	30,000	7.52
$17.60	—	—	25,000	8.30
$20.21	100,000	2.39	100,000	3.39
$23.18	360,000	3.85	360,000	4.85
$27.08	90,000	3.96	90,000	4.96
$30.56	50,000	4.22	60,000	0.90
Total	1,098,875	5.55	1,245,268	6.55

(In US dollars, except per share amounts and as otherwise indicated)

The following table summarizes the deferred share units, restricted share units and performance share units that are outstanding as at December 31, 2023:

	Deferred share units	Restricted share units	Market performance based share units
Balance, beginning of year	25,488	586,245	1,552,429
Granted	74,675	501,368	—
Grant adjustments[1]	—	—	(20,048)
Forfeited	—	(192,915)	(25,000)
Issued from treasury	(17,593)	(441,211)	—
Balance, end of year	82,570	453,487	1,507,381

[1] Certain market performance share units are granted based on a target market capitalization divided by the number of shares outstanding. Changes to the number of shares outstanding will result in adjustments to the number of units outstanding.

Deferred Share Units:

During the year ended December 31, 2023, 74,675 equity settled DSUs were granted at a value of $266,096 (year ended December 31, 2022 - 26,354 deferred share units were granted at a value of $197,379). The grant value was recorded as share-based compensation expense. The DSUs were valued using the five day volume-weighted average market price at each quarter-end.

Restricted Share Units:

During the year ended December 31, 2023, the Company granted equity settled RSUs on the grant dates in the following table. The RSUs were valued at the market price on the grant date. The following table summarizes the RSUs granted and the respective grant details.

Grant Date	RSUs Granted	Grant Value	2023 Share-Based Compensation Expense	Vesting Date[1]
January 1, 2023	50,500	$243,551	$83,193	January 1, 2026
January 1, 2023	26,300	$126,840	$126,840	December 31, 2023
January 10, 2023[2]	58,632	$326,568	$150,079	November 11, 2027
February 17, 2023	55,245	$335,886	$335,886	February 17, 2023
March 10, 2023	29,594	$175,946	$175,946	March 10, 2023
March 10, 2023	16,000	$81,118	$32,620	March 10, 2024
May 16, 2023[3]	153,604	$413,254	$96,777	May 16, 2027
May 17, 2023	3,570	$21,745	$21,745	May 17, 2023
August 11, 2023[3]	12,000	$53,666	$10,800	August 11, 2027
November 13, 2023[3]	95,923	$378,812	$67,519	November 13, 2027

[1] Vesting Date reflects the final vesting date if vesting occurs in tranches over a period of time.
[2] RSUs will vest annually in equal tranches over four years beginning on November 11, 2023.
[3] RSUs will vest annually in equal tranches over four years beginning on the one-year anniversary of the grant date.

(In US dollars, except per share amounts and as otherwise indicated)

14. Income taxes:

(a) The income tax amounts recognized in the consolidated statements of loss are as follows:

	2023	2022
Current income taxes:		
Current period and other	($420,837)	$3,093,317
Deferred income taxes:		
Origination and reversal of temporary differences	(2,496,156)	(5,426,371)
Total income tax expense (recovery)	($2,916,993)	($2,333,054)

(b) Below is a summary of the movement of the deferred tax assets and liabilities during the years ended December 31, 2023 and 2022:

	Operating losses carryforward	Property, equipment and software	Intangible assets and right-of-use assets	Net lease liability	Others	Total
Balance, December 31, 2021	$8,517,857	($15,319,979)	$12,670,590	$575,613	$2,936,977	$9,381,058
Recovery (expense) in net loss	3,270,894	(732,437)	2,239,529	(125,913)	774,298	5,426,371
Recovery (expense) in equity	387,731	—	—	—	(387,731)	—
Acquisitions	426,837	—	446,401	—	—	873,238
Balance, December 31, 2022	12,603,319	(16,052,416)	15,356,520	449,700	3,323,544	15,680,667
Recovery (expense) in net loss	(5,686,248)	5,315,384	1,545,326	123,561	1,198,133	2,496,156
Recovery (expense) in equity	387,731	—	—	—	(387,731)	—
Balance, December 31, 2023	$7,304,802	($10,737,032)	$16,901,846	$573,261	$4,133,946	$18,176,823

	Deferred tax asset	Deferred tax liability	Net deferred tax assets
Balance, December 31, 2022	$31,733,082	($16,052,415)	$15,680,667
Balance, December 31, 2023	28,913,855	(10,737,032)	18,176,823

(In US dollars, except per share amounts and as otherwise indicated)

(c) The following presents losses and deductible temporary differences for which deferred tax assets were not recognized:

	2023	2022
Realized and unrealized capital losses	$1,252,539	$4,946,459

(d) The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% (2022 - 26.50%) to the effective tax rate is as follows:

	2023	2022
Net loss before tax	($7,867,948)	($27,105,105)
Statutory income tax rate	26.5 %	26.5 %
Computed income tax recovery	(2,085,006)	(7,182,853)
Increase (decrease) resulting from:		
Changes in tax rates	(930,189)	1,953,644
Non-deductible expenses	43,965	2,600,827
Difference in foreign tax rates	306,539	11,530
Changes to temporary differences not recognized	—	132,500
Prior period adjustments and other	(252,302)	151,298
Total income tax recovery	($2,916,993)	($2,333,054)

(e) Unrecognized deferred tax liability:

The Company has taxable temporary differences related to $11.0 million (2022 - $10.5 million) undistributed earnings from its investment in certain foreign subsidiaries. Deferred tax liabilities have not been recognized for these temporary differences because reversing these taxable temporary differences is not expected to result in any significant tax implications.

15. Change in non-cash operating assets and liabilities:

	For the year ended December 31	
	2023	2022
Trade and other receivables	$1,562,543	($480,036)
Prepaid expenses and other assets	354,798	(81,825)
Accounts payable, accrued liabilities and other long-term liabilities	(3,248,977)	(635,794)
Deferred revenue	263,401	(148,784)
	(1,068,235)	(1,346,439)

(In US dollars, except per share amounts and as otherwise indicated)

16. Commitments and contingencies:

(a) Commitments:

The Company has the following payment commitments (not recognized as liabilities as of such date) with respect to a hosting agreement:

2024	$2,730,000
2025	2,730,000
2026	682,500
	6,142,500

b) Contingencies:

The Company, from time to time, is involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company recognizes provisions with respect to these claims if they are likely to result in future economic outflows. As at December 31, 2023 and 2022, there are no material claims against the Company.

17. Loss per share:

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the year ended December 31, 2023:

	For the year ended December 31	
	2023	2022
Net loss	($4,950,955)	($24,772,051)
Issued subordinate and multiple voting shares	21,624,305	21,225,269
Weighted average shares outstanding basic and diluted	21,353,937	21,302,709
Loss per share basic and diluted	(0.23)	(1.16)

During the year ended December 31, 2023, there were nil weighted average outstanding share options, RSUs, DSUs and PSUs excluded from the computation of diluted loss per share (year ended December 31, 2022, - nil). All potentially dilutive securities have been excluded from the calculation of diluted loss per share for all periods presented, as the Company was in a net loss position during those periods. Including the dilutive securities would be anti-dilutive; therefore, basic and dilutive number of shares used in the calculation is the same for all periods presented.

(In US dollars, except per share amounts and as otherwise indicated)

18. Financial instruments:

(a) Fair values:

The fair values of cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities are assumed to approximate their carrying amounts because of their short term to maturity. The carrying value of the Company's term loan and revolving loan approximate fair value due to the variable interest rate in the Credit Facility.

In addition, for financial reporting purposes, fair value measurement is categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 - this level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- Level 2 - this level includes valuations determined using directly (i.e., as prices) or indirectly (i.e., derived from prices) observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.
- Level 3 - this level includes valuations based on inputs which are less observable, unavailable or when the observable data does not support a significant portion of the instruments fair value.

Level 3 instruments includes the contingent consideration associated with the acquisition of FOMOPOP, Inc. and derivative financial instruments which are measured at their estimated fair value.

The following table presents the changes in the fair value measurements in Level 3 of the fair value hierarchy:

	2023	2022
Balance, beginning of year	$16,051,222	$14,380,000
Fair value measurement	(1,051,222)	2,671,222
Disposition of level 3 instrument	(15,000,000)	—
Impairment of level 3 instrument	—	(1,000,000)
Balance, end of year	$—	$16,051,222

Estimates of the fair value of investments is assessed on a quarterly basis. There were no transfers of fair value measurement between Level 1, 2, and 3 of the fair value hierarchy during the years ended December 31, 2023 and 2022.

(In US dollars, except per share amounts and as otherwise indicated)

(b) Credit risk:

The Company is exposed to credit risk on the trade receivables from its customers. The Company establishes a credit loss provision that corresponds to the specific risk of its customers. As at December 31, 2023, there was no individual customer comprising more than 10% of the Company's trade receivables balance, (as at December 31, 2022 - 16% of its ending trade receivables balance were with one customer; this customer is in the online advertising economic sector).

During the year ended December 31, 2023, one customer generated revenue totaling 20% of consolidated revenue (year ended December 31, 2022 - one customer generated revenue totaling 19% of consolidated revenue).

	2023	2022
0-30 days	$11,019,605	$12,431,924
31-60 days	1,211,693	1,446,117
61-90 days	318,504	675,547
Greater than 90 days	644,148	1,121,088
	13,193,950	15,674,676
Expected credit loss provision	(45,986)	(281,807)
Net trade receivables	$13,147,964	$15,392,869

2023	Total	0-60 days	61-90 days	Over 90 days
Default rates	(0.3)%	(0.2)%	(1.1)%	(2.0)%
Trade receivables	$13,193,950	$12,231,298	$318,504	$644,148
Expected credit loss provision	(45,986)	(29,538)	(3,655)	(12,793)

2022	Total	0-60 days	61-90 days	Over 90 days
Default rates	(1.8)%	(0.9)%	(6.6)%	(9.9)%
Trade receivables	$15,674,676	$13,878,041	$675,547	$1,121,088
Expected credit loss provision	(281,807)	(125,972)	(44,817)	(111,018)

(c) Interest rate risk:

The Company is exposed to interest rate risk on its Credit Facility, which bears interest at Term SOFR plus a margin determined by the Company's net leverage ratio.

	For the year ended December 31	
Interest expense	2023	2022
Interest income	(6,587)	(63,593)
Interest accretion expense - leases	188,761	175,185
Interest on long term debt	4,710,373	2,777,869
Interest expense - other	194,540	204,891
Interest expense	5,093,674	3,157,945
Net interest expense	$5,087,087	$3,094,352

The Company is also exposed to interest rate risk on the utilized portion of the Credit Facility. If there was a 1% increase in the interest rate on the Credit Facility, there would be a corresponding decrease in income (loss) before income tax of $570,000. There would be an equal and opposite impact if there was a 1% decrease in the interest rate.

(d) Foreign currency risk:

The Company obtains services from vendors and employees located outside of the United States which are subject to foreign exchange fluctuations. The Company manages this risk by monitoring its non-US dollar cash flow. The Company has the following non-US dollar denominated balances as at December 31, 2023:

	2023	2022
Cash, cash equivalents and restricted cash	$802,613	$936,241
Trade and other receivables	1,965,515	2,595,662
Prepaid expenses and other assets	376,382	773,468
Lease receivable	950,249	1,498,960
Accounts payable and accrued liabilities	2,564,950	2,904,674
Deferred revenue	133,364	102,498
Lease Liabilities	3,231,222	3,197,380
Other long-term liabilities	185,399	281,959

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. A large portion of the Company's operating expenses occur in foreign currencies (mainly in Canadian dollars) and, therefore, the Company is exposed to foreign currency risk at the end of the reporting period through its non-US dollar denominated financial instruments. As at December 31, 2023, a 1% depreciation or appreciation of the Canadian dollar against the US dollar would have resulted in an approximate $136,851 and $139,616 increase or decrease, respectively, in income (loss) before income taxes (as at December 31, 2022 - $194,557 and $198,488, respectively).

From time to time, the Company enters into foreign exchange contracts with financial institutions to hedge the value of foreign currency-denominated liabilities, or future commitments. Gains and losses from these contracts offset the losses and gains from the underlying hedged transactions.

(In US dollars, except per share amounts and as otherwise indicated)

As at December 31, 2023, the Company has entered into foreign exchange forward contracts to sell USD in exchange for CAD or ILS. The forward contracts outstanding as at December 31, 2023 have a notional value of $1,901,507 (2022 - nil), carrying value of $1,952,810 (2022 - nil) and an unrealized gain of $51,303 (2022 - nil). The forward contracts outstanding as at December 31, 2023 will settle throughout 2024.

(e) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Company maintains sufficient cash on hand and access to a revolving loan to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures for the year ended December 31, 2023.

The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days. The details of the Company's lease liability and long-term debt are disclosed in note 8 and note 11, respectively.

19. Capital risk management:

The Company's capital structure consists of shareholders' equity and long-term debt. The Company manages its capital structure based on the funds available to it in order to support the continuation and expansion of its operations and to fund future acquisitions. The Company intends to rely on positive cash flows from operations, issuance of share capital and funds available under their Credit Facility to achieve its growth strategies.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements aside from the covenants described in note 11. As at December 31, 2023, the Company is in compliance with the covenants described in note 11.

20. Geographical information:

The Company transacts in multiple countries, primarily in the US and Canada. In presenting geographical information, revenue is based on the country in which the revenue is transacted, and assets are based on the geographic location of the assets.

	For the year ended December 31	
Geographic revenue	2023	2022
United States	$37,875,284	$48,633,220
Canada	5,354,175	7,321,124
United Kingdom	4,315,541	6,008,702
Other	13,354,089	18,525,100
	$60,899,089	$80,488,146

(In US dollars, except per share amounts and as otherwise indicated)

Geographic non-current assets *	2023	2022
United States	$83,311,799	$94,017,669
Canada	23,471,429	31,624,582
Other	1,493,704	699,590
	$108,276,932	$126,341,841

*Non-current assets include property and equipment, right-of-use assets, intangible assets, goodwill and other non-current assets.

21. Related party transactions:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. During the year ended December 31, 2023, the Company engaged in a related party transaction with a corporation affiliated with its CEO. The Company acted as an intermediary between the affiliated corporation and certain employees of VerticalScope in the private sale of 192,310 of the Company's subordinate voting shares owned by these employees to the affiliated corporation. As at December 31, 2023, the Company had an outstanding receivable of $667,194 related to this transaction. The outstanding receivable was collected subsequent to December 31, 2023.

The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. There were no post-employment benefits or other long-term benefits attributed to the key management personnel.

	For the year ended December 31,	
	2023	2022
Short-term employee benefits and other benefits	$3,365,484	$4,578,471
Share based compensation	990,311	5,033,121