Consolidated Financial Statements

Converge Technology Solutions Corp.

For the years ended December 31, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Converge Technology Solutions Corp.

Opinion

We have audited the consolidated financial statements of Converge Technology Solutions Corp. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency) and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matter	How our audit addressed the key audit matter
Goodwill Impairment	
As at December 31, 2020, the Company has $110.1 million of goodwill recorded on the consolidated statements of financial position. Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of goodwill. The Company performs their annual impairment analysis as of December 31 and estimates the recoverable amount of the group of cash-generating units (CGUs) to which goodwill has been allocated using a discounted cash flow model. The Company discloses significant judgments, estimates and assumptions and the results of their analysis in respect of impairment in Note 8 to the consolidated financial statements. Auditing management's annual goodwill impairment analysis was complex given the degree of judgment and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of	To test the estimated recoverable amount of the group of CGUs, our audit procedures included, among others: • Assessed the selection and application of the discount rate by comparing the risk-free rate and risk premiums to comparable market data; • Tested the mathematical accuracy of the impairment model; • Evaluated the historical accuracy of management's estimates on cash flow projections, revenue growth rates and earnings margins by comparing management's past projections to actual performance; • Compared management's estimated revenue growth rates and the earnings margins to current industry, market and economic trends; • Involved our valuation specialists to assess the Company's impairment model, valuation methodology, and certain significant assumptions, including the cash flow projections, and discount

the group of CGUs. Significant assumptions included cash flow projections, discount rates, estimated revenue growth rates, and earnings margins, which are affected by expectations about future market and economic conditions.	rate and compared the recoverable amount of the group of CGUs to the Company's market capitalization; • Performed a sensitivity analysis on significant assumptions, including revenue growth rates, earnings margins and discount rate, to evaluate changes in the recoverable amount of the group of CGUs that would result from changes in the assumptions; and • Assessed the adequacy of the Company's disclosures included in Note 8 of the accompanying consolidated financial statements in relation to this matter.

Valuation of acquired intangible assets and contingent consideration in business combinations

As described in Note 4 in the consolidated financial statements, the Company completed five acquisitions during the year ended December 31, 2020, of which four were significant: PCD Solutions, Unique Digital Technologies Inc., Vivvo Application Studios Ltd., and Vicom Computer Services Inc. The total purchase price for the four significant business combinations was $75.4 million, including contingent consideration of $4.9 million in relation to PCD Solutions, Unique Digital Technologies Inc., and Vivvo Application Studios Ltd. The purchase price allocation includes goodwill of $32.5 million and intangible assets of $31.2 million as at the respective acquisition dates. The determination of the fair value of intangible assets acquired and contingent consideration required management to make significant estimates and assumptions over the projected financial information including forecasted revenue growth rates, margin percentages and discount rates, and engage a third-party specialist. Auditing the business combinations was complex due to the subjective nature of estimating the fair value of the acquired intangible assets and contingent consideration. Management uses significant judgment in evaluating the inputs and assumptions used in their determination of fair value. The valuation of intangible assets and contingent consideration are subject to higher estimation uncertainty due to management's judgment in determining key assumptions that include revenue growth rates, margin percentages, and discount rates. Changes to these significant assumptions could have a significant impact on the fair value of acquired intangible assets and contingent consideration.	To test the Company's estimated fair value of the acquired intangible assets and contingent consideration, we performed the following procedures, among others: • Read the purchase agreement to obtain an understanding of the key terms and conditions to identify the necessary accounting considerations and identification of assets and liabilities acquired; • Examined the consideration paid for the acquisitions; • Assessed the competence, objectivity and independence of management's specialist; • Involved our valuation specialists to assess the valuation methodology applied for the fair value of the intangible assets acquired and the contingent consideration and the various inputs utilized, including the discount rate, by referencing current industry and comparable company information as well as cash flow and company specific risk; • Assessed the appropriateness of forecasted revenue growth rates and margin percentages used in the estimation of fair value of the intangible assets acquired and contingent consideration by comparing to historical performance, similar acquisitions made by the Company, market data, and industry trends; and • Assessed the adequacy of the Company's disclosures included in Note 4 of the accompanying consolidated financial statements in relation to this matter.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Laura Sluce.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 9, 2021

Converge Technology Solutions Corp.

Consolidated Statements of Financial Position
(expressed in thousands of Canadian dollars, except share amounts)

	Note	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		**$ 64,767**	$ 20,590
Restricted cash	10	**-**	7,848
Trade and other receivables	5	**364,308**	220,138
Inventories		**37,868**	23,376
Prepaid expenses and other assets		**10,376**	15,232
		477,319	287,184
Long-term assets			
Property, equipment, and right-of-use assets, net	6	**23,558**	27,428
Intangible assets, net	7	**108,926**	92,047
Goodwill	8	**110,068**	80,271
Other non-current assets		**749**	1,954
		$ 720,620	$ 488,884
Liabilities			
Current liabilities			
Trade and other payables		**$ 398,003**	$ 248,218
Borrowings	9	**133,281**	142,123
Other financial liabilities	14	**22,125**	35,734
Convertible debenture	11	**-**	5,114
Debentures	10	**-**	3,629
Deferred revenue and other liabilities		**17,376**	9,737
Income taxes payable		**764**	660
		571,549	445,215
Long-term liabilities			
Other financial liabilities	14	**28,858**	33,111
Borrowings	9	**5,882**	14,573
Deferred tax liability	13	**12,584**	5,862
		$ 618,873	$ 498,761
Shareholders' equity (deficiency)			
Common shares	12	**135,354**	20,612
Warrants	12	**-**	243
Contributed surplus	12	**-**	307
Exchange rights	4,12	**4,853**	6,773
Foreign exchange translation reserve		**817**	69
Deficit		**(39,277)**	(37,881)
		101,747	(9,877)
		$ 720,620	$ 488,884

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

On behalf of the Board:

"Signed"	*"Signed"*
Director - Shaun Maine	Director - Brian Phillips

Converge Technology Solutions Corp.

Consolidated Statements of Loss and Comprehensive Loss
(expressed in thousands of Canadian dollars, except share amounts)

For the years ended December 31,	Notes		2020		2019
Revenues					
Product		**$**	**750,232**	$	539,719
Service			**198,567**		148,076
Total revenue	20		**948,799**		687,795
Cost of sales			**715,793**		526,211
Gross profit			**233,006**		161,584
Selling, general and administrative expenses	15		**177,697**		133,899
Income before the following			**55,309**		27,685
Depreciation and amortization			**21,466**		13,057
Finance expense, net	9,10,11		**19,672**		16,026
Special charges	22		**15,063**		10,640
Other expense			**1,609**		719
Loss before income taxes			**(2,501)**		(12,757)
Income tax expense (recovery)	13		**1,674**		(1,917)
Net loss		**$**	**(4,175)**	$	(10,840)
Other comprehensive loss					
Item that may be reclassified subsequently to income:					
Exchange gain on translation of foreign operations			**(748)**		(784)
			(748)		(784)
Comprehensive loss		**$**	**(3,427)**	$	(10,056)
Net loss per share - basic		**$**	**(0.04)**	$	(0.14)
Net loss per share - diluted		**$**	**(0.04)**	$	(0.14)
Weighted average number of shares outstanding – basic			**102,950**		77,411
Weighted average number of shares outstanding – diluted			**102,950**		77,411

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

Converge Technology Solutions Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(expressed in thousands of Canadian dollars, except share amounts)

	Notes	Common shares #	Common shares $	Warrants #	Warrants $	Contributed surplus $	Exchange rights $	Foreign exchange transaction reserve $	Deficit $	Total $
Balance, December 31, 2018		**75,683,159**	**17,826**	**7,908,365**	**493**	**319**	**-**	**(715)**	**(22,427)**	**(4,504)**
Warrants exercised		3,867,440	2,445	(3,867,440)	(250)	-	-	-	-	2,195
Shares issued from treasury		160,000	102	-	-	-	-	-	-	102
Qualifying transaction options exercised		46,875	56	-	-	(12)	-	-	-	44
Expiry of the right to repurchase shares		-	244	-	-	-	-	-	-	244
Issuance of exchange rights	4	-	-	-	-	-	7,733	-	-	7,733
Exercise of exchange rights	4	1,500,000	960	-	-	-	(960)	-	-	-
Share repurchase commitment under normal course issuer bid		-	(1,021)	-	-	-	-	-	(4,614)	(5,635)
Net loss and comprehensive loss		-	-	-	-	-	-	784	(10,840)	(10,056)
Balance, December 31, 2019		**81,257,474**	**20,612**	**4,040,925**	**243**	**307**	**6,773**	**69**	**(37,881)**	**(9,877)**
Balance, December 31, 2019		**81,257,474**	**20,612**	**4,040,925**	**243**	**307**	**6,773**	**69**	**(37,881)**	**(9,877)**
Warrants exercised	12	4,071,149	2,694	(4,040,925)	(243)	-	-	-	-	2,451
Shares issued from treasury	4	756,043	2,838	-	-	-	-	-	--	2,838
Exercise of exchange rights	4	3,000,000	1,920	-	-	-	(1,920)	-	-	-
Shares issued from treasury for public offering	12	51,038,815	101,168	-	-	-	-	-	-	101,168
Exercise of convertible debenture	11	5,250,000	5,557	-	-	(307)	-	-	-	5,250
Share repurchase commitment under normal course issuer bid	12	(1,793,400)	565	-	-	-	-	-	2,779	3,344
Net loss and comprehensive loss		-	-	-	-	-	-	748	(4,175)	(3,427)
Balance, December 31, 2020		**143,580,081**	**135,354**	**-**	**-**	**-**	**4,853**	**817**	**(39,277)**	**101,747**

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

Converge Technology Solutions Corp.

Consolidated Statements of Cash Flows
(expressed in thousands of Canadian dollars, except share amounts)

December 31,	Notes	2020	2019
Cash flows from operating activities			
Net loss		$ **(4,175)**	$ (10,840)
Adjustments to reconcile net loss to net cash from operating activities			
Depreciation and amortization	6,7	**27,049**	17,887
Finance expense, net	10,11,12	**19,672**	16,026
Change in fair value of contingent consideration	22	**1,127**	1,299
Income tax expense (recovery)	14	**1,674**	(1,917)
		45,347	22,455
Changes in non-cash working capital items			
Trade and other receivables		**(117,266)**	(20,334)
Inventories		**(10,890)**	(7,733)
Prepaid expenses and other assets		**7,181**	(6,432)
Trade and other payables		**123,619**	45,416
Income taxes payable		**(2,626)**	(2,581)
Other financial liabilities		**(1,289)**	(5,998)
Deferred revenue and customer deposits		**7,529**	(563)
Cash from operating activities		**51,605**	24,230
Cash flows from investing activities			
Purchase of property and equipment	6	**(4,991)**	(1,802)
Proceeds on disposal of property and equipment	6	**90**	28
Repayment of contingent consideration	14	**(4,244)**	(2,420)
Repayment of deferred consideration	14	**(13,654)**	(3,463)
Business combinations, net of cash acquired	4	**(43,793)**	(55,194)
Cash used in investing activities		**(66,592)**	(62,851)
Cash flows from financing activities			
Transfers from (to) restricted cash		**8,117**	(2,879)
Interest paid		**(14,860)**	(12,109)
Payments of lease liabilities		**(9,706)**	(6,937)
Proceeds from issuance of common shares and	12	**103,597**	2,341
Repurchase of common shares	12	**(2,125)**	-
Repayment of notes payable	14	**(4,626)**	(4,241)
Repayment of debentures	10	**(3,896)**	-
Repayment of borrowings	19	**(1,150,192)**	(822,542)
Proceeds from borrowings	19	**1,132,227**	897,441
Cash from financing activities		**58,536**	51,074
Net change in cash during the period		**43,549**	12,453
Effect of foreign exchange on cash		**628**	(2,345)
Cash, beginning of period		**20,590**	10,482
Cash, end of period		$ **64,767**	$ 20,590

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

Notes to the consolidated financial statements

(expressed in thousands of Canadian dollars, except share amounts)

December 31, 2020 and 2019

1. Nature of business

Converge Technology Solutions Corp. and subsidiaries (the “Company” or “Converge”) are a North American Hybrid IT solution provider focused on delivering advanced analytics, cloud, cybersecurity, and managed services offerings as well as the provision of hardware and software products and solutions to clients across various industries and organizations.

On February 9, 2021, the Company announced that it had received final approval from the Toronto Stock Exchange ("TSX") to graduate from the TSX Venture Exchange ("TSXV") and list the Company's common shares ("Common Shares") on the TSX. The Common Shares commenced trading on the TSX at the opening of markets on Thursday, February 11, 2021 under the existing stock symbol "CTS". In connection with the listing of the Common Shares on the TSX, the last day of trading on the TSXV was February 10, 2021 and the Common Shares were delisted from the TSXV on February 11, 2021 upon commencement of trading on the TSX.

The Company was incorporated on November 29, 2016. The Company’s registered head office is 85 Rue Victoria, Gatineau, Quebec, J8X 2A3.

The Company has the following wholly owned subsidiaries as at December 31, 2020:

Corus Commercial Finance, LLC, Corus Group, LLC Corus Managed Services, LLC, Corus Careers, LLC OHC International, LLC, Corus 360 Limited (“Corus”)	Lighthouse Computer Services, Inc., Acumetrics Business Intelligence Inc. (“Lighthouse”)
Northern Micro Inc. (“Northern Micro”)	10084182 Canada Inc. o/a Becker-Carroll
Key Information Systems, Inc. (“KeyInfo”)	BlueChip Tek, Inc. (“BlueChip Tek”)
Converge Acquisition, LLC	SIS Holding Company, LLC, Software Information Systems, LLC (“SIS”)
Converge Canada Finance Corp.	Converge Technology Partners Inc.
Converge NE Commercial Finance, LLC	Converge West Commercial Finance, LLC
Nordisk Systems, Inc. (“Nordisk”)	Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC (“Essex”)
Datatrend Technologies, Inc. (“Datatrend”)	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC (“VSS”)
Solutions P.C.D. Inc, P.C.D. Consultation Inc. (“PCD”)	Unique Digital, Inc. (“Unique Digital”)
Workgroup Connections, Inc. (“Workgroup”)	Vivvo Application Studios (“Vivvo”)
Vicom Computer Services, Inc. (“Vicom”)	

2. Basis of preparation

[a] Statement of compliance

These consolidated financial statements (the “financial statements”) have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted. The comparative audited consolidated financial statements have been reclassified from the statements previously presented to conform to the presentation of the current consolidated financial statements.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on March 9, 2021.

[b] Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. Historical costs are generally based upon the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 - Impairment of Assets.

[c] Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2020 and 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-company balances, transactions, and unrealized gains and losses resulting from intra-company transactions and dividends are eliminated on consolidation.

[d] Functional currency and presentation currency

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

[e] Use of estimates and judgments

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

Estimates are based on management’s best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Estimates and judgments related to the Company’s risk management, including credit risk, liquidity risk and market risk are discussed in note 20.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19,” has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The Company cautions that it is impossible to fully anticipate or quantify the effect and ultimate impact of the COVID-19 pandemic as the situation is rapidly evolving. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including shelter in place directives, which, if extended, may impact the economies in which the Company now, or may in the future, operate, key markets into which the Company sells and markets through which the Company's key suppliers source their products. The duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods including the use of estimates and judgments which are subject to significant uncertainty. The Company continues to actively monitor the situation and will continue to respond as the impact of the Covid-19 pandemic evolves.

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

[i] Revenue recognition

At contract inception, the Company is required to assess the goods and services promised in a contract with a customer and identify a good or service that is distinct or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Judgment is required to assess which of the identified goods or services represent separate performance obligations as well as how to allocate the transaction price among the separate performance obligations. Judgement is required when allocating the transaction price to individual performance obligations within a contract. In concluding whether components are separately identifiable, management considers the transaction from the customer’s perspective. Among other factors, management assesses whether the service or product is sold separately by the Company in the normal course of business or whether the customer could purchase the service or product separately.

[ii] Depreciation of property and equipment and amortization of intangible assets

Depreciation of property and equipment and amortization of intangible assets is dependent upon estimates of useful lives and residual values, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

[iii] Convertible debentures

Separating the liability and equity components requires the Company to estimate a market rate for an equivalent non-convertible instrument and in allocating the remainder to the conversion feature that is an equity instrument.

[iv] Debentures

Separating the common shares derivative liability and the debentures liability requires the Company to estimate the underlying value of the Company, volatility rate, market rate for an equivalent debenture liability without any derivatives. The fair value of the common shares derivative liability is based on the underlying value of the equity instruments, which in turn requires estimates of the inherent value of the Company, considering value indicators including recent rounds of financing and market comparable valuation metrics.

[v] Fair value of financial instruments

When the fair value of financial assets and financial liabilities, including contingent consideration, recorded in the consolidated statements of financial position cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

[vi] Leases

Management exercises judgment in the process of applying IFRS 16, Leases (“IFRS 16”) and determining the appropriate lease term on a lease by lease basis as well as the incremental borrowing rate. Management considers many factors including any events that create an economic incentive to exercise a renewal option including store performance, expected future performance and past business practice. Renewal options are only included if Management are reasonably certain that the option will be renewed.

[vii] Valuation of share-based payments and warrants

Management measures the costs for share-based payments and warrants using market-based option valuation techniques. Assumptions are made and estimates are used in applying the valuation techniques. These include estimating the future volatility of the share price, expected dividend yield, expected risk-free interest rate and the rate of forfeiture. Such estimates and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates of share-based payments and warrants.

[viii] Income taxes

The Company computes an income tax provision in each of the tax jurisdictions in which it operates. Actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets against future taxable income based on an assessment of the ability to use the underlying future tax deductions before they expire. To the extent that estimates of future taxable income differ from the tax return, earnings would be affected in a subsequent period.

[ix] Business combinations

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgement and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company determines the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

[x] Consolidation

Judgment is required in determining the nature of its interest in another entity or arrangement. Judgment is required to assess whether the Company controls an investee, including consideration of the Company's power over the investee; whether the Company is exposed, or has rights, to variable returns from its involvement with the investee; and whether the Company has the ability to use its power to affect the investee's returns. The Company uses judgment when reassessing whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Judgment is also required to assess whether the Company has joint control of an arrangement or significant influence over another entity.

3. Significant accounting policies

[a] Cash and restricted cash

Cash includes cash on hand and cash deposits in financial institutions and short-term deposits with an original maturity of three months or less. Restricted cash consists of cash required to be deposited as a reserve set aside for loan securitization (see Note 10).

[b] Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Realized and unrealized exchange gains and losses are recognized in the statements of loss and comprehensive loss.

The assets and liabilities of operations with a functional currency other than Canadian dollars are translated into Canadian dollars at period end foreign currency rates. Revenues and expenses of such operations are translated into Canadian dollars at average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive loss. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition of a foreign operation.

[c] Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on a weighted average cost basis. Net realizable value represents the estimated selling price for inventories less estimated costs necessary to make the sale.

The cost of inventories, which consists of computer equipment and software, comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The cost of purchase comprises the purchase price, non-recoverable taxes, transport, handling, and other costs directly attributable to the acquisition of goods.

Inventory allowances are recorded in the period in which management determines the inventory to be obsolete or impaired.

The Company receives funds from vendors for product rebates and other pricing programs. The Company accounts for these rebates and other incentives received from its vendors relating to the purchase of inventories as a reduction of inventories and cost of sales when associated inventory is sold.

[d] Revenue recognition

The Company generates revenue from distributing storage devices and systems as well as computer products, software, and peripherals. The Company also provides value-added services such as design, integration, installation, maintenance, analytics, hybrid cloud, infrastructure, cybersecurity solutions, and other consulting services, consolidated with a variety of storage and computer hardware and software products.

Revenue is recognized when control of the promised good or service is transferred to the Company's customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company assesses its revenue arrangements in order to determine if it is acting as a principal or agent. Where the Company is not the primary obligor and does not control the good or service before being provided to the customer, these arrangements do not meet the criteria for gross revenue presentation and, accordingly, are recorded on a net basis.

When a single sales transaction requires the delivery of more than one product or service (separate performance obligations), the revenue recognition criteria are applied to the separately identifiable components. A component is considered to be separately identifiable if the product or service delivered has standalone value to that customer and the fair value associated with the product or service can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole.

Sale of goods

The Company primarily generates revenue from the sale of products, specifically focusing on distributing storage devices and systems as well as computer products, software, and peripherals.

The Company contracts with its customers for the sale of products through fixed price purchase orders. Each quantity of product is generally a performance obligation. The Company has concluded that revenue from sale of products should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the product.

Service revenue

The Company also provides value-added services such as design, configuration, integration, installation, maintenance, managed services, and other consulting services. The Company recognizes revenue from rendering of services over time, generally measured based on actual time and materials incurred, which is consistent to how the customer simultaneously receives and consumes the benefits provided by the Company.

At the time the Company enters into contracts with third-party service providers or vendors, the Company determines whether it acts as a principal in the transaction and assumes the risks and rewards of the rendering of the service or if it is simply acting as an agent or broker. Generally, the Company acts as the agent for contracts with third-party service providers or vendors and revenue is recorded on a net basis. Revenue on third-party services is recorded when the third-party service is agreed with the third-party supplier and the customer and the Company has no further obligation to perform under the contract, as there is have no significant post-delivery obligation. Periodically, amounts are received in advance of the associated service being performed, these amounts are recorded as deferred revenues.

[e] Property and equipment

The Company's property and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property and equipment includes expenditures that are directly attributable to the acquisition or construction of the asset.

Depreciation is recorded over the estimated useful lives as outlined below:

Buildings	30 years
Computer hardware and equipment	3-10 years
Furniture and fixtures	3-10 years
Right-of-use assets	2-10 years
Leasehold improvement	Lesser of useful life or term of lease

The Company assesses an asset's residual value, useful life, and depreciation method on a regular basis and if any events have indicated a change and makes adjustments if appropriate.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognized in the statements of loss and comprehensive loss.

[f] Intangible assets and goodwill

[i] Intangible assets

Intangible assets consist of customer relationships, trade names, and computer software with a finite life acquired in a business combination. Intangible assets are amortized on a straight-line basis over their estimated useful lives and are measured at cost less accumulated amortization and accumulated impairment losses. Each reporting period, the useful lives of such assets are reviewed. Costs for intangible assets acquired in a business combination represents the fair value of the asset at the time of the acquisition. Customer relationships, trade name and trademarks intangibles are amortized over a 6 to 10-year period.

[ii] Goodwill

Goodwill represents the excess of consideration over the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. Goodwill is not amortized. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a cash generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. The group of CGUs is not larger than the level at which management monitors goodwill or the Company's operating segments. The Company has grouped the CGUs within its operating segment and performs the test at the operating segment level. This is the lowest level at which management monitors goodwill for internal management purposes

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell and its value in use, of the CGU is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for the CGU. Any goodwill impairment loss is recorded to the consolidated statements of loss and comprehensive loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

The Company completes its annual impairment test as at December 31.

[g] Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the higher of its fair value, less cost to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

[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 of control for the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset ("ROU asset") and a lease liability at the lease commencement date, which is the date the leased asset is available for use. The ROU asset primarily related to office leases and is initially measured based on the initial amount of the lease liability. The lease liabilities include the net present value of the following lease payments:

- fixed payments (including any in-substance fixed payments, less any lease incentives receivable);
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;

- exercise price of any purchase option if the company is reasonably certain to exercise that option; and
- payments for penalties for terminating the lease, if the lease term reflects the company exercising that option.

The ROU assets are depreciated to the earlier of the end of useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of the consumption of the future economic benefits.

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the ROU asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is the rate the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

ROU assets are measured at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

The lease liability is classified and accounted for at the amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset unless it has been reduced to zero. Any further reduction in the lease liability is then recognized in profit or loss.

The Company has elected to apply the practical expedient not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low value assets. The lease payments associated with those leases is recognized as an expense on a straight-line basis over the lease term.

A lease modification will be accounted for as a separate lease if the modification increases the scope of the lease and if the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. For a modification that is not a separate lease or where the increase in consideration is not commensurate, at the effective date of the lease modification, the Company will remeasure the lease liability using the Company's incremental borrowing rate, when the rate implicit to the lease is not readily available, with a corresponding adjustment to the ROU asset.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Company assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the ROU asset. If this is the case, then the lease is accounted for as a net investment in finance lease. If not, then it is an operating lease. As part of this assessment the Company considers certain indicators such as whether the lease is for the major part of the economic life of the ROU asset.

[i] Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statements of loss and comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the year, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive loss or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive loss or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

[j] loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise shares contingently issuable on settlement of common shares derivative liability.

[k] Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value and subsequently remeasured based on their classification as described below. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Company initially recognizes financial assets at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial assets as loans and receivables, fair value through profit or loss, available-for-sale financial assets or held-to-maturity financial assets.

The Company does not have assets that would be classified as available-for-sale financial assets or held-to-maturity financial assets. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loan receivables that do not meet the criteria for amortized cost are measured at fair value through profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other liabilities.

Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

Classification	
Cash	Amortized cost
Restricted cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Finance lease liability	Amortized cost
Deferred consideration	Amortized cost
Debentures	Amortized cost
Convertible debenture	Amortized cost
Borrowings	Amortized cost
Notes payable	Amortized cost
Contingent consideration	Fair value through profit or loss

Impairment of financial assets

Financial assets, other than those classified as fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initially recognizing the financial asset, the present value of estimated future cash flows determined based on the instrument's original effective interest rate are lower than the asset's carrying amount. When an impairment has been identified, the financial asset's carrying amount is reduced through the use of an allowance account, with changes in the carrying amount recognized in profit or loss. Subsequent recoveries of amounts previously written off are adjusted against the allowance account.

[l] Government grants

The Company recognizes government grants when there is reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. The Company recognizes government grants in the consolidated statement of loss in the same period as the expenses for which the grant is intended to compensate. In cases where a government grant becomes receivable as compensation for expenses already incurred in prior periods, the grant is recognized in profit or loss in the period in which it becomes receivable.

[m] New standards, amendments and interpretations adopted by the Company

The following new accounting standards were applied or adopted by the Company during the year ended December 31, 2020:

Amendments to IFRS 3, Business Combinations ("IFRS 3") – Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs, and introduced an optional fair value concentration test. Effective January 1, 2020, the Company adopted the amendments to IFRS 3, with no material impact on its consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements("IAS 1") and IAS 8, Changes in Accounting Estimates and Errors("IAS 8") – Definition of Material

In October 2018, the IASB issued amendments to IAS 1 and IAS 8 to align the definition of "material" across the standards and to make it easier to understand. The definition of material in IAS 8 has been replaced by a definition of material in IAS 1. The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendment is effective for annual reporting periods beginning on or after January 1, 2020. The adoption of this amendment did not have a material impact on the consolidated financial statements.

[n] Accounting standards and amendments issued but not yet adopted

The following new accounting standards have been issued but not yet adopted by the Company at December 31, 2020:

Amendments to IAS 1 In January 2020, IASB issued Classification of Liabilities as "Current" or "Non-current", which amends IAS 1.

The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

(expressed in thousands of Canadian dollars, except share amounts)

4. Business combinations

The following table details the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the Company's acquisitions completed during the year ended December 31, 2019*:*

2019	SIS [a] $	Nordisk [b] $	Essextec [c] $	Datatrend [d] $	VSS [e] $	Total $
Consideration paid in cash	16,056	3,141	-	19,860	20,986	60,043
Deferred consideration	-	5,216	-	7,898	5,396	18,510
Contingent consideration	-	-	-	-	4,982	4,982
Debt forgiven	-	-	6,435	-	-	6,435
Common shares	5,120	-	-	-	2,613	7,733
Total purchase price	**21,176**	**8,357**	**6,435**	**27,758**	**33,977**	**97,703**
Cash	768	1,366	1,124	197	162	3,617
Restricted cash	-	-	839	-	-	839
Trade and other receivables	18,278	916	13,563	25,741	18,051	76,549
Inventories	-	84	131	3,687	-	3,902
Prepaid expenses and other current assets	101	67	880	375	2,412	3,835
Property and equipment, net	1,133	222	127	437	2,807	4,726
Right-of-use-asset, net	6,796	1,248	1,286	814	1,999	12,143
Intangible assets	11,848	4,525	8,287	11,757	16,982	53,399
Trade and other payables	(18,030)	(1,418)	(17,108)	(21,857)	(15,956)	(74,369)
Deferred revenue	(313)	-	(534)	(568)	(1,612)	(3,027)
Deferred tax liability	-	(1,166)	(2,154)	(3,033)	-	(6,353)
Deferred vendor rebates	(2,917)	-	-	-	-	(2,917)
Other financial liabilities	-	-	(9,804)	-	(847)	(10,651)
Note payable	(1,521)	-	-	-	-	(1,521)
Lease liability	(6,796)	(1,248)	(1,286)	(814)	(1,999)	(12,143)
Goodwill	**11,829**	**3,761**	**11,084**	**11,022**	**11,978**	**49,674**

Goodwill arising on the acquisitions reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes.

[a] SIS

On January 18, 2019, the Company acquired all of the issued and outstanding Class A membership interests, which represents 100% control of Software Information Systems, LLC ("SIS") located in Kentucky, USA. There were 8,000,000 Class B membership interests issued, which have no voting rights, no dividends, or equity participation. SIS is a 36-year-old technology solutions and services company, collaborating with customers on innovative data center strategy, technology solutions in the cloud or on-premise to help customers drive impactful business results.

Consideration for the purchase consisted of (i) $15,251 ($11,502 USD) in cash; (ii) the issuance of a right to exchange 8,000,000 Class B membership interests for an aggregate of 8,000,000 common shares of the Company; plus (iii) a working capital adjustment of $805. Under the terms of the exchange agreement, no exchange will be permitted until at least six months from the acquisition date, at which point 1,500,000 common shares will become eligible for issuance pursuant to the agreement. An additional 1,500,000 common shares will become eligible for exchange on each six-month anniversary of the completion of the transaction thereafter, such that all 8,000,000 common shares will only be available for exchange following the three-year anniversary of the acquisition. The fair value of the exchange right consideration issued is $5,120 calculated as 8,000,000 common shares at $0.64 per share as at the date of acquisition. As at December 31, 2020, 4,500,000 Class B membership interests have been exchanged to 4,500,000 common shares of the Company for a value of $2,880.

The acquisition of SIS qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of SIS have been included in the consolidated financial statements of the Company from the date of the acquisition.

Total transaction costs for the acquisition of SIS was $1,409. All transaction costs were expensed as incurred.

[b] Nordisk

On July 1, 2019, the Company acquired all of the issued and outstanding shares of Nordisk Systems, Inc. ("Nordisk"). Nordisk is incorporated and is domiciled in the state of Oregon in the US.

Nordisk is an information technology professional services organization that specializes in infrastructure, cloud, security, analytics, business continuity and managed services solutions. The purpose of the acquisition was to enhance the Company's highly skilled team and to provide a platform to grow in the US with local expertise.

The acquisition of Nordisk qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Nordisk have been included in the consolidated financial statements of the Company from the date of the acquisition.

The total consideration for the purchase of Nordisk was $8,357 ($6,386 USD). Purchase consideration consisted of $3,272 in cash, $2,617 in promissory note, $2,599 in deferred purchase payment, offset by a ($131) working capital adjustment. The deferred purchase payment was fully paid on October 3, 2019.

As part of consideration for the acquisition, Nordisk issued a $2,617 ($2,000 USD) promissory note. The promissory note bears interest at a rate of 8% per annum payable quarterly. The Company is required to make partial repayments of $1,000 USD on December 31, 2020 and $1,000 USD on July 1, 2022. The promissory note payable balance of $2,617 has been included in deferred consideration (note 16).

Contingent consideration comprises earn-out payments due to sellers for meeting certain EBITDA conditions over the three years following the date of acquisition contingent on continuing employment. The fair value of the remuneration was nil as at the date of acquisition.

Total transaction costs for the acquisition of Nordisk were $453. All transaction costs were expensed as incurred.

[c] Essextec

On October 1, 2019, the Company acquired all of the issued and outstanding membership units Essextec Acquisition, LLC, a Delaware limited liability company and the sole shareholder of Essex Technology Group, Inc. ("Essextec"). Essextec is incorporated and is domiciled in the state of New Jersey in the US.

Essextec is a leading Wall Street-based cloud, cognitive, and cybersecurity solution provider in the Northeast US. The purpose of the acquisition was to enhance the Company's highly skilled team and to provide a platform to grow in the US with local expertise.

The acquisition of Essextec qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Essextec have been included in the consolidated financial statements of the Company from the date of the acquisition.

The total consideration for the purchase of Essextec was $6,435 ($4,861 USD). Purchase consideration consisted of $5,250, which was set-off against the Seller's obligation to repay to the Company the principal amount of $5,250 and any accrued but unpaid interest under a loan in the form of a promissory note, $870 in forgiven receivables owed by Essextec to the Company, $530 prepaid expense owed by Essextec to the Company, and offset by $(215) in forgiven payables owed by the Company to Essextec.

Goodwill arising on the acquisition reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes.

Total transaction costs for the acquisition of Essextec were $84. All transaction costs were expensed as incurred.

[d] Datatrend

On October 1, 2019, the Company acquired all of the issued and outstanding shares of Datatrend Technologies, Inc. ("Datatrend"). Datatrend is incorporated and is domiciled in the state of Minnesota in the US.

Datatrend a leading technology solutions provider focused on Next Gen Data Center, hybrid cloud, infrastructure, multi-site IT deployments, and ISV/OEM solutions. The purpose of the acquisition was to enhance the Company's highly skilled team and to provide a platform to grow in the US with local expertise.

The acquisition of Datatrend qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Datatrend have been included in the consolidated financial statements of the Company from the date of the acquisition.

The total consideration for the purchase of Datatrend was $27,758 ($21,118 USD). Purchase consideration consisted of $19,860 in cash, $3,048 in promissory note, and $4,790 in excess working capital promissory note.

As part of consideration for the acquisition, Datatrend issued a $3,310 ($2,500 USD) promissory note. The promissory note bears interest at a rate of 7% per annum and is payable quarterly. The Company is required to fully repay the promissory note on September 30, 2022. The promissory note payable balance of $3,247 has been included in deferred consideration as of December 31, 2019 (note 16).

As part of consideration for the acquisition, Datatrend issued $4,790 ($3,618 USD) of working capital promissory note. The promissory note bears interest at a rate of 5.25% per annum and is payable quarterly. The Company is required to fully repay the promissory note on October 1, 2020. The promissory note payable balance was nil at December 31, 2020 (2019 - $4,790) (note 15).

Total transaction costs for the acquisition of Datatrend were $1,122. All transaction costs were expensed as incurred.

[e] VSS

On November 1, 2019, the Company acquired all of the issued and outstanding Class A membership interests, which represents 100% control of VSS Holdings, LLC, a Nevada limited liability company and owner of all of the equity securities of VSS, LLC, a Virginia limited liability company and Information Insights, LLC, a Nevada limited liability company (collectively "VSS"). There were 60 Class B membership interests of VSS Holdings, LLC issued, which have no dividends or equity participation.

VSS is a leading technology solutions provider specializing in managed services, technology solutions, IT portfolio management and consulting services. The purpose of the acquisition was to enhance the Company's highly skilled team and to provide a platform to grow in the US with local expertise.

The acquisition of VSS qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of VSS have been included in the consolidated financial statements of the Company from the date of the acquisition.

The total consideration for the purchase of VSS was $33,977 ($25,815 USD). Purchase consideration consisted of $20,559 in cash, $3,422 in seller subordinated promissory note, $1,974 in three promissory notes, $4,982 in contingent consideration, $427 working capital adjustment, and $2,613 for the issuance of a right to exchange 2,930,000 Class B membership interests less 58,600 common shares issued as broker fees by the seller for an aggregate of 2,871,400 common shares of the Company. Under the terms of the agreement, no exchange will be permitted until at least six months from the acquisition date, at which point 717,850 common shares will become eligible for issuance pursuant to the agreement. An additional 717,850 common shares will become eligible for exchange on each six-month anniversary of the completion of the transaction thereafter, such that all 2,871,400 common shares will only be available for exchange following the two-year anniversary of the acquisition. The fair value of the exchange right consideration issued is $2,613 calculated as 2,871,400 common shares at $0.91 per share as at the date of acquisition.

As part of consideration for the acquisition, VSS issued $3,422 ($2,600 USD) of promissory note. The promissory note bears interest at a rate of 7% per annum and is payable quarterly. The Company was required to fully repay the promissory note on January 31, 2020. The promissory note payable balance at December 31, 2020 was nil (2019 - $3,377) (note 15).

As part of consideration for the acquisition, VSS issued three promissory notes of $500 USD each. The promissory notes bear interest at a rate of 7% per annum and are payable quarterly. The Company was required to repay each promissory note on January 30, 2020, April 29, 2020, and May 1, 2021. The first promissory note was fully repaid on January 31, 2020. The promissory note payable balance of $1,948 has been included in deferred consideration as of December 31, 2019 (note 16).

Contingent consideration comprises earn-out payments due to sellers for meeting certain EBITDA conditions over the three years following the date of acquisition. The fair value of the contingent consideration was $4,982 as at the date of acquisition.

Total transaction costs for the acquisition of VSS were $1,268. All transaction costs were expensed as incurred.

(expressed in thousands of Canadian dollars, except share amounts)

The following table details the allocation of the fair value to the identifiable assets acquired and liabilities assumed as at the date of acquisition for each of the Company's acquisitions completed during the year ended December 31, 2020*:*

	PCD	Unique Digital	Workgroup	Vivvo	Vicom	Total
	[f]	[g]	[h]	[i]	[j]	
2020	$	$	$	$	$	$
Consideration paid in cash	7,000	9,064	364	3,302	41,883	61,613
Deferred consideration	4,090	3,679	-	-	-	7,769
Contingent consideration	2,299	980	-	1,623	-	4,902
Common shares	-	-	1,338	1,500	-	2,838
Total purchase price	**13,389**	**13,723**	**1,702**	**6,425**	**41,883**	**77,122**
Cash	301	3,447	243	1,482	10,126	15,599
Trade and other receivables	6,102	5,819	39	304	23,072	35,336
Inventories	42	-	-	-	3,818	3,860
Prepaid expenses and other current assets	71	21	-	168	133	393
Property and equipment, net	139	-	41	61	60	301
Right-of-use-asset, net	371	458	-	275	1,366	2,470
Intangible assets	6,233	5,527	871	1,816	17,592	32,039
Trade and other payables	(5,245)	(4,351)	(37)	(102)	(23,720)	(33,455)
Other financial liabilities	-	(1,325)	-	-	-	(1,325)
Deferred revenue	(374)	-	(35)	-	(195)	(604)
Deferred tax liability	(1,652)	(1,437)	(229)	(481)	(4,573)	(8,372)
Lease liability	(371)	(454)	-	(275)	(1,365)	(2,465)
Goodwill	**7,772**	**6,018**	**809**	**3,177**	**15,569**	**33,345**

Goodwill arising on the acquisition reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes.

[f] PCD

On February 1, 2020, the Company acquired all of the issued and outstanding shares of Solutions PCD & Consultation PCD (collectively "PCD"), a Montreal, Canada-based partner focused on solutions in enterprise system architecture, storage and information management, virtualization and cloud, and business continuity and disaster recovery.

The total consideration for the purchase of PCD was $13,389. Purchase consideration consisted of $7,000 in cash, $4,090 in promissory notes, net of working capital adjustments, payable to seller in the three years following closing of the acquisition, and $2,299 in contingent consideration for the three years following closing of the acquisition based on the achievement of certain milestones.

PCD is a provider of consulting and integration services for hybrid IT infrastructure environments in Quebec and the rest of Canada. PCD specializes in system architecture, infrastructure virtualization and protection mechanisms related to critical applications. PCD expands the Company's presence in Quebec and strengthens the Company's consulting and integrations services.

The acquisition of PCD qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of PCD have been included in the consolidated financial statements of the Company from the date of the acquisition.

Total transaction costs for the acquisition of PCD were $356. All transaction costs were expensed as incurred.

(expressed in thousands of Canadian dollars, except share amounts)

Pro forma results of operations

The following pro forma results of operations assume PCD was acquired by the Company on January 1, 2020:

	December 31, 2020
	$
Revenue	**7,048**
Net loss	**(378)**

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2020. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

[g] Unique Digital

On October 1, 2020, the Company acquired all of the issued and outstanding shares of Unique Digital, Inc. ("Unique Digital"), a Texas-based IT solutions provider focused on architecting and implementing solutions in big data, cloud, data protection networking, security, and virtualization. The acquisition provides the Company with a strong customer base and presence in the state of Texas.

The total consideration for the purchase of Unique Digital was $13,723 ($10,324 USD). Purchase consideration consisted of $7,111 in cash, $3,679 in promissory notes payable to seller in the three years following closing of the acquisition, $1,953 in working capital adjustment, and $980 in contingent consideration for the three years following closing of the acquisition based on the achievement of certain milestones.

The acquisition of Unique Digital qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Unique Digital have been included in the consolidated financial statements of the Company from the date of the acquisition. At December 31, 2020, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of Unique Digital were $380. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume Unique Digital was acquired by the Company on January 1, 2020:

	December 31, 2020
	$
Revenue	**48,213**
Net income	**51**

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2020. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

(expressed in thousands of Canadian dollars, except share amounts)

[h] Workgroup

On December 1, 2020, the Company acquired all of the issued and outstanding shares of Workgroup Connections, Inc. ("Workgroup"), a US-based IT solutions provider with headquarters in Missouri and Colorado, that specializes in leading-edge cloud, software development, and licensing services and solutions. The acquisition will strengthen the Company's capabilities in cloud services.

The total consideration for the purchase of Workgroup was $1,702 ($1,314 USD). Purchase consideration consisted of $259 in cash, $105 in working capital adjustment, and $1,338 in common shares issued by the Company.

The acquisition of Workgroup qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Workgroup have been included in the consolidated financial statements of the Company from the date of the acquisition. At December 31, 2020, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Goodwill arising on the acquisition reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes.

Total transaction costs for the acquisition of Workgroup were $65. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume Workgroup was acquired by the Company on January 1, 2020:

	December 31, 2020
	$
Revenue	**12,092**
Net income	**207**

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2020. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

[i] Vivvo

On December 22, 2020, the Company acquired all of the issued and outstanding shares of Vivvo Application Studios, Inc. ("Vivvo"), a Canadian technology innovation organization that delivers a feature-rich, production-ready, proven identity-management-as-a-service (IDMAAS) platform that enables and accelerates digital transformation. The acquisition of Vivvo will accelerate the time to market for the Company's TrustBuilder Platform, Digital Identity and Privacy solution.

(expressed in thousands of Canadian dollars, except share amounts)

The total consideration for the purchase of Vivvo was $6,425. Purchase consideration consisted of $2,500 in cash, $802 in working capital adjustment, $1,500 in common shares issued by the Company, and $1,623 in contingent consideration for the three years following closing of the acquisition based on the achievement of certain milestones.

The acquisition of Vivvo qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Vivvo have been included in the consolidated financial statements of the Company from the date of the acquisition. At December 31, 2020, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of Vivvo were $53. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume Vivvo was acquired by the Company on January 1, 2020:

	December 31, 2020
	$
Revenue	**5,076**
Net income	**666**

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2020. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

[j] Vicom

On December 31, 2020, the Company acquired all of the issued and outstanding shares of Vicom Computer Services, Inc. ("Vicom"), a New York-based full-service multi-cloud infrastructure provider. The acquisition will expand the Company's existing footprint in the US Northeast and provides additional presence in key industries across financial services, healthcare, and state and local government.

The total consideration for the purchase of Vicom was $41,883 ($32,896 USD). Purchase consideration consisted of $31,830 in cash and $10,053 in working capital adjustment.

The acquisition of Vicom qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Vicom have been included in the consolidated financial statements of the Company from the date of the acquisition. At December 31, 2020, the acquisition accounting for this transaction has not yet been finalized and requires the Company to complete its determination of the fair values of identifiable intangible assets.

Total transaction costs for the acquisition of Vicom were $468. All transaction costs were expensed as incurred.

(expressed in thousands of Canadian dollars, except share amounts)

Pro forma results of operations

The following pro forma results of operations assume Vicom was acquired by the Company on January 1, 2020:

	December 31, 2020
	$
Revenue	**143,810**
Net income	**4,808**

The pro forma results of operations are not intended to reflect the results that would have actually occurred had the acquisition closed on January 1, 2020. Further, the pro forma results of operations are not necessarily indicative of the results that may be generated by the Company in the future or reflect future events that may occur following the acquisition in a subsequent period or periods.

5. Trade and other receivables

The Company's trade and other receivables as at December 31, 2020 and 2019 include the following:

	2020 $	2019 $
Trade receivables	**$ 336,735**	$ 210,250
Unbilled revenue	**16,867**	6,731
Other receivables	**10,706**	3,157
Total	**$ 364,308**	$ 220,138

6. Property, Equipment and right-of-use assets

Cost	**Computer Hardware and Equipment $**	**Furniture and Fixtures $**	**Leasehold Improvements $**	**Buildings $**	**ROU Asset - Leased Equipment $**	**ROU Asset - Leased Building $**	**Total $**
As at December 31, 2018	10,210	357	281	-	-	-	10,848
Acquired from business combinations	3,903	640	218	-	3,178	8,964	16,903
IFRS 16 additions from adoption of standard	(2,015)	-	-	-	2,015	7,209	7,209
Additions	1,756	22	24	-	3,563	1,301	6,666
Disposals	(204)	(24)	-	-	-	-	(228)
As at December 31, 2019	**13,650**	**995**	**523**	**-**	**8,756**	**17,474**	**41,398**
Acquired from business combinations	212	40	95	-	-	2,470	2,817
Additions	1,225	43	10	2,891	1,769	28	5,966
Disposals	(8)	-	-	-	(154)	(5)	(167)
As at December 31, 2020	**15,079**	**1,078**	**628**	**2,891**	**10,371**	**19,967**	**50,014**

(expressed in thousands of Canadian dollars, except share amounts)

Accumulated depreciation	Hardware and Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Buildings $	ROU Asset - Leased Equipment $	ROU Asset - Leased Building $	Total $
As at December 31, 2018	3,329	71	91	-	-	-	3,491
IFRS 16 adjustment from adoption of standard	(865)	-	-	-	865	-	9,855
Depreciation	3,828	156	75	-	2,575	3,221	9,855
Reversal of depreciation on disposition	(73)	(24)	-	-	-	-	(97)
Effect of foreign exchange	180	109	18	-	154	260	721
As at December 31, 2019	**6,399**	**312**	**184**	**-**	**3,594**	**3,481**	**13,970**
Depreciation	4,043	435	120	6	3,159	4,429	12,192
Effect of foreign exchange	71	(88)	13	-	(385)	683	294
As at December 31, 2020	**10,513**	**659**	**317**	**6**	**6,368**	**8,593**	**26,456**

Net book value	Computer Hardware and Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Buildings $	ROU Asset - Leased Equipment $	ROU Asset - Leased Building $	Total $
As at December 31, 2019	**7,251**	**683**	**339**	**-**	**5,162**	**13,993**	**27,428**
As at December 31, 2020	**4,565**	**419**	**311**	**2,885**	**4,003**	**11,375**	**23,558**

The Company has classified $5,109 of depreciation expense related to service equipment in cost of sales in the consolidated statements of loss and comprehensive loss (2019 - $4,830).

7. Intangible assets

Cost	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
As at December 31, 2018	37,069	12,692	-	757	-	50,518
Acquired from business combinations	42,721	9,568	-	-	1,110	53,399
Additions (adjustments)	2,652	470	-	(80)	-	3,042
As at December 31, 2019	**82,442**	**22,730**	**-**	**677**	**1,110**	**106,959**
Acquired from business combinations	11,790	19,970	279	-	-	32,039
Additions (adjustments)	-	-	-	326	-	326
As at December 31, 2020	**94,232**	**42,700**	**279**	**1,003**	**1,110**	**139,324**

	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
5As at December 31, 2018	3,065	1,015	-	405	-	4,485
Amortization	5,666	1,808	-	60	498	8,032
Effect of foreign exchange	1,750	625	-	8	12	2,395
As at December 31, 2019	**10,481**	**3,448**	**-**	**473**	**510**	**14,912**
Amortization	10,872	3,117	-	56	168	14,213
Effect of foreign exchange	907	361	-	-	5	1,273
As at December 31, 2020	**22,260**	**6,926**	**-**	**529**	**684**	**30,398**

(expressed in thousands of Canadian dollars, except share amounts)

Net book value	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
As at December 31, 2019	**71,961**	**19,282**	**-**	**204**	**600**	**92,047**
As at December 31, 2020	**72,333**	**35,808**	**279**	**-**	**427**	**108,926**

8. Goodwill

	$
At December 31, 2018	32,614
Adjustments	119
Acquired from acquisitions	49,659
Foreign currency translation	(2,121)
At December 31, 2019	**80,271**
Acquired from acquisitions	31,864
Foreign currency translation	(2,067)
At December 31, 2020	**$ 110,068**

The Company performs a goodwill impairment test annually on December 31 and whenever there is an indication of impairment. The valuation techniques, significant assumptions and sensitivities applied in the goodwill impairment test are described below.

The test for impairment of goodwill is to compare the recoverable amount of the asset or CGU or groups of CGUs to the carrying value. Goodwill acquired through business combinations has been tested for impairment at the group of CGUs level, which represents the Company's operating segment. The recoverable amount of the groups of CGUs was determined using a value-in-use approach. Under the value-in-use approach, the groups of CGU's recoverable amount is calculated based on the present value of future cash flows expected to be derived from the group of CGUs.

Key assumptions used in recoverable amount calculations

The calculation of recoverable amount is most sensitive to the following assumptions:

- Discount rates
- Growth rate used to extrapolate cash flows beyond the budgeted period

Discount rates – Discount rates represent the current market assessment of the risks specific to the Company. The discount rate calculation is based on the specific circumstances of the Company and its operating segment and is derived from its weighted average cost of capital ("WACC"). The WACC reflects a target debt-to-equity ratio. The cost of equity is derived from the expected return on investment by the Company's investors. The cost of equity considers the risk-free rate, market equity risk premium, size premium and risk specific to each group of CGU's underlying assets that have not been considered in the cash flow projections. The risk premiums assigned are evaluated annually based on publicly available market data. The cost of debt is based on the interest- bearing borrowings that the Company is obliged to service. The discount rates applied to the cash flow projections was 6.5% (2019– range of 9.0% to 10%).

(expressed in thousands of Canadian dollars, except share amounts)

Growth rate – Growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, and industry outlook. The projections are prepared for each of the Company's groups of CGUs and are based on financial budgets approved by the Board. Management has estimated forecasts of revenue growth over a five-year period of 10% (2019 – 5%) and applied a multiplier of 11.9 to determine the terminal value.

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the group of CGUs to materially exceed its recoverable amount.

9. Borrowings

The borrowings outstanding as at December 31, 2020 and 2019 were as follows:

Facility	**Notes**	**2020**	2019
Canadian lender – ABL facilities	[a]	**$ 116,285**	$ 125,083
Other third-party facilities	[b]	**22,878**	31,613
Total		**139,163**	156,696
Current liabilities		**133,281**	142,123
Non-current liabilities		**5,882**	14,573
Total		**$ 139,163**	$ 156,696

[a] On November 6, 2020, the Company entered into revolving credit agreements with a syndicate of Canadian lenders. These agreements, which are asset-based lending ("ABL") facilities, provide lines of credit secured by the assets of the Company. The ABL facilities can be drawn to a certain percentage of the eligible trade receivables and inventory balances, to a maximum of $140,000. Interest is payable monthly at the published CIBC Bank prime rate plus 0% to 2%. At December 31, 2020, the Company was in compliance with the lender's financial covenants under the ABL.

On November 5, 2020, the Company terminated its existing ABL facilities with a Canadian lender ("Old ABL Facility"). These facilities could be drawn to a certain percentage of the eligible trade receivables and inventory balances, to a maximum of $170,000. Interest was payable monthly at rates that vary from the higher of 8.75% to 9.25% or the published TD Bank prime rate plus 5.3% to 5.8%, with an expansion rate of an additional 3% based on the advance rate of the trade receivables.

As at December 31, 2020, the total balance owing to the lender under the ABL facilities was $116,285 (Old ABL Facility at December 31, 2019 – $125,083).

Under the Old ABL Facility, in addition to general security over all assets of the Company, the Company was required to deposit 5% of the facilities' limit, into a cash reserve account controlled by the lender. At December 31, 2020, the Company's restricted cash balance was nil (December 31, 2019 – $8,053).

[b] The Company has entered into various credit agreements with a third party which are secured by certain customer contracts, the details of which are disclosed in the table below:

(expressed in thousands of Canadian dollars, except share amounts)

Principal ($)	Borrowing Date	Maturity Date	Payments (blended)	Payment Frequency	Interest Rate %		Balance, December 31, 2020		Balance, December 31, 2019
8,164	May 18, 2018	May 18, 2021	194 USD	Monthly	7.0%	**$**	**1,204**	$	4,385
5,457	March 1, 2019	March 1, 2022	124 USD	Monthly	7.0%		**2,254**		4,096
13,287	June 11, 2019	June 1, 2021	453 USD	Monthly	8.0%		**3,379**		10,142
6,622	October 1, 2019	September 1, 2021	228 USD	Monthly	8.5%		**2,517**		5,783
847	November 1, 2019	April 1, 2021	64 USD	Monthly	4.5%-5.5%		**-**		836
6,616	November 15, 2019	November 1, 2022	158 USD	Monthly	8.5%		**4,253**		6,371
2,635	February 1, 2020	November 1, 2023	138 USD	Quarterly	8.5%		**2,074**		-
14,175	March 18, 2020	March 1, 2023	540 USD	Monthly	8.5%		**7,197**		-
					Total		**22,878**		31,613

The consolidated interest expense for all borrowings for the year ended December 31, 2020 was $14,925 (2019 - $12,970).

10. Debentures

On September 30, 2017, the Company issued 3,896,450 unsecured debentures with face value of $3,896 and 3,896,450 common shares for total cash proceeds of $3,896 cash and the issuance of 60,323 common share warrants to the brokers. On November 7, 2018, 3,896,450 additional common shares were issued to holders who elected not to exercise their redemption rights upon a liquidity event not completed at a stipulated valuation. Debentures bear an interest rate of 12% per annum and interest is payable quarterly in arrears within 10 days of each quarter end. The debentures had a maturity date of September 2020 and could be extended to September 2021 at the option of the Company. If the maturity date was extended to September 2021, the interest rate for the extension term will be increased to 18% per annum. In October 2020, the Company paid out the balance of the debenture liability to debenture holders. The balance of debentures outstanding at December 31, 2020 was nil (2019 - $3,629)

For the year ended December 31, 2020, the Company recognized an interest and accretion expense of $735 during the year ended December 31, 2020 (2019 - $829) with a corresponding increase in the carrying value of the debentures using the effective interest rate method.

11. Convertible Debentures

On October 30, 2018, the Company issued a $5,250 principal amount secured convertible debenture due October 30, 2020 and bearing interest at 8% per annum to a third party. The principal amount of the debenture is convertible into common shares at a conversion price of $1.00 per common share. On October 30, 2020, the debenture holder exercised its conversion right and the Company issued 5,250,000 common shares and extinguished the debt.

The Company calculated the fair value of the liability portion of the convertible debenture, using a discount rate of 11.75% with the difference between the fair value and the proceeds being ascribed to the conversion feature. The fair value of the liability portion was calculated to be $4,943, resulting in $307 being allocated to the conversion feature, which was recognized in contributed surplus. Interest and accretion expense of $729 recognized during the year ended December 31, 2020 (2019 - $568), with a corresponding increase in convertible debenture using the effective interest rate method. The balance of the convertible debenture outstanding as at December 31, 2020 was nil (December 31, 2019 – $5,114)

(expressed in thousands of Canadian dollars, except share amounts)

12. Share capital

[a] Authorized

The authorized share capital of the Company consists of an unlimited number of Class A common shares ("common shares"), Class B common shares and preference shares. No Class B common shares and preference shares have been issued as at December 31, 2020 and December 31, 2019.

[b] Issued and outstanding

Reconciliation of the Company's share capital is as follows:

	Common shares		Warrants	
	#	$	#	$
Balance, December 31, 2018	**75,683,159**	**17,826**	**7,908,365**	**493**
Warrants excercised [note d]	3,867,440	2,445	(3,867,440)	(250)
Shares issued from treasury	160,000	102	-	-
Exercised exchange rights (note 4)	1,500,000	960	-	-
Qualifying transaction options excercised	46,875	56	-	-
Share repurchase commitment under normal course issuer bid [note c]	-	(1,021)	-	-
Expiry of the right to repurchase shares (note 15)	-	244	-	-
Balance, December 31, 2019	**81,257,474**	**20,612**	**4,040,925**	**243**
Warrants excercised [note d]	4,071,149	2,694	(4,040,925)	(243)
Common shares issued pursuant to business acquisition (note 4)	756,043	2,838		
Exercised exchange rights (note 4)	3,000,000	1,920	-	-
Shares issued from treasury for public offering [note e]	51,038,815	101,168		
Exercise of convertible debtenture (note 11)	5,250,000	5,557	-	-
Share repurchase commitment under normal course issuer bid [note c]	(1,793,400)	565	-	-
Balance, December 31, 2020	**143,580,081**	**135,354**	-	-

[c] Share Repurchase

On December 10, 2019, the TSX Venture Exchange ("TSXV") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company may purchase for cancellation through the facilities of the TSXV and/or permitted alternative trading systems, from time to time, up to an aggregate of 4,025,120 of its issued and outstanding common shares, being 5% of the issued and outstanding common shares as at December 3, 2019. The NCIB expired on December 16, 2020 and was not renewed by the Company.

During the year ended December 31, 2020, 1,793,400 common shares were repurchased and cancelled under the NCIB (2019 – nil), for an aggregate purchase price of $2,125.

[d] Warrants

During the year ended December 31, 2020, purchase warrants of 3,923,680 (2019 – 3,459,000) and 147,469 broker warrants (2019 – 407,940) have been exercised for total proceeds of $2,326 (2019 – $2,392). As at December 31, 2020, no purchase warrants remain outstanding.

[e] Public offering

On February 20, 2020, the Company closed an underwritten public offering (the "Offering") of 5,769,231 common shares of the Company (the "Offered Shares") at a price to the public of $1.30 per share for gross proceeds to the Company of $7,500, before deducting the underwriters' fees and estimated offering expenses. The Company also granted the underwriters an option, exercisable at any time, in whole or in part, until the date that is 30 days following closing to purchase, at the offering price, 865,384 additional common shares to cover over-allotments and for market stabilization purposes. On March 3, 2020, the underwriters exercised their over-allotment option to purchase an additional 592,084 common shares of the Company at a price of $1.30 per share, for additional gross proceeds to the Company of $770. As a result, the total gross proceeds of the Offering were $8,270 before transaction related costs of $976, which were recorded in the consolidated statements of changes in shareholders' equity (deficiency).

On July 31, 2020, the Company closed an underwritten public offering of 10,800,000 common shares of the Company at a price to the public of $1.62 per share for gross proceeds to the Company of $17,496, before deducting the underwriters' fees and estimated offering expenses. The Company also granted the underwriters an option, exercisable at any time, in whole or in part, until the date that is 30 days following closing to purchase, at the offering price, 1,620,000 additional common shares to cover over-allotments and for market stabilization purposes. On August 7, 2020, the over-allotment option was exercised in full, for additional gross proceeds to the Company of $2,624. As a result, the total gross proceeds of the Offering were $20,120 before transaction related costs of $1,569, which were recorded in the consolidated statements of changes in shareholders' equity (deficiency).

On September 30, 2020, the Company closed an underwritten public offering of 16,847,500 common shares of the Company at a price of $2.05 per Offered Share for gross proceeds to the Company of $34,537. The gross proceeds included the full exercise of an over-allotment option by the underwriters, before transaction related costs of $2,512, which were recorded in the consolidated statements of changes in shareholders' equity (deficiency).

On November 27, 2020, the Company closed an underwritten public offering of 15,410,000 common shares of the Company at a price of $3.00 per Offered Share for gross proceeds to the Company of $46,230. The gross proceeds included the full exercise of an over-allotment option by the underwriters, before transaction related costs of $3,059 which were recorded in the consolidated statements of changes in shareholders' equity (deficiency).

13. Income taxes

Income tax recovery attributable to loss before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 26.5% (2019 - 26.5%) to pre-tax loss as a result of the following:

(expressed in thousands of Canadian dollars, except share amounts)

	2020	2019
	$	$
Profit (loss) before Income Tax	**(2,501)**	(12,757)
Income tax at statutory rate of 26.5%	**(663)**	(3,381)
Other	**1,014**	(169)
Permanent differences	**426**	1,683
Foreign Earnings subject to different rates	**-**	131
Tax benefits not recognized/ (previously unrecognized)	**897**	(181)
Income tax expense (recovery)	**1,674**	(1,917)
Current Tax	**1,932**	2,236
Deferred Tax	**(258)**	(4,153)
	1,674	(1,917)

The Company's deferred tax liability is a result of the origination and reversal of temporary differences. Net deferred tax liability as at December 31, 2020 and 2019 comprises of the following:

	2020	2019
Deferred tax asset:	**$**	$
Non- Capital loss carry-forwards - US	**1,213**	1,914
Reserves	**2,461**	429
Non-deductible Interest	**477**	1,983
Deferred tax liability:		
Property & Equipment,Intangible assets and goodwill	**16,734**	10,188
Net deferred tax liability	**12,584**	5,862

14. Other financial liabilities

Other financial liabilities as at December 31, 2020 and 2019 are comprised of the following:

	2020	2019
	$	$
Notes payable	**4,393**	8,595
Deferred consideration	**15,206**	21,189
Contingent consideration	**15,710**	13,826
Lease liability (note 16)	**15,610**	19,600
Other	**64**	5,635
	50,983	68,845
Current liabilities	**22,125**	35,734
Non-current liabilities	**28,858**	33,111
	50,983	68,845

Notes payable

As part of the consideration to acquire Northern Micro, the Company issued $6,000 of notes. The notes bear interest at a rate of 8% per annum and are payable quarterly. The Company was required to make partial repayments of $1,500 on or before May 9, 2018, and $1,500 on or before November 9, 2018. The remaining $3,000 was due on November 9, 2020. As at December 31, 2020, the notes were repaid in full.

During the year ended December 31, 2020, the Company recognized interest expense of $196 (2019 – $241).

As at December 31, 2020, SIS had three notes payable to a third party for the purchase of equipment in aggregate of $834 (2019 – $1,177). Interest on the notes payable range from 1.58% to 5.57% per annum and maturity dates are May 21, 2021, November 1, 2021, and March 16, 2024.

As at December 31, 2020, Essextec had a line of credit of $1,172 bearing a variable interest rate of 3.25% and $2,387 in notes payable to a third party due September 30, 2022 with an interest rate of 10% per annum payable quarterly, which existed prior to the acquisition by the Company (2019 – line of credit of $2,047 and notes payable of $2,371).

Deferred consideration – Northern Micro

Deferred consideration comprises earn-out payments due to sellers of Northern Micro for meeting certain EBITDA conditions over the three years following the date of acquisition. The fair value of the related consideration was $4,446 as at the date of acquisition.

On November 22, 2019, Northern Micro had attained the three-year maximum EBITDA conditions and the Company amended the share purchase agreement to guarantee the second-year payment of $3,750 by January 10, 2020 and third-year payment of $1,500 by January 8, 2021. The payments can be further extended for a period of up to six months with interest payable monthly at an annual rate of 8%. On July 9, 2020, the Company paid the second year earn-out payment of $3,750. As at December 31, 2020, the remaining deferred consideration was $1,768 (2019 – $5,518). Subsequent to year-end, on January 20, 2021, the Company paid the third year earn-out with accrued interest.

Deferred consideration – Nordisk

As part of the consideration to acquire Nordisk, deferred consideration of $2,617 ($2,000 USD) is payable to the selling shareholders of Nordisk. The promissory note bears interest at a rate of 8% per annum payable quarterly. The Company is required to make partial repayments of $1,000 USD on January 1, 2021 and $1,000 USD on July 1, 2022. The company repaid the first $1,273 ($1,000 USD) on December 31, 2020. The promissory note payable balance as at December 31, 2020 was $1,328 (2019 – $2,598). Interest expense recognized for the year ended December 31, 2020 was $268 (2019 - $53).

Deferred consideration – Datatrend

As part of the consideration for the acquisition, Datatrend issued a $3,310 ($2,500 USD) promissory note. The promissory note bears interest at a rate of 7% per annum and is payable quarterly. The Company is required to fully repay the promissory note on September 30, 2022. The promissory note payable balance as at December 31, 2020 was $3,183 (2019 – $3,049). Interest expense recognized for the year ended December 31, 2020 was $241 (2019 – nil).

As part of the consideration for the acquisition, Datatrend issued a $4,790 ($3,618 USD) working capital promissory note. The promissory note bears interest at a rate of 5.25% per annum and is payable quarterly. The Company repaid the promissory note in full on October 1, 2020 and the promissory note payable balance as at December 31, 2020 was nil (2019 – $4,699). Interest expense recognized for the year ended December 31, 2020 was $183 (2019 – $63).

Deferred consideration – VSS

As part of the consideration for the acquisition, VSS issued a $3,422 ($2,600 USD) promissory note. The promissory note bears interest at a rate of 7% per annum and is payable quarterly. The Company was required to repay the promissory note on January 31, 2020, which was fully repaid (December 31, 2019 – $3,377) (Note 4). Interest expense recognized for the year ended December 31, 2020 was $34 (2019 – nil).

As part of the consideration for the acquisition, VSS issued three promissory notes of $500 USD each. The promissory notes bear interest at a rate of 7% per annum and are payable quarterly. The Company was required to repay each promissory note on January 30, 2020, April 29, 2020, and May 1, 2021. The first promissory note was fully repaid on January 31, 2020; the second was fully repaid on April 30, 2020. The promissory note payable balance of $637 has been included in deferred consideration as of December 31, 2020 (2019 – $1,948). Interest expense recognized for the year ended December 31, 2020 was $127 (2019 – nil).

Deferred consideration – PCD

As part of the consideration for the acquisition, PCD issued a $4,860 promissory note. The promissory note bears interest at a rate of 3.7% per annum and is payable quarterly. The Company is required to repay $1,620 of the promissory note on February 6, 2021, February 6, 2022, and February 6, 2023. The promissory note payable balance as at December 31, 2020 was $4,860 (December 31, 2019 – nil) (Note 4). Interest expense recognized for the year ended December 31, 2020 was $373 (2019 – nil).

Deferred consideration – Unique Digital

As part of the consideration for the acquisition, Unique Digital issued a $3,190 ($2,400 USD) promissory note. The promissory note bears interest at a rate of 7% per annum and is payable quarterly. The Company is required to repay $800 of the promissory note on October 1, 2021, October 1, 2022, and October 1, 2023. The promissory note payable balance as at December 31, 2020 was $3,056 (December 31, 2019 – nil) (note 4). Interest expense recognized for the year ended December 31, 2020 was $22 (2019 – nil).

Contingent consideration – Lighthouse

Contingent consideration comprises earn-out payments due to key employees of Lighthouse for meeting certain EBITDA conditions over the three years following the date of acquisition. The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on a Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate of 18.0% and a volatility factor of 30.0%. On April 1, 2020, the Company paid the year one earn-out in the amount of $3,830 ($2,700 USD). As at December 31, 2020, the fair value of contingent consideration was $4,903 (2019 – $8,509), with a fair value increase of $643 recognized in the consolidated statements of loss and comprehensive loss (2019 – $2,140).

(expressed in thousands of Canadian dollars, except share amounts)

Contingent consideration – VSS

Contingent consideration comprises earn-out payments due to sellers of VSS for meeting certain EBITDA conditions over the three years following the date of acquisition (see Note 4). The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on a Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate of 12.2% and a volatility factor of 25.0%. As at December 31, 2020, the fair value of contingent consideration was $4,819 (2019 – $4,916 with a reversal of $1,452 recognized in the consolidated statements of loss and comprehensive loss (2019 – nil).

Contingent consideration – PCD

Contingent consideration comprises earn-out payments due to sellers of PCD for meeting certain EBITDA conditions over the three years following the date of acquisition (see Note 4). The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on a Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate of 16.5% and a volatility factor of 40.0%. As at December 31, 2020, the fair value of contingent consideration was $2,299 (December 31, 2019 – nil), with a fair value increase of $948 recognized in the consolidated statements of loss and comprehensive loss (2019 – nil).

Contingent consideration – Unique Digital

Contingent consideration comprises earn-out payments due to the seller of Unique Digital for meeting certain EBITDA conditions over the three years following the date of acquisition (see Note 4). The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on a Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate of 12.5% and a volatility factor of 45.0%. As at December 31, 2020, the fair value of contingent consideration was $980 (2019 – nil).

Contingent consideration – Vivvo

Contingent consideration comprises earn-out payments due to sellers of Vivvo for meeting certain EBITDA conditions over the three years following the date of acquisition (see Note 4). The fair value of contingent consideration is classified as Level 3 in the fair value hierarchy and was determined based on a Monte Carlo simulation using various assumptions including EBITDA forecast, a discount rate of 12.0% and a volatility factor of 45.0%. As at December 31, 2020, the fair value of contingent consideration was $1,623 (2019 – nil).

15. Selling, general and administrative expenses

Components of selling, general and administrative expenses for the years ended December 31, 2020 and 2019 were as follows:

	2020 **$**	2019 $
Salaries and benefits	**154,168**	111,030
Professional fees	**6,019**	4,648
Office and travel	**16,203**	15,857
Marketing events	**416**	2,078
Other expenses	**891**	286
Total	**177,697**	133,899

(expressed in thousands of Canadian dollars, except share amounts)

16. Leases

The Company has entered into leases for office building leases and computer equipment with maturities and interest rates ranging from 2022 to 2028 and 3% to 10%. The lease obligations are classified in the consolidated statements of financial position as other financial liabilities. Future minimum lease payments required under finance lease obligations until maturity are as follows:

	December 31, 2020	December 31, 2019
	$	$
Minimum lease payments		
2021	7,208	-
2022	4,446	7,980
2023	2,223	6,582
2024	980	3,793
2025 and onwards	1,736	4,324
	16,603	22,679
Less: future finance charges	(993)	(3,079)
Present value of minimum lease payments	15,610	19,600
Current liabilities	7,570	6,710
Non-current liabilities	8,040	12,890
	15,610	19,600

17. Related party transactions

During the year ended December 31, 2017, the Company entered into a lease arrangement with an executive employee of the Company for a period of five years ending on October 31, 2022. The Company is obligated to make payments of $262 on an annual basis under the lease arrangement. For the year ended December 31, 2019, the Company made rental payments of $262 (2019 - $262) under this arrangement.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly, including the Company's directors and officers.

Total amounts expensed for the Company's key management personnel was $5,544 for the year ended December 31, 2020 (2019 - $3,982) and includes salaries, bonuses, advisory fees, short-term employment benefits and other personnel costs.

On September 4, 2019, the Company entered into a loan agreement with a key management person, advancing principal of $250 with interest on the unpaid principal balance at the rate of 2.48% per annum. The outstanding principal and interest is due on the earlier of September 3, 2022, or the date on which the individual resigns from or is terminated by the Company. As at December 31, 2020, $258 remains outstanding on the loan receivable (2019 – $252).

On July 31, 2020, the Company entered into loan agreements with key management personnel, advancing principal totaling $1,000 to purchase common shares of the Company, with interest on the unpaid principal balance at the rate of 1% per annum, equal to the prescribed rate by the Canada Revenue Agency. The outstanding principal and interest is due on the earlier of July 31, 2027, or the date upon which the common shares are transferred, assigned or conveyed. As at December 31, 2020, a total of $1,004 remains outstanding on the loans receivable (2019 – nil).

(expressed in thousands of Canadian dollars, except share amounts)

18. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholder's equity and non-cash working capital financial liabilities.

Total managed capital as at December 31, 2020, and 2019 is as follows:

	2020	2019
	$	$
Notes payable	**4,393**	8,595
Debentures	**-**	3,629
Borrowings	**139,163**	156,696
Contingent consideration	**15,710**	13,826
Convertible debenture	**-**	5,114
NCIB liability	**-**	5,635
Common shares	**135,354**	20,612
Warrants	**-**	243
Equity portion - convertible debenture	**-**	307
Exchange rights	**4,853**	6,773
Deficit	**(39,277)**	(37,881)
	260,196	183,549

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

19. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at December 31, 2020, no customer represented greater than 10% of the outstanding receivable balance.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The Company has a $1,374 allowance for doubtful accounts as at December 31, 2020 (2019 – $1,334).

(expressed in thousands of Canadian dollars, except share amounts)

The aging of trade receivables is as follows:

Due within	**2020** **$**	2019 $
30 days	**240,172**	165,302
30 to 60 days	**44,580**	26,137
60 to 90 days	**21,283**	7,953
90 to 120 days	**16,754**	5,588
> 120 days	**15,320**	5,270
	338,109	210,250

Liquidity risk and going concern

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows and the issuance of share capital.

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

The Company's objective in managing liquidity risk is to ensure that there are sufficient committed borrowings in order to meet its liquidity requirements. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis, taking into account its anticipated cash flows from operations and its borrowing capacity. The Company's ability to continue as a going concern for the next 12 months involves significant judgment and is dependent on the availability under the Company's borrowings, the Company's ability to renew its borrowings and its ability to generate positive cash flows from operating activities. Based on current funds available and expected cash flow from operating activities, management believes that the Company has sufficient funds available to meet its liquidity requirements for the foreseeable future. However, if cash from operating activities is significantly lower than expected, if the Company incurs major unanticipated expenses, if the Company experiences a significant decrease in revenue or if the Company's borrowings are called, it may be required to seek additional capital in the form of debt or equity or a combination of both. Management's current expectations with respect to future events are based on currently available information and the actual outcomes may differ materially from those current expectations.

(expressed in thousands of Canadian dollars, except share amounts)

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Year 2	Year 3	Year 4+
	$	$	$	$	$	$
Trade and other payables	398,003	398,003	398,003	-	-	-
Lease commitments	15,610	15,610	6,215	4,446	2,233	2,716
Other financial liabilities	35,374	35,374	14,554	13,551	6,349	919
Borrowings	139,163	145,048	137,327	6,291	1,430	-
	588,150	**594,035**	**556,099**	**24,288**	**10,012**	**3,635**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates. The Company is not exposed to significant foreign currency exchange risk as it has minimal sales and purchase contracts denominated in currencies other than the functional currency of the Company and its subsidiaries.

Since the Company's reporting currency is Canadian dollars and the Company has significant US operations with US dollars as the functional currency for those operations, the Company is exposed to foreign currency fluctuations on its reported amounts of US assets and liabilities. As at December 31, 2020, the Company had net liabilities of $13,527 (2019 – $14,585) denominated in US dollars. A 10% change in exchange rates between the US and Canadian dollar would not result in a material impact on the Company's net liabilities recorded on the Company's consolidated statements of financial position. All such changes are recorded to other comprehensive loss.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fluctuations in interest rates since a significant portion of its capital structure consists of variable rate debt in the form of borrowings. The ABL credit facilities carry floating interest rates that are tied to CIBC prime rate and, therefore, the Company's financial statements will be exposed to changes in interest rates. As at December 31, 2020, the Company had $116,285 (2019 - $125,084 of variable rate debt. A 100 basis points increase or decrease in the interest rates would result in an additional interest expense of $1,163 (2019 - $1,251) for the year ended December 31, 2020.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risks as at December 31, 2020.

Fair values

The carrying values of cash, restricted cash, trade and other receivables, trade and other payables, lease payable, notes payable, and debentures approximate fair values due to the initial recognition at fair value near December 31, 2020, short-term nature of these items or being carried at fair value. The carrying amounts of the Company's borrowings approximate their fair values since they bear interest at rates comparable to market rates at the end of the reporting period. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Contingent consideration is classified as a Level 3 financial instruments. The valuation method and significant assumptions used to determine the fair value of contingent consideration has been disclosed in note 14. During the year, there were no transfers of amounts between levels.

20. Segmented information

The Company's Chief Executive Officer ("CEO") has been identified as the chief operation decision maker ("CODM"). The CEO evaluates the performance of the Company and allocates resources primarily based on revenue and gross profit as provided by the Company's internal management system at a consolidated level. The CEO may also consider industry trends and other externally available financial information when evaluating the performance of the Company. As a result of significant operational integration activities undertaken by the Company in the first half of 2020, the Company has determined that it is only one operating segment: hybrid IT solutions. This segment engages in business activities from which it earns product and service revenues and incurs expenses.

Revenue from US operations for the year ended December 31, 2020 was $738,144 (2019 – $570,285). Revenue from Canadian operations for the year ended December 31, 2020 was $210,655 (2019 – $117,511).

(expressed in thousands of Canadian dollars, except share amounts)

The following sets forth long-lived assets attributable to Canada (the Company's country of domicile), and the United States. The two regions hold all of the Company's long-lived assets.

December 31, 2020	**Property and equipment**	**Intangible assets**	**Goodwill**	**Total**
	$	**$**	**$**	**$**
United States	**21,486**	**91,585**	**92,980**	**206,052**
Canada	**2,072**	**17,340**	**17,088**	**36,500**
	23,558	**108,926**	**110,068**	**242,552**

December 31, 2019	Property and equipment	Intangible assets	Goodwill	Total
	$	$	$	$
United States	25,651	80,810	74,132	180,593
Canada	1,777	11,237	6,139	19,153
	27,428	92,047	80,271	199,746

21. Contingencies

In the normal course of operations, the Company is party to legal claims and contingencies. Accruals are made in instances where it is probable that liabilities have been incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters will have a material impact on its financial position.

On December 4, 2019, Key Information Systems, Inc. ("Key") was served with a letter from the Los Angeles City Attorney's Office regarding an investigation into certain transactions relating to goods and services provided by or through Key to the City's Department of Building and Safety from the time period January 2012 to November 2017, prior to its indirect acquisition by the Company. On December 9, 2020, the two parties reached agreement to settle all claims and the Company paid an undisclosed amount on January 19, 2021 that did not have a material impact on the Company's operations or financial position.

22. Special charges

The Company has presented certain costs by nature under *Special charges*, to present separately expenses of the Company that are generally non-recurring and highly variable and may differ in amount and frequency from the Company's ongoing operating costs. Special charges consist primarily of restructuring-related expenses for employee terminations, lease terminations, and restructuring of acquired companies, as well as certain legal fees or provisions related to acquired companies. From time to time, it may also include adjustments in the fair value of contingent consideration, and other such non-recurring costs related to restructuring, financing, and acquisitions. As a result, expenses previously presented as *Transaction costs - acquisitions, including retention bonuses* in the comparative periods have been reclassified to conform to current presentation of the Consolidated statements of loss and comprehensive loss.

(expressed in thousands of Canadian dollars, except share amounts)

Special charges for the years ended December 31, 2020, and 2019 are detailed in the following table:

	2020	2019
	$	$
Restructuring related costs	**4,060**	-
Change in fair value of contingent consideration	**1,127**	1,299
Legal and advisory costs	**4,128**	-
Transaction costs	**2,056**	9,341
Financing related costs	**3,692**	-
Special charges	**15,063**	10,640

23. Provisions

Provisions include accruals for legal claims, restructuring and special charges, and are measured based on the Company's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The following table details the Company's provisions, which is included in trade and other payables on the consolidated statement of financial position, as at December 31, 2020:

	$
At December 31, 2019	**-**
Provisions expensed	4,748
Utilized during the period	(1,465)
At December 31, 2020	**$ 3,283**

24. Subsequent events

Acquisition of CarpeDatum

On January 6, 2021, the Company acquired all of the issued and outstanding shares of CarpeDatum LLC, ("CarpeDatum"), a Colorado-based analytics consulting organization. The transaction will be accounted for as a business combination. Consideration for the purchase consisted of (i) $1,592 in cash; (ii) $1,591 for the issuance of a right to exchange Class B membership interests for an aggregate of 367,644 common shares of the Company; and (iii) up to an aggregate of $3,182 in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones.

Acquisition of Accudata

On February 12, 2021, the Company acquired all of the issued and outstanding shares of Accudata Systems, Inc., ("Accudata"), a Texas-based IT consulting and integration firm that provides infrastructure and security solutions and services. The transaction will be accounted for as a business combination. Consideration for the purchase consisted of (i) $9,549 in cash; (ii) working capital adjustment of $3,790; and (iii) up to an aggregate of $14,004 in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones.

Public Offering

On January 5, 2021, the Company announced that it had entered into an agreement with a syndicate of underwriters, pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, 10,310,000 common shares of the Company ("Offered Shares") at a price of $4.85 per Offered Share (the "Issue Price") for gross proceeds to the Company of $50,004 (the "Offering"), before deducting the underwriters' fees and estimated offering expenses. On January 6, 2021, the Company announced that it amended the agreement to increase the Offered Shares to 15,500,000, for a total Offering of $75,175. The Company also granted the underwriters an option, exercisable at any time, in whole or in part, until the date that is 30 days following closing to purchase, to purchase 2,325,000 additional common shares to cover over-allotments and for market stabilization purposes. On January 15, 2021, the over-allotment option was exercised in full, increasing the aggregate gross proceeds of the Offering to $86,451. After deducting transaction costs of $5,306, the net proceeds to the Company were $81,145.