Consolidated Financial Statements

Converge Technology Solutions Corp.

For the years ended December 31, 2022 and 2021

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, 2022 and 2021, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including 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, 2022 and 2021, 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 our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our 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, 2022, the Company has $563.8 million of goodwill recorded on the consolidated statement 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 for each of the two groups 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 for	To test the estimated recoverable amount for each of the two groups 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 models; • 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 models, valuation methodology, and certain significant assumptions,

each of the two groups 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.

including the cash flow projections, and discount 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 rates, to evaluate changes in the recoverable amount for each of the two 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 ten acquisitions during the year ended December 31, 2022. The total purchase price for the business combinations was $529.4 million, including contingent consideration of $17.4 million in relation to 1CRM, CBI, and GfdB. The purchase price allocation includes goodwill of $212.5 million and intangible assets of $263.1 million as at the respective acquisition dates. The determination of the fair value of intangible assets acquired and contingent consideration required management to engage a third-party specialist and to make significant estimates and assumptions over the projected financial information including: forecasted revenue growth rates, margin percentages and discount rates.

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 the determination of fair value. The valuation of intangible assets and contingent consideration is subject to estimation uncertainty due to management's judgment in determining key assumptions. Changes to these key 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 15, 2023

Converge Technology Solutions Corp.

Consolidated Statements of Financial Position
(expressed in thousands of Canadian dollars)

	Notes	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash		**$ 159,890**	$ 248,193
Restricted cash		**5,230**	-
Trade and other receivables	5	**781,683**	416,499
Inventories		**158,430**	104,254
Prepaid expenses and other assets		**23,046**	11,762
		1,128,279	780,708
Long-term assets			
Property, equipment, and right-of-use assets, net	6	**88,352**	30,642
Intangible assets, net	7	**463,751**	233,586
Goodwill	8	**563,848**	323,284
Other non-current assets		**4,646**	617
Total assets		**$ 2,248,876**	$ 1,368,837
Liabilities			
Current liabilities			
Trade and other payables		**$ 824,924**	$ 519,434
Borrowings	9	**421,728**	816
Other financial liabilities	12	**123,932**	29,407
Deferred revenue		**60,210**	27,581
Income taxes payable		**7,112**	13,977
		1,437,906	591,215
Long-term liabilities			
Other financial liabilities	12	**77,183**	85,296
Borrowings	9	**-**	412
Deferred tax liability	11	**102,977**	43,086
Total liabilities		**$ 1,618,066**	$ 720,009
Shareholders' equity			
Common shares	10	**595,019**	633,489
Contributed surplus	10	**7,919**	2,325
Exchange rights	4,10	**1,705**	2,396
Accumulated other comprehensive income		**13,708**	329
Deficit		**(18,441)**	(25,050)
Total equity attributable to shareholders of Converge		**599,910**	613,489
Non-controlling interest	21	**30,900**	35,339
		630,810	648,828
Total liabilities and shareholders' equity		**$ 2,248,876**	$ 1,368,837

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

On behalf of the Board:

"Signed"
Director - Shaun Maine

"Signed"
Director – Darlene Kelly

Converge Technology Solutions Corp.

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

For the years ended December 31,	Notes		2022		2021*
Revenues					
Product	3[e]	**$**	**1,700,667**	$	1,038,196
Service			**463,980**		291,541
Total revenue	18,3[e]		**2,164,647**		1,329,737
Cost of sales			**1,613,879**		984,033
Gross profit			**550,768**		345,704
Selling, general and administrative expenses	13		**413,644**		254,805
Income before the following			**137,124**		90,899
Depreciation and amortization			**75,114**		36,473
Finance expense, net	12		**19,860**		7,801
Special charges	19		**38,146**		19,701
Share-based compensation	10		**5,594**		2,325
Other (income) expense	22		**(20,375)**		625
Income before income taxes			**18,785**		23,974
Income tax (recovery) expense	11		**(4,059)**		7,608
Net income		**$**	**22,844**	$	16,366
Net income (loss) attributable to:					
Shareholders of Converge			**27,283**		15,946
Non-controlling interest	21		**(4,439)**		420
		$	**22,844**	$	16,366
Other comprehensive income					
Item that may be reclassified subsequently to income:					
Exchange (gain) loss on translation of foreign operations			**(13,379)**		488
Comprehensive income		**$**	**36,223**	$	15,878
Comprehensive income (loss) attributable to:					
Shareholders of Converge			**40,662**		15,458
Non-controlling interest	21		**(4,439)**		420
		$	**36,223**	$	15,878
Net income per share attributable to shareholders of Converge:					
Net income per share – basic		**$**	**0.13**	$	0.09
Net income per share – diluted		**$**	**0.13**	$	0.08
Weighted average number of shares outstanding – basic			**213,103,919**		185,810,548
Weighted average number of shares outstanding – diluted			**215,806,172**		187,939,297

*The Company applied a change in accounting policy causing certain revenue and cost of sales to be reclassified in the comparative period. See Note 3[m].

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

Converge Technology Solutions Corp.

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

	Notes	Common shares #	Common shares $	Contributed surplus $	Exchange rights $	Accumulated other comprehensive income $	Deficit $	Non-controlling interest (NCI) $	Total $
Balance, December 31, 2020		**143,580,081**	**135,354**	**-**	**4,853**	**817**	**(39,277)**	**-**	**101,747**
Share-based compensation	10	-	-	2,325	-	-	-	-	2,325
Issuance of exchange rights	4	-	-	-	1,875	-	-	-	1,875
Exercise of exchange rights	(i), (ii), (iii)	5,438,788	4,332	-	(4,332)	-	-	-	-
Shares issued from treasury for public offering	10	65,377,500	493,803	-	-	-	-	-	493,803
Shares issued from private placement	10	-	-	-	-	-	-	33,200	33,200
Non-controlling interest	21	-	-	-	-	-	(1,719)	1,719	-
Net income and comprehensive income		-	-	-	-	(488)	15,946	420	15,878
Balance, December 31, 2021		**214,396,369**	**633,489**	**2,325**	**2,396**	**329**	**(25,050)**	**35,339**	**648,828**
Share-based compensation	10	-	-	5,594	-	-	-	-	5,594
Exercise of exchange rights	(i), (ii), (iii)	978,567	691	-	(691)	-	-	-	-
Share repurchase commitment under normal course issuer bid (NCIB)	10	-	(19,835)	-	-	-	-	-	(19,835)
Shares repurchased under NCIB	10	(6,562,718)	(19,326)	-	-	-	(20,674)	-	(40,000)
Net income and comprehensive income		-	-	-	-	13,379	27,283	(4,439)	36,223
Balance, December 31, 2022		**208,812,218**	**595,019**	**7,919**	**1,705**	**13,708**	**(18,441)**	**30,900**	**630,810**

(i) Purchase consideration for SIS included the issuance of a right to exchange 8,000,000 Class B membership interests for 8,000,000 common shares of the Company. During the year ended December 31, 2022, 500,000 Class B membership interests (2021 – 3,000,000) were exchanged to 500,000 common shares (2021 – 3,000,000) at $0.64 per share for a value of $320 (2021 – $1,920). As of December 31, 2022, all Class B membership interests of SIS have been exchanged for common shares and nil are issued and outstanding (2021 – 500,000).

(ii) Purchase consideration for VSS included the issuance of a right to exchange 2,871,400 Class B membership interests for 2,871,400 common shares of the Company. During the year ended December 31, 2022, 478,567 Class B membership interests (2021 – 2,392,833) were exchanged to 478,567 common shares (2021 – 2,392,833) at $0.78 per share for a value of $371 (2021 – $2,177). As of December 31, 2022, all Class B membership interests of VSS have been exchanged for common shares and nil are issued and outstanding (2021 – 478,567).

(iii) Purchase consideration for CarpeDatum included the issuance of a right to exchange 367,344 Class B membership interests for 367,644 common shares of the Company. During the year ended December 31, 2022, nil Class B membership interests (2021 – 49,555) were exchanged to nil common shares (2021 – 49,555) at $5.10 per share for a value of nil (2021 – 234). As of December 31, 2022, 321,689 Class B membership interests of CarpeDatum are issued and outstanding (2021 – 321,689).

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)

December 31,	Notes		2022		2021
Cash flows from operating activities					
Net income		**$**	**22,844**	$	16,366
Adjustments to reconcile net income to net cash from operating activities					
Depreciation and amortization	6,7		**80,065**		39,587
Unrealized foreign exchange (gains) losses	22		**(19,581)**		645
Share-based compensation expense	10		**5,594**		2,325
Finance expense, net	12		**19,860**		7,801
Change in fair value of contingent consideration	19		**14,033**		5,100
Income tax (recovery) expense	11		**(4,059)**		7,608
			118,756		79,432
Changes in non-cash working capital items	23		**(77,170)**		7,633
Cash from operating activities			**41,586**		87,065
Cash flows used in investing activities					
Purchase of property and equipment	6		**(23,942)**		(6,310)
Proceeds on disposal of property and equipment	6		**299**		187
Repayment of contingent consideration	12		**(10,135)**		(5,502)
Repayment of deferred consideration	12		**(11,501)**		(5,627)
Business combinations, net of cash acquired	4		**(418,147)**		(260,550)
Cash used in investing activities			**(463,426)**		(277,802)
Cash flows from financing activities					
Transfers to restricted cash			**(4,411)**		-
Interest paid			**(10,309)**		(5,742)
Dividend paid			**(1,084)**		-
Payments of lease liabilities			**(12,290)**		(10,044)
Proceeds from issuance of common shares and warrants	10		**-**		493,883
Proceeds from equity funding by a non-controlling interest	10		**-**		33,200
Repurchase of common shares	10		**(40,000)**		-
Repayment of notes payable	12		**(236)**		(4,086)
Net proceeds from (repayment of) borrowings	12		**404,640**		(135,827)
Cash from financing activities			**336,310**		371,384
Net change in cash during the period			**(85,530)**		180,647
Effect of foreign exchange on cash			**(2,773)**		2,779
Cash, beginning of period			**248,193**		64,767
Cash, end of period		**$**	**159,890**	$	248,193

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 and share prices)

December 31, 2022 and 2021

1. Nature of business

Converge Technology Solutions Corporation, which includes its global subsidiaries (the "Company" or "Converge"), is a Hybrid IT solution provider with operations in North America and Europe, focused on delivering advanced analytics, cloud, cybersecurity, digital infrastructure, and managed services offerings as well as the provision of hardware and software products and solutions to clients across various industries and organizations.

The Company's common shares are listed on the Toronto Stock Exchange under the symbol "CTS".

The Company was incorporated on November 29, 2016. The Company's registered head office is 85 Rue Victoria, Gatineau, Quebec, J8X 2A3 and the head office of the Company is located at 161 Bay Street, Suite 2325, Toronto, Ontario, M5J 2T6.

The Company has the following material wholly owned subsidiaries as at December 31, 2022:

OHC International, LLC, Corus 360 Limited ("Corus")	Acumetrics Business Intelligence Inc. ("Lighthouse")
Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC ("Essex")	Portage CyberTech Inc., 10084182 Canada Inc. o/a Becker-Carroll, Vivvo Application Studios, OPIN Digital Inc., OPIN Digital Corp., 1CRM Systems Corp., Solutions Notarius Inc. ("Portage")
Converge Technology Hybrid IT Solutions Europe Ltd. ("Converge Europe")	Converge Technology Solutions US, LLC
Solutions P.C.D. Inc, P.C.D. Consultation Inc. ("PCD")	Newcomp Analytics Inc., Newcomp Analytics Inc, Newcomp Solutions (USA), Inc ("Newcomp")
Infinity Systems Software, Inc. ("Infinity Systems")	Converge Technology Partners Inc.
Accudata Systems LLC ("Accudata")	Northern Micro Inc. ("Northern Micro")
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V ("ExactlyIT")	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC ("VSS")
Creative Breakthroughs, Inc. ("CBI")	Unique Digital, Inc. ("Unique Digital")
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd. ("IDX")	CarpeDatum LLC ("CarpeDatum")
Gesellschaft für digitale Bildung GmbH. Institut für modern Bildung GmbH, DEQSTER GmbH ("GfdB")	Dasher Technologies, Inc. ("Dasher")
PC Specialists, Inc., Itex, Inc., TIG Asia Limited, Technology Integration Group Hong Kong Limited, TIG (Shanghai) Co., Ltd. ("TIG")	Vicom Infinity, Inc ("Vicom Infinity")
Rednet AG ("Rednet")	PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC., Paragon Staffing, LLC. ("PDS")
Stone Technologies Group Ltd., Granite One Hundred Holdings Ltd., Stone Computers Ltd., Stone Technologies Ltd., Compusys Ltd. ("Stone")	Visucom GmbH ("Visucom")

2. Basis of preparation

[a] Statement of compliance

These consolidated 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 15, 2023.

[b] Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis unless otherwise noted.

[c] Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022 and 2021.

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. The non-controlling interest component of the Company's subsidiaries is included as a separate component in equity (Note 21).

[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 consolidated 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 consolidated 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 17.

[i] Geopolitical events and market uncertainty

The residual impacts of COVID-19, and the recent escalation in conflict between Russia and Ukraine, have disrupted supply chains and caused instability in the global economy, which has affected the Company in a number of ways. To date, some of the Company's key vendors have experienced supply shortages as it relates to product available for delivery to Converge's customers. As a result, the Company is experiencing higher than normal product backlog in its pipeline. In response, during the period, Converge has proactively increased its inventory levels where possible to alleviate supply chain pressures. The Company continues to work closely with key vendors and proactively manages inventory levels to mitigate the impact of industry wide supply constraints. In addition, businesses are experiencing economic uncertainty driven by market volatility in commodity prices high inflation, high interest rates and increasing energy cost. The impact of these events could include increase in expenses and financing costs.

[ii] Revenue recognition

Multiple performance obligation arrangements

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.

Gross versus net revenue presentation assessment

The determination by the Company as to whether it acts as a principal in a transaction and recognizes revenue on the gross amount billed to a customer, or as an agent, and reports the sales transaction on a net basis (Note 3[d]) requires significant judgement. In making its judgement, the Company considers all facts and circumstances with respect to its contract with the customer and applies the guidance under IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) to each distinct performance obligation on whether it acts as a principal or agent in determining if the revenue should be recognized on a gross or net basis.

[iii] 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.

[iv] Goodwill impairment

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. For the purposes of impairment testing, goodwill acquired through business combinations is allocated to a cash generating unit ("CGU") or group of CGUs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Significant judgment is involved in determining the smallest group of assets that generates independent cash flows. The Company is required to estimate the recoverable amount of goodwill annually, which requires the Company to use significant judgement in determining the fair value of the CGU, including estimates and assumptions of growth rates, foreign exchange rates, discount rates, future operating performance and capital requirements. Any changes in rates or assumptions used by the Company as a result of industry uncertainties, changing economic conditions or other events could negatively affect future assessments of the recoverable amount of a CGU.

[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* 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 is reasonably certain that the option will be renewed.

[vii] Valuation of share-based payments

Management measures the costs for share-based payments 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.

[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.

Business combinations are accounted for using the acquisition method of accounting, which requires the Company to identify and attribute values and estimated lives to the identifiable intangible assets acquired based on their estimated fair value. The purchase consideration of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any NCI in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in special charges.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial asset or liability will be recognized in accordance with *IFRS 9 – Financial Instruments: Classification and Measurement*.

[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

Cash includes cash on hand and cash deposits in financial institutions and short-term deposits with an original maturity of three months or less.

[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 consolidated statements of income and comprehensive income.

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 income (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 first in, first out 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 primarily of computer equipment, 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 the sale of products and services. Product includes computer and data centre equipment, software licenses and other end-user devices and peripherals. The Company provides a wide range of value-added services such as design, integration, installation, maintenance, analysis, implementation and managed services primarily in the areas of data analytics, hybrid cloud and cloud transformation, workplace and data centre 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.

Revenue recognition for product sales

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.

Hardware revenue is recognized on a gross basis as the Company has concluded that it is acting as a principal in these transactions, with the selling price to the customer recorded as revenue and the cost of the product recorded as cost of sales. The Company recognizes revenue from these transactions at a point in time when control has passed to the customer, which is usually upon delivery of the product to the customer.

In some instances, the customer agrees to buy the product from the Company but requests delivery at a later date, commonly known as bill-and-hold arrangements. For these transactions, the Company deems that control passes to the customer when the product is ready for delivery. The Company considers products ready for delivery for revenue recognition purposes when i) the customer has a signed agreement or acknowledgment and the reason for the bill and hold must be substantive, ii) significant risk and rewards for the products and the ability to direct the assets, and iii) the products have been set aside specifically for the customer and cannot be redirected to another customer.

Software revenue is derived from the sale of software licenses which are primarily made up of on-premise licenses and SaaS or subscription-based licenses. On-premise software licenses are typically perpetual use licenses that can be deployed in the customer's infrastructure and allow the customer to use the vendor's software, and are typically sold with third-party software maintenance which is a separate, distinct performance obligation (see services revenue below). SaaS or subscription-based licenses provide the customer with access to the vendor's software that is hosted in the cloud.

For fiscal 2022, the Company adopted the IFRS Interpretation Committee (IFRIC) decision with respect to revenue from the resale of standard software licenses on a principal or agent recognition basis under IFRS 15. See [n] New standards, amendments and interpretations adopted by the Company, which had an isolated impacted to revenue and cost of sales, with nil impact to reported gross profit or net income. As a result, revenue from the sale of software licenses, when sold on a standalone basis, is recognized on a net basis, with revenue measured at the gross margin on the sale (revenue less cost of sale), as the Company has determined that it is acting as an agent for the software vendor in these transactions. Revenue is recorded at the time of invoice, as the Company has fulfilled its responsibilities as an agent in the transaction.

The Company may also sell on-premise software that is installed on the customer's hardware, as a pre-set bundle that is delivered as a single good. In these instances, the Company has determined that it is the principal for both performance obligations and revenue is recognized on a gross basis, at a point in time when control has passed to the customer, which is usually upon delivery of the product to the customer.

Revenue recognition for 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. Periodically, amounts are received in advance of the associated service being performed, these amounts are recorded as deferred revenues.

The Company commonly enters into contracts with third-party service providers or vendors for hardware or software maintenance, and third-party hosted cloud computing solutions. 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.

[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:

Land	Indefinite
Buildings	30 years
Computer hardware and equipment	3-10 years
Furniture and fixtures	3-10 years
Right-of-use assets	Term of lease
Leasehold improvements	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, the Company will make 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 consolidated statements of income and comprehensive income.

[f] Intangible assets and goodwill

[i] Intangible assets

Intangible assets consist of customer relationships, developed technology, 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. Depreciation is recorded over the estimated useful lives as outlined below:

Customer relationships	4-10 years
Trade name and trademarks	2-10 years
Computer software	3-10 years
Developed technology	4-8 years
Managed services contracts	Length of contract

[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 identified two groups of CGUs, at which goodwill is monitored for internal management purposes: i) Portage SaaS solutions, and ii) Converge hybrid IT solutions.

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 income and comprehensive income 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 consolidated 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 are 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 income and comprehensive income 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 consolidated 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 income (loss) or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income (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] Income per share

The Company presents basic and diluted income per share data for its common shares. Basic income per share is calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income per share is determined by adjusting the income 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 upon exercise of shared based compensation, and exercise of certain membership interests convertible for common shares of the Company.

[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 financial liabilities.

Subsequent to initial recognition other financial 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

Classification as debt or equity

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
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Deferred consideration	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 is 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 statements of income and comprehensive income 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, 2022:

Change in accounting policy

In December 2021, the IFRS Interpretation Committee (IFRIC) published a tentative agenda decision ("the Agenda Decision") in response to a submission from a software reseller, which introduced new interpretations and context, to determine whether an entity should treat revenue from the resale of standard software licenses on a principal or agent recognition basis under IFRS 15. The Committee introduced certain discrete points for entities to consider but did not reach a definitive conclusion and maintained that an entity should apply judgement in making its assessment under the principles contained within IFRS 15, using the specific facts and circumstances relevant to the entity and the transactions or contracts with its customers. Following its May 2022 meeting, IFRS finalized and approved the Agenda Decision.

At December 31, 2022, the Company completed its analysis, which entailed a comprehensive review of the Company's reseller agreements, and assessing all relevant facts and circumstances, and applying a judgement. The Company has concluded, in response to the Agenda Decision, that its role in reselling software more closely reflects that of an agent, and that an accounting policy change in favour of agent (and net) presentation should be adopted for all software products that were previously recorded as principal and presented on a gross basis.

The Company considered the following factors, as raised by the Agenda Decision, in reaching this conclusion:

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

i. The removal of pre-sales advice as an explicit or implicit promise in a contract. The Company did not previously consider pre-sales advice as a separate performance obligation but factored these services into the consideration of the concept of “control” of licenses.

ii. In the case of software products, there is no inventory risk before the customer is provided with the licences, the risk arises after that point until the customer accepts the licences.

iii. In the case of software products, the software manufacturer is responsible for the software’s functionality, in addition to issuing and activating the licenses, and is therefore responsible in those respects for fulfilling the promise to provide the licenses to the customer.

In accordance with IAS 8, the Company has applied this change in accounting policy on a retrospective basis to January 1, 2022, with comparative information adjusted accordingly to apply the policy change consistently in the current and prior reporting period.

The following table summarizes the impact of this change in accounting policy on the Company’s Consolidated Statements of Income and Comprehensive Income for the years ended 2022 and 2021:

December 31, 2022	**Balances pre-accounting policy change**	Impact of adoption	**As Reported**
Revenues			
Product	**$ 2,057,477**	356,810	**$ 1,700,667**
Service	**463,980**	-	**463,980**
Total revenue	**2,521,457**	356,810	**2,164,647**
Cost of sales	**1,970,689**	356,810	**1,613,879**
Gross Profit	**$ 550,768**	-	**$ 550,768**

December 31, 2021	Balances pre-accounting policy change and as previously reported	Impact of adoption	Reclassified
Revenues			
Product	$ 1,236,300	198,104	$ 1,038,196
Service	291,541	-	291,541
Total revenue	1,527,841	198,104	1,329,737
Cost of sales	1,182,137	198,104	984,033
Gross Profit	$ 345,704	-	$ 345,704

The adoption does not change the Company’s net income and comprehensive income, nor does it impact the statement of financial position and the statement of cash flows.

Amendments to IFRS 9

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. 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, 2022:

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, 2024 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 8 In February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8.

The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 12 In May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends IAS 12.

The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. 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 consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued *Disclosure of Accounting Policies*, which amends IAS 1 and IFRS Practice Statement 2. The amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendment to IAS 1 requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendment to IFRS Practice Statement 2 adds guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively. The Company is currently analyzing the impact these amendments will have on its consolidated financial statements.

Amendments to IFRS 16 in September 2022, IASB issued Lease Liability in a Sale and Leaseback

The amendment specified the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A sale and leaseback transaction involves the transfer of an asset by an entity to another entity and the leaseback of the same asset by the seller-lessee. The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 1 in October 2022, IASB issued Non-current Liabilities with Covenants, which amends IAS 1

The amendment specifies that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. The amendment is intended to clarify how conditions with which an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

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

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, 2022*:*

	Visucom [a] $	PDS [b] $	1CRM [c] $	CBI [d] $	IDX [e] $	Notarius [f] $	TIG [g] $	GfdB [h] $	Newcomp [i] $	Stone [j] $	Total $
Cash consideration	8,203	71,737	3,132	64,222	31,184	49,682	139,139	29,452	24,952	76,035	497,148
Contingent consideration	-	-	1,190	9,246	-	-	-	6,918	-	-	17,354
Deferred consideration	-	-	-	-	-	4,992	-	-	943	-	5,935
NCI liability	-	-	-	-	-	-	-	-	-	8,403	8,403
Total	**8,203**	**71,737**	**4,322**	**73,468**	**31,184**	**54,674**	**139,139**	**36,370**	**25,895**	**84,438**	**529,430**
Cash	2,377	12,494	120	6,613	395	6,000	38,196	816	2,250	10,843	80,104
Trade and other receivables	1,087	28,989	102	57,456	7,744	1,723	55,924	16,645	7,683	24,780	202,133
Prepaid expenses and other current assets	24	1,179	-	530	19	292	1,411	540	-	4,260	8,225
Inventory	1,569	22,624	-	-	1,097	-	26,178	15,699	-	15,330	82,497
Property and equipment	800	3,304	13	61	165	498	2,762	477	100	2,788	10,968
Right-of-use-asset	393	313	-	774	291	424	7,891	358	-	7,914	18,358
Intangible assets	4,453	37,365	2,330	41,815	21,430	24,477	58,798	24,506	11,870	36,054	263,098
Trade and other payables	(3,570)	(43,513)	(20)	(53,325)	(9,351)	(1,697)	(55,991)	(30,044)	(2,666)	(28,920)	(229,097)
Deferred revenue	-	(12,654)	(350)	(1,864)	(306)	(2,547)	(11,215)	(55)	-	(2,379)	(31,370)
Deferred tax liability	(1,335)	(9,902)	(606)	(10,872)	(5,679)	(6,418)	(14,023)	(7,341)	(3,145)	(10,025)	(69,346)
Lease liability	(393)	(313)	-	(1,015)	(291)	(424)	(7,891)	(401)	-	(7,914)	(18,642)
Goodwill	**2,798**	**31,851**	**2,733**	**33,295**	**15,670**	**32,346**	**37,099**	**15,170**	**9,803**	**31,707**	**212,472**

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.

[a] Visucom

On January 1, 2022, the Company acquired a 100% interest in Visucom GmbH ("Visucom") and its subsidiary, School Supplies 4.0 GmbH, a Walzbachtal, Germany based supplier of hardware for education and public sector clients, offering on-site installations, training, neutral advice, planning, and equipment for market-leading manufacturers of media devices.

The total consideration for the purchase of Visucom was $8,203 (€5,700) in cash.

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

Total transaction costs for the acquisition of Visucom were $218. All transaction costs were expensed as incurred.

[b] PDS

On January 7, 2022, the Company acquired a 100% interest in PDS Holding Company (“PDS”) and its wholly owned subsidiaries, including Paragon Development Systems Inc., a corporation headquartered in Milwaukee, WI, that offers solutions ranging from cloud and security to servers and infrastructure to virtualized work environment and remote work.

The total consideration for the purchase of PDS was $71,737 ($56,638 USD). Purchase consideration consisted of (i) $69,305 ($54,718 USD) in cash; and (ii) working capital and other adjustments of $2,432 ($1,920 USD).

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

Total transaction costs for the acquisition of PDS were $1,599. All transaction costs were expensed as incurred.

[c] 1CRM

On March 1, 2022, Portage, the Company’s 53% owned cyber security-focused SaaS entity, acquired a 100% interest in 1CRM Systems Corp. (“1CRM”), a SaaS-based software corporation headquartered in Victoria, British Columbia, that operates in the cloud and on-premise, with the ability to handle daily task management, marketing automation, sales and opportunities, order management, client service and project management in a single system.

The total consideration for the purchase of 1CRM was $4,322. Purchase consideration consisted of (i) $3,000 in cash; (ii) working capital adjustment of $132; and (iii) an estimated aggregate of $1,190 in earn-out payments for the two years following closing of the acquisition based on the achievement of certain milestones.

The acquisition of 1CRM qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of 1CRM have been included in the consolidated financial statements of the Company from the date of the acquisition.

Total transaction costs for the acquisition of 1CRM were $74. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume 1CRM was acquired by the Company on January 1, 2022:

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

	December 31, 2022 $
Revenue	1,120
Net income	504

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, 2022. 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.

[d] CBI

On April 1, 2022, the Company acquired a 100% interest in Creative Breakthroughs, Inc. ("CBI"), a corporation headquartered in Ferndale, Michigan, a services-led organization focused on cybersecurity solutions centered around threat detection and obstruction. CBI's solutions help defend and secure customer networks and endpoints, as well as testing and monitoring areas of operational risk, and protecting data.

The total consideration for the purchase of CBI was $73,468 ($58,719 USD). Purchase consideration consisted of (i) $58,806 ($47,000 USD) in cash; (ii) working capital adjustment of $5,416 ($4,329 USD); and (iii) an estimated aggregate of $9,246 ($7,390 USD) in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones.

The acquisition of CBI qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of CBI have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 CBI were $2,103. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume CBI was acquired by the Company on January 1, 2022:

	December 31, 2022 $
Revenue	102,296
Net income	1,984

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, 2022. 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 and share prices)

[e] IDX

On April 29, 2022, the Company announced that it acquired a 100% interest in Interdynamix Systems ("IDX"), a corporation headquartered in Edmonton, Alberta, focused on cloud computing, infrastructure and open-source consulting.

The total consideration for the purchase of IDX was $31,184. Purchase consideration consisted of (i) $27,969 in cash; and (ii) working capital adjustment of $3,215.

The acquisition of IDX qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of IDX have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 IDX were $212. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume IDX was acquired by the Company on January 1, 2022:

	December 31, 2022 $
Revenue	44,364
Net income	6,067

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, 2022. 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.

[f] Notarius

On June 17, 2022, Portage, the Company's 53% owned cybersecurity-focused SaaS entity, acquired a 100% interest in Solutions Notarius Inc. ("Notarius"), a corporation headquartered in Montreal, QC, that provides solutions that safeguard the long-term reliability of electronic documents.

The total consideration for the purchase of Notarius was $54,674. Purchase consideration consisted of (i) $44,876 in cash; (ii) working capital adjustment of $4,806; and (iii) promissory note of $4,992.

The acquisition of Notarius qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Notarius have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 Notarius were $312. All transaction costs were expensed as incurred.

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

Pro forma results of operations

The following pro forma results of operations assume Notarius was acquired by the Company on January 1, 2022:

	December 31, 2022
	$
Revenue	11,580
Net income	1,964

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, 2022. 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] TIG

On July 29, 2022, the Company acquired a 100% interest in PC Specialist, Inc. d/b/a Technology Integration Group ("TIG"), a corporation headquartered in San Diego, CA, specializing in optimized performance solutions and critical business support.

The total consideration for the purchase of TIG was $139,139 ($108,499 USD). Purchase consideration consisted of (i) $130,101 ($101,451 USD) in cash; and (ii) working capital and other adjustments of $9,038 ($7,048 USD).

The acquisition of TIG qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of TIG have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 TIG were $3,158. All transaction costs were expensed as incurred.

Pro forma results of operations

The following pro forma results of operations assume TIG was acquired by the Company on January 1, 2022:

	December 31, 2022
	$
Revenue	386,737
Net income	3,490

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, 2022. 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 and share prices)

[h] GfdB

On July 29, 2022, the Company acquired a 100% interest in GfdB, IfmB, and DEQSTER (collectively, "GfdB"), education market focused organizations headquartered in Germany which enable schools and universities to implement their digital future. GfdB and IfmB are full-service IT suppliers for education, while DEQSTER specializes in the development of production of equipment for digital learning and working.

The total consideration for the purchase was $36,370 (€27,823), consisting of (i) $33,025 (€25,264) in cash, (ii) negative working capital adjustment of $3,573 (€2,733), and iii) an estimated aggregate of $6,918 (€5,292) in earn-out payments for the three years following the acquisition based on the achievement of certain milestones.

The acquisition of GfdB qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of GfdB have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 GfdB were $1,730. All transaction costs were expensed as incurred.

	December 31, 2022 $
Revenue	130,944
Net income	2,977

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, 2022. 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] Newcomp

On September 9, 2022, the Company acquired a 100% interest in Newcomp Analytics Inc. ("Newcomp"), a corporation headquartered in Toronto, ON, that assists organizations in building a map to deeper analytics while providing teams with the tools they need to tackle big data projects.

The total consideration for the purchase of Newcomp was $25,895, consisting of (i) $18,285 in cash, (ii) working capital adjustment of $6,667, and (iii) deferred payments in aggregate of $943 in favour of the sellers due over the two years following closing of the acquisition. As part of the purchase consideration for the acquisition of Newcomp, the sellers are also entitled to retention bonuses that becomes payable annually over the two years following the acquisition date. Remuneration is contingent on continued employment for certain employees and is expensed over time as it becomes earned.

The acquisition of Newcomp qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Newcomp have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 Newcomp were $287. All transaction costs were expensed as incurred.

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

Pro forma results of operations

The following pro forma results of operations assume Newcomp was acquired by the Company on January 1, 2022:

	December 31, 2022 $
Revenue	34,737
Net income	3,074

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, 2022. 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] Stone

On November 4, 2022, the Company acquired an 89% interest in Stone Technologies Group Limited ("Stone"), a provider of Circular IT solutions for education institutions, as well as public and private sector organizations in the United Kingdom. The agreement contains a put option, which provides the NCI shareholders of Stone the right to require the Company to purchase the remaining 11% ownership interest in Stone. The terms of the acquisition also includes a reciprocal call option, which would require the same NCI shareholders to sell their 11% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Stone at the time of exercise. The put option is exercisable by the seller for intermittent one-month periods beginning February 1, 2026 and indefinitely after February 1, 2028, and the call option is exercisable by the Company for intermittent one-month periods beginning January 1, 2026 and indefinitely after March 1, 2028.

The total consideration for the purchase of $84,438 (£55,268) consisted of (i) $70,616 (£46,221) in cash; (ii) working capital adjustment of $5,419 (£3,547); and (iii) an NCI liability of $8,403 (£5,500).

The acquisition of Stone qualified as a business combination and was accounted for using the acquisition method of accounting. Accordingly, the results of Stone have been included in the consolidated financial statements of the Company from the date of the acquisition. As at December 31, 2022, 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 Stone were $1,581. All transaction costs were expensed as incurred.

	December 31, 2022 $
Revenue	233,195
Net income	1,121

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, 2022. 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 and share prices)

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, 2021*:*

	CarpeDatum [a] $	Accudata [b] $	Dasher [c] $	ExactlyIT [d] $	Vicom Infinity [e] $	Infinity Systems [f] $	Rednet [g] $	LPA [h] $	OPIN [i] $	Total $
Cash consideration	1,681	14,750	49,782	34,271	17,944	3,783	145,049	12,595	4,542	284,397
Payment to company participants	-	-	13,829	-	-	-	-	-	-	13,829
Deferred consideration	-	-	11,031	-	-	-	-	-	-	11,031
Contingent consideration	2,519	6,076	-	-	-	-	-	1,731	926	11,252
Common shares	1,875	-	-	-	-	-	-	-	-	1,875
Loan payable	-	-	-	-	-	-	24,392	-	-	24,392
NCI liability	-	-	-	-	-	-	28,099	-	-	28,099
Promissory note	-	-	-	-	-	-	-	-	(615)	(615)
Total	**6,075**	**20,826**	**74,642**	**34,271**	**17,944**	**3,783**	**197,540**	**14,326**	**4,853**	**374,260**
Cash	429	4,873	8,044	3,410	4,379	367	11,024	303	129	32,958
Trade and other receivables	926	6,232	47,368	2,658	2,680	2,066	26,065	2,304	785	91,083
Prepaid expenses and other current assets	-	362	55	214	74	-	19	97	311	1,132
Deferred tax asset	-	-	-	537	-	-	-	-	-	537
Inventory	-	-	738	-	-	-	9,087	-	-	9,824
Property and equipment	-	998	413	389	242	-	751	119	21	2,934
Right-of-use-asset	-	2,388	1,062	273	183	-	2,550	222	-	6,678
Intangible assets	2,446	7,438	32,374	10,239	8,138	1,146	85,415	5,077	2,175	154,448
Trade and other payables	(1,006)	(6,755)	(42,055)	(2,320)	(4,216)	(289)	(33,253)	(526)	(995)	(91,415)
Deferred revenue	-	(46)	(244)	-	-	-	(3,601)	(340)	(720)	(4,950)
Deferred tax liability	(636)	(1,937)	(8,417)	(2,662)	(2,116)	(297)	(25,601)	-	(565)	(42,232)
Lease liability	-	(2,388)	(988)	(273)	(183)	-	(2,550)	(222)	-	(6,604)
Goodwill	**3,916**	**9,661**	**36,292**	**21,806**	**8,763**	**790**	**127,634**	**7,292**	**3,712**	**219,867**

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.

[a] 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 total consideration for the purchase of CarpeDatum was $6,075 ($4,789 USD). Purchase consideration consisted of (i) $1,586 in cash; (ii) working capital adjustment of $95; (iii) $1,875 for the issuance of a right to exchange Class B membership interests for an aggregate of 367,644 common shares of the Company; and (iv) an estimated aggregate of $2,519 in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones.

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

Total transaction costs for the acquisition of CarpeDatum were $169. All transaction costs were expensed as incurred.

[b] Accudata

On February 12, 2021, the Company acquired all of the issued and outstanding shares of Accudata Systems LLC, ("Accudata"), a Texas-based IT consulting and integration firm that provides infrastructure and security solutions and services.

The total consideration for the purchase of Accudata was $20,826 ($16,385 USD). Purchase consideration consisted of (i) $9,533 ($7,500 USD) in cash; (ii) working capital adjustment of $5,217 ($4,105 USD); and (iii) an estimated aggregate of $6,076 ($4,780 USD) in earn-out payments for the three years following closing of the acquisition based on the achievement of certain milestones. Under the terms of the acquisition of Accudata, the sellers are also entitled to retention bonuses that becomes payable one year after the acquisition date. Remuneration is contingent on continued consulting services for certain employees and is expensed over time as it becomes earned. For the year ended December 31, 2022, the Company has recognized an expense of $611 (2021 – nil) in the consolidated statements of income and comprehensive income.

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

Total transaction costs for the acquisition of Accudata were $988. All transaction costs were expensed as incurred.

[c] Dasher

On April 1, 2021, the Company acquired all of the issued and outstanding shares of Dasher Technologies, Inc. ("Dasher"), an IT solution provider headquartered in Silicon Valley that has architected, implemented, and managed innovative solutions that digitally transform businesses for over 20 years.

The total consideration for the purchase of $74,642 ($59,404 USD) consisted of (i) $49,632 ($39,500 USD) in cash; (ii) deferred payments and promissory notes in aggregate of $11,031 ($8,779 USD) in favour of the sellers due over the three years following closing of the acquisition; (iii) working capital adjustment of $150 ($119 USD) and; (iv) payment to company participants totaling $13,829 ($11,006 USD).

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

Total transaction costs for the acquisition of Dasher were $681. All transaction costs were expensed as incurred.

[d] ExactlyIT

On June 22, 2021, the Company acquired all of the issued and outstanding shares of ExactlyIT, Inc. (“ExactlyIT”), an IT solution provider headquartered in North Carolina, with operational offices in Mexico, that has managed business-critical systems to deliver innovative, next-generation managed IT services.

The total consideration for the purchase of $34,271 ($27,736 USD) consisted of (i) $32,620 ($26,400 USD) in cash; and (ii) working capital adjustment of $1,651 ($1,336 USD). As part of the purchase consideration for the acquisition of ExactlyIT, the sellers are entitled to future remuneration that becomes payable over a five year period commencing on January 1, 2022. Remuneration is based on the achievement of certain milestones, and is expensed in the consolidated statements of income and comprehensive income. For the year ended December 31, 2022, the Company has not recognized a renumeration expense for the earn-out payments.

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

Total transaction costs for the acquisition of ExactlyIT were $579. All transaction costs were expensed as incurred.

[e] Vicom Infinity

On August 30, 2021, the Company acquired all of the issued and outstanding shares of Vicom Infinity, Inc. (“Vicom Infinity”), an IT solution provider headquartered in New York, that provides processing solutions for high-availability environments to ensure seamless IT transformation development. The total consideration for the purchase of $17,944 ($14,229 USD) consisted of (i) $17,027 ($13,502 USD) in cash; and (ii) working capital adjustment of $917 ($1,063 USD).

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

Total transaction costs for the acquisition of Vicom Infinity were $360. All transaction costs were expensed as incurred.

[f] Infinity Systems

On August 30, 2021, the Company acquired all of the issued and outstanding shares of Infinity Systems Solutions Inc. (“Infinity Systems”), a leading software supplier and services provider for IBM platforms for more than 20 years, headquartered in New York.

The total consideration for the purchase of $3,783 ($3,001 USD) consisted of (i) $1,891 ($1,500 USD) in cash; and (ii) working capital adjustment of $1,892 ($1,501 USD).

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

Total transaction costs for the acquisition of Infinity Systems were $234. All transaction costs were expensed as incurred.

[g] Rednet

On August 4, 2021, the Company acquired a 75% interest in Rednet AG ("Rednet"), an IT services provider headquartered in Mainz, Germany, specializing in serving education, healthcare, and government/public sectors, providing detailed advice, economic planning, smooth logistics, and fast service to their clients. The agreement contains a put option, which provides the NCI shareholders of Rednet the right to require the Company to purchase the remaining 25% ownership interest in Rednet. The terms of the acquisition also includes a reciprocal call option, which would require the same NCI shareholders to sell their 25% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Rednet at the time of exercise. The put option is exercisable by the seller for intermittent three-month periods beginning August 1, 2024 and ending on September 30, 2026, and the call option is exercisable by the Company for intermittent six-month periods beginning January 1, 2025 and ending on June 30, 2026, and then indefinitely after October 1, 2027.

The total consideration for the purchase of $197,540 (€131,889) consisted of (i) $145,049 (€96,582) in cash; (ii) a loan payable of $24,392 (€16,407); and (iii) an NCI liability of $28,099 (€18,900).

The acquisition of Rednet qualified as a business combination and was accounted for using the acquisition method of accounting. The Company has recognized the call and put options in accordance with *IAS 32 – Financial Instruments* and has not recognized NCI in the financial statements. The financial results of Rednet have instead been included in the consolidated financial statements of the Company from the date of the acquisition.

Total transaction costs for the acquisition of Rednet were $2,852. All transaction costs were expensed as incurred.

[h] LPA

On October 1, 2021, the Company acquired all of the issued and outstanding shares of LPA Software Solutions ("LPA"), an IT services provider headquartered in Rochester, NY that provides business analytics solutions and professional services in analytics, data science, artificial intelligence, financial performance management, data governance, data integration, location analytics, and data sets.

The total consideration for the purchase of $14,326 ($11,321 USD) consisted of (i) $11,389 ($9,000 USD) in cash; (ii) working capital adjustment of $1,206 ($953 USD); and (iii) an estimated aggregate of $1,731 ($1,368 USD) in earn-out payments for the two years following closing of the acquisition based on the achievement of certain milestones.

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

Total transaction costs for the acquisition of LPA were $96. All transaction costs were expensed as incurred.

[i] OPIN

On December 1, 2021, Portage, the Company's 53% owned cybersecurity-focused software-as-a-service ("SaaS") entity (Note 10), acquired all of the issued and outstanding shares of OPIN Digital Inc. ("OPIN"), an Ontario-based full-service Canadian digital agency focused on designing and building digital web, mobile, and app experiences to support the strategic digital service goals of government and enterprise customers. The acquisition provides Portage with the latest privacy and reliable security solutions for protecting data and managing digital assets.

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

The total consideration for the purchase of $4,853 consisted of (i) $4,662 in cash; (ii) negative working capital adjustment of $120; (iii) promissory note due to Portage of $615; and (iv) an estimated aggregate of $926 in earn-out payments for the two years following closing of the acquisition based on the achievement of certain milestones.

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

Total transaction costs for the acquisition of OPIN were $317. All transaction costs were expensed as incurred.

5. Trade and other receivables

The Company's trade and other receivables as at December 31, 2022 and 2021 include the following:

	2022 **$**	2021 $
Trade receivables	**675,536**	370,997
Unbilled revenue	**69,717**	25,394
Other receivables	**36,430**	20,108
Total	**781,683**	416,499

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

Cost	**Computer Hardware and Equipment** **$**	**Furniture and Fixtures** **$**	**Leasehold Improvements** **$**	**Buildings** **$**	**Land** **$**	**ROU Asset – Leased Equipment** **$**	**ROU Asset – Leased Building** **$**	**Total** **$**
As at December 31, 2020	15,079	1,078	628	2,313	578	10,371	19,967	50,014
Acquired from business combinations	1,334	1,297	301	-	-	698	5,981	9,611
Additions	6,037	236	-	-	-	2,512	2,340	11,125
Disposals	(177)	(15)	-	-	-	-	(2)	(194)
As at December 31, 2021	**22,273**	**2,596**	**929**	**2,313**	**578**	**13,581**	**28,286**	**70,556**
Acquired from business combinations	6,154	2,015	432	1,517	849	744	17,615	29,326
Additions	19,713	656	133	-	-	9,160	16,205	45,868
Disposals	(671)	(102)	(3)	-	-	(60)	(573)	(1,408)
As at December 31, 2022	**47,469**	**5,165**	**1,492**	**3,830**	**1,427**	**23,425**	**61,533**	**144,342**

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

Accumulated Depreciation	Computer Hardware and Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Buildings $	Land $	ROU Asset – Leased Equipment $	ROU Asset – Leased Building $	Total $
As at December 31, 2019	10,513	659	317	6	-	6,368	8,593	26,456
Depreciation	3,767	518	138	43	-	2,290	6,393	13,149
Effect of foreign exchange	116	6	(26)	13	-	27	173	309
As at December 31, 2021	**14,396**	**1,183**	**429**	**62**	**-**	**8,685**	**15,159**	**39,914**
Depreciation	8,510	816	263	115	-	2,652	8,144	20,516
Effect of foreign exchange	(1,483)	(260)	(34)	(294)	(59)	(395)	(1,916)	(4,441)
As at December 31, 2022	**21,423**	**1,739**	**657**	**(101)**	**(59)**	**10,942**	**21,387**	**55,990**

Net Book Value	Computer Hardware and Equipment $	Furniture and Fixtures $	Leasehold Improvements $	Buildings $	Land $	ROU Asset – Leased Equipment $	ROU Asset – Leased Building $	Total $
As at December 31, 2021	**7,877**	**1,413**	**500**	**2,251**	**578**	**4,896**	**13,127**	**30,642**
As at December 31, 2022	**26,047**	**3,426**	**834**	**3,931**	**1,485**	**12,483**	**40,145**	**88,352**

The Company has classified $4,950 of depreciation expense related to service equipment in cost of sales in the consolidated statements of income and comprehensive income (2021 – $3,114).

7. Intangible assets

Cost	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
As at December 31, 2020	108,809	28,123	279	1,003	1,110	139,324
Acquired from business combinations	135,975	17,980	366	79	-	154,400
Additions	(558)	(51)	-	5	-	(604)
Effects of foreign exchange	(2,262)	(347)	-	(6)	(2)	(2,617)
As at December 31, 2021	**241,964**	**45,705**	**645**	**1,081**	**1,108**	**290,503**
Acquired from business combinations	234,477	16,971	11,113	537	-	263,098
Additions (adjustments)	49	8	745	1,605	2,042	4,449
Effect of foreign exchange	23,272	3,250	313	73	197	27,105
As at December 31, 2022	**499,762**	**65,934**	**12,816**	**3,296**	**3,347**	**585,155**

Accumulated Depreciation	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
As at December 31, 2020	22,260	6,926	-	529	683	30,398
Amortization	20,579	5,340	70	27	422	26,438
Effect of foreign exchange	64	15	-	(1)	3	81
As at December 31, 2021	**42,903**	**12,281**	**70**	**555**	**1,108**	**56,917**
Amortization	47,265	9,591	845	575	1,273	59,549
Effect of foreign exchange	3,804	997	1	12	124	4,938
As at December 31, 2022	**93,972**	**22,869**	**916**	**1,142**	**2,505**	**121,404**

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

Net Book Value	Customer Relationships $	Trade Name and Trademarks $	Developed Technology $	Computer Software $	Managed Service Contracts $	Total $
As at December 31, 2021	**199,061**	**33,424**	**575**	**526**	**-**	**233,586**
As at December 31, 2022	**405,790**	**43,065**	**11,900**	**2,154**	**842**	**463,751**

8. Goodwill

	$
At December 31, 2020	110,068
Acquired from acquisitions	216,911
Adjustments	1,147
Foreign currency translation	(4,842)
At December 31, 2021	**323,284**
Acquired from acquisitions	212,472
Adjustments	4,675
Foreign currency translation	23,417
At December 31, 2022	**563,848**

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 of which the goodwill has been allocated. The recoverable amount of each 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 for the two groups of CGUs ranged from 9.8% to 11.3% (2021 – 7.6%).

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 for the two groups of CGUs in the range of 10.5% to 20.0% (2021 – 10%) and applied multipliers in the range of 3.0 to 8.7 to determine the terminal value.

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

The carrying amount of goodwill allocated to each group of CGUs are $42,545 for the Portage SaaS solutions group of CGUs and $521,303 for the Converge hybrid IT solutions group of (2021 – $3,658 and $319,626).

Management believes that any reasonable change in any of the above key assumptions on which the recoverable amount is based would not cause the carrying value of the group of CGUs to materially exceed its recoverable amount.

9. Borrowings

The borrowings outstanding as at December 31, 2022 and 2021 were as follows:

Facility	**Notes**	**2022**	2021
Revolver Credit Facility	[a]	**$ 420,439**	$ -
Other third-party facilities	[b]	**1,289**	1,228
Total		**421,728**	1,228
Current liabilities		**421,728**	816
Non-current liabilities		**-**	412
Total		**$ 421,728**	$ 1,228

[a] Only July 28, 2022, the Company entered into a global revolving credit agreement (the “Revolver Credit Facility”) with a syndicate of Canadian and US lenders, led by J.P. Morgan and the Canadian Imperial Bank of Commerce (“CIBC”). The Revolver Credit Facility can be drawn to a maximum of $500,000 and includes an uncommitted accordion feature of $100,000, for a total borrowing capacity of up to $600,000, and allows the Company to borrow in foreign currencies. Interest is payable monthly at an interest rate that generally approximates the Secured Overnight Financing Rate (“SOFR”), plus applicable bank margin ranging from 1.25% to 2.25%. The effective interest rate for the year ended December 31, 2022 was 5.1%.

On July 27, 2022, the Company terminated its existing asset-based lending (“ABL”) facilities, which provided lines of credit secured by the assets of the Company. The ABL facilities could be drawn to a certain percentage of the eligible trade receivables and inventory balances, to a maximum of $300,000. Interest was payable monthly at the published CIBC Bank prime rate plus 0% to 2%.

The Revolver Credit Facility includes certain financial covenants. The Company was in full compliance with all financial covenants as at December 31, 2022.

As at December 31, 2022, the total balance owing to the lender under the ABL facilities was $420,439 (2021 – nil).

[b] The Company has various credit agreements with third parties, which accrue interest between 5-9%, and will mature on November 1, 2023. At December 31, 2022, the total balance owing to third parties was $1,289 (2021 - $1,228).

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

The consolidated interest expense for all borrowings for the year ended December 31, 2022 was $14,242 (2021 – $4,280).

10. 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, 2022 and December 31, 2021.

[b] Issued

	Common shares		
	Shares		Amount
Shares outstanding, December 31, 2020	**143,580,081**	**$**	**135,354**
Shares issued from exercise of exchange rights	5,438,788		4,332
Shares issued from public offering	65,377,500		493,803
Shares outstanding, December 31, 2021	**214,396,369**	**$**	**633,489**
Shares issued from exercise of exchange rights	978,567		691
Share repurchase commitment under NCIB	-		(19,835)
Shares repurchased under NCIB	(6,562,718)		(19,326)
Shares outstanding, December 31, 2022	**208,812,218**	**$**	**595,019**

[c] Stock option plans

At December 31, 2022, there were 18,052,510 options for common shares remaining available for issuance under the Company's 2021 long-term incentive plan ("LTIP"). Options are granted periodically and vest over a four-year period with one quarter of the options vesting every twelve months from the grant date and expire 10 years from the issuance date.

During the year ended December 31, 2022, the Company recognized share-based compensation expense from stock option plans of $5,087 (2021 - $2,325).

The per share weighted average fair value of stock options granted during the year ended December 31, 2022 was $4.11 (2021 - $5.49) on the grant date using the Black-Scholes option pricing model with the following assumptions:

i) exercise price is equal to the price of the underlying share price on grant date;
ii) volatility ranging from 52% to 71%;
iii) risk-free interest rate from 2% to 3%
iv) dividend yield of nil%
v) expected life of 6.25 years

Volatility is calculated at the time of option grant using the historical share price trading activity of the Company. Management periodically reviews the estimates used for calculating the fair value of options.

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

The following table summarizes information about option activity for the years ended December 31, 2022 and 2021:

	Number of Options	Weighted-average Exercise Price
Outstanding at December 31, 2020	**-**	**-**
Granted	1,600,000	$9.20
Outstanding at December 31, 2021	**1,600,000**	**$9.20**
Granted	1,228,712	7.73
Outstanding at December 31, 2022	**2,828,712**	**$8.56**

As at December 31, 2022, 2,828,712 options were outstanding and 400,000 were exercisable, at a weighted average exercise price of $8.56 per share with a weighted average remaining contractual life of 1.46 years.

[d] Restricted stock units

On March 15, 2022, there was 69,675 restricted share units ("RSUs") granted under the LTIP. Under the LTIP, the RSUs fully vest over a one-year period from the grant date. The Company valued the RSUs at fair value based on the closing stock price on the date of the grant of $9.12.

During the year ended December 31, 2022, the Company recognized share-based compensation expense from RSUs of $507 (2021 - nil).

[e] 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 agreed to purchase, on a bought deal basis, 10,310,000 common shares of the Company at a price of $4.85 per Offered Share for gross proceeds to the Company of $50,004 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 $5,511, the net proceeds to the Company were $80,940.

On May 25, 2021, the Company announced that it had entered into an agreement with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase, on a bought deal basis, 13,300,000 common shares of the Company at a price of $7.50 per Offered Share for gross proceeds to the Company of $99,750, before deducting the underwriters' fees and estimated offering expenses. On May 26, 2021, the Company announced that it amended the agreement to increase the Offered Shares to 20,000,000, for a total Offering of $150,000. 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 3,000,000 additional common shares to cover over-allotments and for market stabilization purposes. On June 3, 2021, the over-allotment option was exercised in full, increasing the aggregate gross proceeds of the Offering to $172,500. After deducting transaction costs of $8,019, the net proceeds to the Company were $164,481.

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

On August 24, 2021, the Company announced that it had entered into an agreement with a syndicate of underwriters, pursuant to which the underwriters agreed to purchase, on a bought deal basis, 14,220,000 common shares of the Company at a price of $10.55 per Offered Share for gross proceeds to the Company of $150,021, before deducting the underwriters' fees and estimated offering expenses. On August 25, 2021, the Company announced that it amended the agreement to increase the Offered Shares to 21,350,000 common shares, for a total August Offering of $225,243. 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 3,202,500 additional common shares to cover over-allotments and for market stabilization purposes. On September 1, 2021, the over-allotment option was exercised in full, increasing the aggregate gross proceeds of the Offering to $259,029. After deducting transaction costs of $10,647, the net proceeds to the Company were $248,382.

[f] Share repurchase

On August 8, 2022, the Company announced that the Toronto Stock Exchange ("TSX") approved the Company's Notice of Intention to make a Normal Course Issuer Bid ("NCIB"). Pursuant to the NCIB, the Company may purchase for cancellation up to an aggregate of 10,744,818 of the Company's common shares representing 5% of the issued and outstanding common shares as at July 31, 2022. The NCIB commenced on August 11, 2022 and terminates one year after its commencement, or earlier if the maximum number of common shares under the NCIB have been purchased or the NCIB is terminated at the option of the Company. All common shares acquired by the Company under the NCIB will be cancelled.

The Company also entered into an automatic purchase plan agreement ("ASPP") with a broker upon commencement of the NCIB to allow for purchases of common shares during certain pre-determined blackout periods when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise.

During the year ended December 31, 2022, 6,464,124 common shares (2021 – nil) were repurchased and cancelled under the NCIB for an aggregate purchase price of $40,000 (2021 – nil). As at December 31, 2022, an obligation for the repurchase of shares of $19,835 was recognized under the ASPP (2021 – nil).

11. 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% (2021 - 26.5%) to pre-tax income as a result of the following:

	2022 **$**	2021 $
Income before income taxes	**18,785**	23,974
Income tax at statutory rate of 26.5%	**4,977**	6,353
Other	**880**	(621)
Permanent differences	**6,751**	2,590
Foreign income (loss) subject to different rates	**(303)**	556
Tax benefits previously unrecognized	**(16,364)**	(1,270)
Income tax expense (recovery)	**(4,059)**	7,608

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

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, 2022 and 2021 comprises of the following:

	2022	2021
	$	$
Deferred tax asset		
Non-capital loss carry-forward	**3,084**	-
Reserves	**2,356**	5,517
Non-deductible interest	**2,235**	-
Deferred tax liability		
Property and equipment, intangible assets and goodwill	**110,652**	48,603
Net deferred tax liability	**102,977**	43,086

12. Other financial liabilities

Other financial liabilities as at December 31, 2022 and 2021 are comprised of the following:

		2022	2021
	Notes	**$**	$
Notes payable	**[a]**	**1,842**	318
Deferred consideration	**[b]**	**43,492**	45,769
Contingent consideration	**[c]**	**36,614**	23,609
Lease liability (Note 14)		**53,642**	17,809
NCI liability	**[d]**	**45,690**	27,198
NCIB liability		**19,835**	-
		201,115	114,703
Current liabilities		**123,932**	29,407
Non-current liabilities		**77,183**	85,296
		201,115	114,703

[a] Notes payable

As at December 31, 2022, SIS had one note payable to a third party for the purchase of equipment in aggregate of $194 (2021 – $318). Interest on the note payable is 5.57% per annum and the maturity date is March 16, 2024.

As at December 31, 2022, Portage had a note payable to a third party in aggregate of $1,648 (2021 – nil). Interest on the note payable is 4% per annum and the maturity date is March 22, 2032.

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

[b] Deferred consideration

The following table details the Company's deferred consideration outstanding as at December 31, 2022:

	Maturity Date	Interest rate per annum	Principal $ USD	Principal € EUR	Principal $ CDN	December 31, 2022 $	December 31, 2021 $
Nordisk	July 1, 2022	8%	-	-	-	-	1,268
Datatrend	September 30, 2022	7%	-	-	-	-	3,266
PCD	February 6, 2023	3.7%	-	-	1,440	**1,633**	3,362
Unique Digital	October 1, 2023	7%	800	-	1,084	**1,219**	2,414
Dasher	April 1, 2024	5%	3,654	-	4,949	**5,630**	7,318
Dasher	April 1, 2024	-	2,046	-	2,771	**2,771**	4,098
Rednet	March 15, 2023	5%	-	15,616	22,578	**24,814**	24,043
ExactlyIT	Note (i)	-	100	-	1,354	**1,354**	-
Notarius	December 17, 2023	5%	-	-	5,000	**5,129**	-
Newcomp	September 9, 2024	5%	-	-	1,016	**942**	-
Total					40,192	**43,492**	45,769

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, 2021, and the second $1,276 ($1000 USD) on June 30, 2022. The promissory note payable balance as at December 31, 2022 was nil (2021 – $1,268). Interest expense recognized for the year ended December 31, 2022 was $51 (2021 – $101).

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 repaid the promissory note for $3,425 ($2,500 USD) on October 3, 2022. The promissory note payable balance as at December 31, 2022 was nil (2021 – $3,266). Interest expense recognized for the year ended December 31, 2022 was $112 (2021 – $220).

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 Company made the first principal repayment of $1,620 on February 6, 2021, and the second principal repayment of $1,800 on February 2, 2022. The promissory note payable balance as at December 31, 2022 was $1,633 (2021 – $3,362). Interest expense recognized for the year ended December 31, 2022 was $72 (2021 – $396).

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 Company made the first principal repayment of $1,008 ($800 USD) on October 1, 2021, and the second principal repayment of $1,096 ($800 USD) on October 3, 2022. The promissory note payable balance as at December 31, 2022 was $1,219 (2021 – $2,414) (Note 4). Interest expense recognized for the year ended December 31, 2022 was $48 (2021 – $99).

Dasher

As part of the consideration for the acquisition, Dasher issued three promissory notes of $2,267 ($1,804 USD), $2,299 ($1,830 USD), and $2,332 ($1,856 USD). The promissory notes bear interest at a rate of 5% per annum and are payable at the date of maturity. The Company is required to repay the first promissory note on April 1, 2022, the second promissory note on April 1, 2023, and the third promissory note on April 1, 2024. The Company made the first principal repayment of $2,420 ($1,804 USD) on April 1, 2022. The promissory note payable balance as at December 31, 2022 was $5,630 (2021 – $7,318). Interest expense recognized for the year ended December 31, 2022 was $345 (2021 – $355).

As part of the consideration for the acquisition, deferred consideration of $4,061 ($3,232 USD) is payable to the selling shareholders of Dasher. The Company is required to pay $1,503 ($1,196 USD) of the deferred consideration on April 1, 2022, $1,470 ($1,170 USD) of the deferred consideration on April 1, 2023, and $1,437 ($1,144 USD) of the deferred consideration on April 1, 2024. The Company made the first principal repayment of $1,539 ($1,196 USD) on April 1, 2022. The deferred consideration balance as at December 31, 2022 was $2,771 (2021 – $4,098).

Rednet

As part of the consideration for the acquisition, Rednet issued a loan of $23,225 (€16,139) recorded at a fair value of $23,611 (€16,407). The loan bears interest at a rate of 5% per annum and matures at the earlier of ten years from the acquisition date, or when either the seller's put option or the Company's call option are exercised. The loan balance as at December 31, 2022 was $24,841 (2021 – 24,043). Interest expense recognized for the year ended December 31, 2022 was $1,072 (2021 – $432).

ExactlyIT

As part of the purchase consideration for the acquisition of ExactlyIT, the sellers are entitled to future remuneration that becomes payable over a five-year period commencing on January 1, 2022. Remuneration is based on the achievement of certain milestones and is expensed in the consolidated statements of income and comprehensive income. For the year ended December 31, 2022, the Company recognized renumeration expense for the earn-out payments of $1,354 ($1,000 USD) (2021 – nil).

Newcomp

As part of the consideration for the acquisition, Newcomp issued a $1,016 promissory note. The promissory note bears interest at a rate of 5% per annum and is payable annually. The Company is required to repay $508 of the promissory note on September 9, 2022, and September 9, 2023. The Company made the first principal repayment of $1,620 on February 6, 2021, and the second principal repayment of $1,800 on February 2, 2022. The promissory note payable balance as at December 31, 2022 was $942 (2021 – nil).

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

Notarius

As part of the consideration for the acquisition, Notarius issued a $5,000 promissory note. The promissory note bears interest at a rate of 5% per annum and payable in full on December 17, 2023. The Company is required to repay interest accrued on the promissory note on December 31, 2022, and December 31, 2023, and required to repay the principal on December 17, 2023. The promissory note payable balance as at December 31, 2022 was $5,129 (2021 – nil). Interest expense recognized for the year ended December 31, 2022 was $129 (2021 – nil).

[c] Contingent consideration

The following table details the fair values of the Company's contingent consideration outstanding as at December 31, 2022:

	December 31, 2022 **$**	December 31, 2021 $
Lighthouse	**-**	3,550
VSS	**6,230**	7,792
PCD	**1,500**	2,919
Unique Digital	**502**	694
Accudata	**5,079**	3,769
CarpeDatum	**2,158**	2,225
LPA	**3,914**	1,734
OPIN	**350**	926
1CRM	**1,700**	-
CBI	**7,530**	-
GfdB	**7,651**	-
Total	**36,614**	23,609

Lighthouse

Contingent consideration comprised of 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 3.4%-3.9% 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). On February 1, 2021, the Company paid the year two earn-out in the amount of $3,420 ($2,700 USD). On February 28, 2022, the Company paid the year three earn-out in the amount of $3,546 ($2,800 USD). As at December 31, 2022, the fair value of contingent consideration was nil (2021 – $3,550).

VSS

On acquisition, contingent consideration comprised of earn-out payments due to sellers of VSS for meeting certain EBITDA conditions over the three years following the date of acquisition. In July 2021, the contingent consideration was amended to comprise of earn-out payments due to sellers of VSS for meeting certain gross profit conditions over the four 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 gross profit forecast, a discount rate of 7.4% and a volatility factor of 35.0%. On September 7, 2021, the Company paid the year one earn-out in the amount of $1,893 ($1,500 USD). On February 28, 2022, the Company paid the year two earn-out in the amount of $4,034 ($3,185 USD) As at December 31, 2022, the fair value of contingent consideration was $6,230 (2021 – $7,792) with a fair value increase of $2,172 recognized in the consolidated statements of income and comprehensive income (2021 – $6,018).

PCD

Contingent consideration comprised of earn-out payments due to sellers of PCD 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 2.5%-3.3% and a volatility factor of 65.0%. On June 3, 2021, the Company paid the year one earn-out in the amount of $1,500. On February 10, 2022, the Company paid the year two earn-out in the amount of $1,500. As at December 31, 2022, the fair value of contingent consideration was $1,500 (2021 – $2,919), with a fair value increase of $81 recognized in the consolidated statements of income and comprehensive income (2021 – $929).

Unique Digital

Contingent consideration comprised of earn-out payments due to the seller of Unique Digital 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 7.4% and a volatility factor of 50.0%. As at December 31, 2022, the fair value of contingent consideration was $502 (2021 – $694), with a fair value decrease of $249 recognized in the consolidated statements of income and comprehensive income (2021 – $243).

Vivvo

Contingent consideration comprised of earn-out payments due to sellers of Vivvo 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 7.4% and a volatility factor of 50.0%. As at December 31, 2022, the fair value of contingent consideration was nil (2021 – nil), with a fair value decrease of nil recognized in the consolidated statements of income and comprehensive income (2021 – nil).

Accudata

Contingent consideration comprised of earn-out payments due to the sellers of Accudata 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 using EBITDA forecast, a discount rate of 6.5%-7.4% and a volatility factor of 50.0%. As at December 31, 2022, the fair value of contingent consideration was $5,079 (2021 – $3,769) with a fair value increase of $1,004 recognized in the consolidated statements of income and comprehensive income (2021 – decrease of $2,284).

CarpeDatum

Contingent consideration comprised of earn-out payments due to the sellers of CarpeDatum for meeting certain gross margin 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 gross margin forecast, a discount rate of 7.4% and a volatility factor of 40.0%. On February 28, 2022, the Company paid the year one earn-out in the amount of $1,055 ($833 USD). As at December 31, 2022, the fair value of contingent consideration was $2,158 (2021 – $2,225), with a fair value increase of $894 recognized in the consolidated statements of income and comprehensive income (2021 – decrease of $295).

LPA

Contingent consideration comprised of earn-out payments due to the sellers of LPA for meeting certain gross margin conditions over the two 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 gross margin forecast, a discount rate of 74% and a volatility factor of 30.0%. As at December 31, 2022, the fair value of contingent consideration was $3,914 (2021 – $1,734), with a fair value increase of $2,039 recognized in the consolidated statements of income and comprehensive income (2021 – nil).

OPIN

Contingent consideration comprised of earn-out payments due to the seller of OPIN for meeting certain revenue conditions over the two years following the year 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 revenue forecast, a discount rate of 4.6% and a volatility factor of 35.0%. As at December 31, 2022, the fair value of contingent consideration was $350 (2021 – $926), with a fair value decrease of $576 recognized in the consolidated statements of income and comprehensive income (2021 – nil).

1CRM

Contingent consideration comprised of earn-out payments due to the seller of 1CRM for meeting certain revenue conditions over the two years following the year 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 revenue forecast, a discount rate of 7.4% and a volatility factor of 40.0%. As at December 31, 2022, the fair value of contingent consideration was $1,700 (2021 – nil), with a fair value increase of $510 recognized in the consolidated statements of income and comprehensive income (2021 – nil).

CBI

Contingent consideration comprised of earn-out payments due to the seller of CBI for meeting certain gross profit conditions over the three years following the year 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 revenue forecast, a discount rate of 6.8%-7.5% and a volatility factor of 35.0%. As at December 31, 2022, the fair value of contingent consideration was $7,530 (2021 – nil), with a fair value decrease of $2,599 recognized in the consolidated statements of income and comprehensive income (2021 – nil).

GfdB

Contingent consideration comprised of earn-out payments due to the seller of GfdB for meeting certain EBITDA conditions over the two years following the year 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 revenue forecast, a discount rate of 8.3%-8.4% and a volatility factor of 50.0%. As at December 31, 2022, the fair value of contingent consideration was $7,651 (2021 – nil).

[d] NCI liability

Rednet

Under the terms of the Rednet acquisition (Note 4), the seller has the right to exercise a put option that would require the Company to purchase the seller's remaining 25% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also includes a reciprocal call option, which would require the sellers to sell their 25% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Rednet, Visucom, and GfdB at the time of exercise. The put option becomes exercisable between the periods August 1, 2024 to October 31, 2024; July 1, 2025 to September 30, 2025; and July 1, 2026 to September 30, 2026. The call option becomes exercisable between the periods January 1, 2025 to June 30, 2025; January 1, 2026 to June 30, 2026; and indefinitely after October 1, 2027. The NCI liability is a financial instrument classified as Level 3 in the fair value hierarchy that is measured at fair value, which is equal to the present value of the future estimated redemption amount.

At December 31, 2022, the Company signed a definitive agreement with the seller which modified the original purchase agreement to allow the Company to acquire the remaining 25% interest in Rednet on March 15, 2023. As a result, the Company revalued the fair value of the NCI liability to $36,713 (2021 – $27,198), equal to the agreed upon purchase price of the minority stake, with the fair value increase of $10,481 recognized in the consolidated statements of income and comprehensive income (2021 – nil) within special charges.

Stone

Under the terms of the Stone acquisition (Note 4), the seller has the right to exercise a put option that would require the Company to purchase the seller's remaining 11% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also includes a reciprocal call option, which would require the sellers to sell their 11% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Stone at the time of exercise. The put option becomes exercisable between the periods February 1, 2026 to February 28, 2026; February 1, 2027 to February 28, 2027; and indefinitely after February 1, 2028. The call option becomes exercisable between the periods January 1, 2026 to January 31, 2026; January 1, 2027 to January 31, 2027; January 1, 2028 to January 31, 2028; and indefinitely after March 1, 2028. The NCI liability is a financial instrument classified as Level 3 in the fair value hierarchy that is measured at fair value, which is equal to the present value of the future estimated redemption amount. As at December 31, 2022, the fair value of the NCI liability was $8,977 (2021 - nil).

The fair value is reviewed on an ongoing basis, with the impact of any subsequent remeasurement of the valuation of the liability recognized in the consolidated statements of income and comprehensive income.

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

13. Selling, general and administrative expenses

Components of selling, general and administrative expenses for the years ended December 31, 2022 and 2021 were as follows:

	2022 **$**	2021 $
Salaries and benefits	**351,004**	218,565
Professional fees	**12,380**	9,778
Office and travel	**46,541**	25,883
Marketing events	**(245)**	(339)
Other expenses	**3,964**	918
Total	**413,644**	254,805

14. Leases

The Company has entered into leases for office building leases, vehicles, and computer equipment with maturities and interest rates ranging from 2022 to 2032 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, 2022 **$**	December 31, 2021 $
Minimum lease payments		
2022	**-**	8,137
2023	**17,330**	5,232
2024	**13,450**	3,317
2025	**9,837**	1,275
2026 and onwards	**19,084**	3,252
	59,701	21,213
Less: future finance charges	**(6,059)**	(3,404)
Present value of minimum lease payments	**53,642**	17,809
Current liabilities	**15,800**	6,859
Non-current liabilities	**37,842**	10,950
	53,642	17,809

During the year ended December 31, 2022, the Company has recognized $1,419 of interest expense related to lease liabilities (2021 – $1,015) and incurred $12,290 of lease liability repayments (2021 – $10,044).

15. Related party transactions

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.

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

Total amounts expensed for the Company's key management personnel was $8,475 for the year ended December 31, 2022 (2021 – $5,772) and includes salaries, bonuses, advisory fees, short-term employment benefits and other personnel costs.

On August 4, 2021, the Company entered into a loan agreement with key management personnel, borrowing principal totaling $23,225 (€16,139) to purchase the 75% interest of Rednet, with interest on the unpaid principal balance at the rate of 5% per annum (Note 12).

16. 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, 2022, and 2021 is as follows:

	2022	2021
	$	$
Notes payable	**1,842**	318
Borrowings	**421,728**	1,228
Contingent consideration	**36,614**	23,609
Common shares	**595,019**	633,489
Exchange rights	**1,705**	2,396
Deficit	**(18,441)**	(25,050)
	1,038,467	635,990

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.

17. 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, 2022, 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.

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

The aging of trade receivables is as follows:

Due within	**2022** $	2021 $
30 days	**390,833**	273,878
30 to 60 days	**148,760**	57,847
60 to 90 days	**57,298**	20,485
90 to 120 days	**40,553**	8,951
> 120 days	**39,724**	11,502
	677,168	372,663
Less: allowance for doubtful accounts	**1,632**	1,666
	675,536	370,997

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 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 consolidated statement of financial position 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 and share prices)

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	824,924	824,924	824,924	-	-	-
Lease commitments	53,642	59,701	17,330	13,450	9,837	19,084
Other financial liabilities	147,473	147,473	114,821	17,219	4,980	10,453
Borrowings	421,728	421,728	421,728	-	-	-
	1,447,767	**1,453,826**	**1,378,803**	**30,669**	**14,817**	**29,537**

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, along with German operations with euros as the functional currency and United Kingdom ("UK") operations with pounds as the functional currency, the Company is exposed to foreign currency fluctuations on its reported amounts of US, German, and UK assets and liabilities. As at December 31, 2022, the Company had net liabilities of $3,833 (2021 – $2,935) denominated in US dollars, net liabilities of $98,356 (2021 – net assets of $3,270) denominated in Euros, and net liabilities of $2,229 (2021 – nil) denominated in Great British Pounds. A 10% change in exchange rates between the US and Canadian dollar or euros 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, 2022, the Company had $420,439 (2021 – nil) of variable rate debt. A 100 basis points increase or decrease in the interest rates would result in an additional interest expense of $4,204 (2021 – nil) for the year ended December 31, 2022.

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, 2022.

Fair values

The carrying values of cash, trade and other receivables, trade and other payables, and notes payable approximate fair values due to the initial recognition at fair value near December 31, 2022, 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. The Company's contingent consideration is recorded at fair value through profit and loss.

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 instrument. The valuation method and significant assumptions used to determine the fair value of contingent consideration has been disclosed in Note 12. During the year, there were no transfers of amounts between levels.

18. Segmented information

The Company's Chief Executive Officer ("CEO") has been identified as the chief operation decision maker. 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. The Company has determined that it is a single operating segment: hybrid IT solutions. This segment engages in business activities from which it earns product and service revenues and incurs expenses.

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

Revenue from US operations for the year ended December 31, 2022 was $1,445,061 (2021 – $917,720). Revenue from Canadian operations for the year ended December 31, 2022 was $379,132 (2021 – $300,485). Revenue from European operations for the year ended December 31, 2022 was $340,454 (2021 – $111,532).

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

December 31, 2022	**Property and equipment**	**Intangible assets**	**Goodwill**	**Total**
	$	**$**	**$**	**$**
United States	**57,347**	**257,955**	**304,716**	**620,018**
Canada	**11,513**	**70,580**	**82,966**	**165,059**
Europe	**19,492**	**135,216**	**176,166**	**330,874**
	88,352	**463,751**	**563,848**	**1,115,951**

December 31, 2021	Property and equipment	Intangible assets	Goodwill	Total
	$	$	$	$
United States	23,762	138,750	182,958	345,470
Canada	2,370	16,268	21,496	40,134
Europe	4,510	78,568	118,830	201,908
	30,642	233,586	323,284	587,512

19. 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.

Special charges for the years ended December 31, 2022, and 2021 are detailed in the following table:

	2022	2021
	$	$
Restructuring related costs	**1,106**	832
Change in fair value of contingent consideration	**14,033**	5,100
Legal and advisory costs	**2,456**	2,020
Transaction costs	**16,959**	9,513
Financing related costs	**3,342**	1,350
Employee compensation and benefits	**250**	886
Special charges	**38,146**	19,701

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

20. 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 are included in trade and other payables on the consolidated statement of financial position, as at December 31, 2022:

	$
At December 31, 2021	**2,085**
Provisions expensed	1,106
Utilized during the period	(1,273)
Effect of foreign exchange	113
At December 31, 2022	**2,031**

21. Non-controlling interest

The Company holds a 51% interest in Portage, the Company's cybersecurity-focused entity, comprised of the Company's Becker-Carroll, Vivvo, OPIN, 1CRM, and Notarius subsidiaries (Note 4).

The following table details the change in non-controlling interest for the year ended December 31, 2022:

	$
At December 31, 2020	-
Portage private placement	33,200
Non-controlling interest from Portage financing	1,719
Share of comprehensive income for period	420
At December 31, 2021	**35,339**
Share of comprehensive loss for period	(4,439)
At December 31, 2022	**30,900**

On October 14, 2021, Portage closed a non-brokered placement issuing 43,750,000 common shares of Portage at a price of $0.80 per common share for gross proceeds of $35,000. After deducting transaction costs of $1,800, the net proceeds to Portage was $33,200. Upon completion of the private placement, the Company owned approximately 53% of Portage. As a result, the Company recognizes an NCI in its consolidated financial statements.

On October 14, 2022, the minority interest shareholders of Portage were granted an additional 4,375,000 common shares of Portage at a price of nil per common share. As a result, the Company owns approximately 51% of Portage.

22. Other (income) expense

Other (income) expense is comprised primarily of foreign exchange gains or loss, interest income, and other income and expenses. Unrealized foreign exchange gains and losses mainly relate to the translation of certain foreign currency denominated monetary net asset balances denominated in a currency different from the functional currency of the related entity.

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

Other (income) expense for the year ended December 31, 2022 is detailed in the following table:

	2022	2021
	$	$
Unrealized foreign exchange (gain) loss	**(19,581)**	647
Other income	**(794)**	(2)
Other (income) expense	**(20,375)**	625

23. Changes in non-cash working capital

	2022	2021
	$	$
Trade and other receivables	**(125,838)**	37,051
Inventories	**38,147**	(56,545)
Prepaid expenses and other assets	**(2,106)**	989
Trade and other payables	**33,174**	25,802
Income taxes payable	**(20,707)**	(5,039)
Other financial liabilities	**2,602**	-
Deferred revenue and customer deposits	**(2,442)**	5,375
Changes in non-cash working capital items	**(77,170)**	7,633

24. Subsequent events

Global revolving credit facility increase

On February 9, 2023, the Company announced the increase of its existing Revolver Credit Facility (Note 9) from $500,000 to $600,000 under its accordion feature, with no change to its existing credit terms.