Consolidated Financial Statements
(Expressed in thousands of Canadian dollars)

Converge Technology Solutions Corp.

For the years ended December 31, 2023 and 2022

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, 2023 and 2022, and the consolidated statements of income, consolidated statements of 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the 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 this matter. 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 matter 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, 2023, the Company has $564.8 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 October 1 and estimates the recoverable amount for each of the two groups of cash-generating units (CGUs) to which goodwill has been allocated using the fair value less cost to sell model. The company discloses their approach 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 each of the two groups of CGUs. Significant assumptions	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 management's valuation of the fair value of the business by exercising professional judgement in comparison to other similar businesses in the marketplace; • Assessed the reasonableness of market-based assumptions, including earning multiples and estimated costs to sell, used in management's analysis by corroborating against historical performance, as well as third party market research data; • Tested the mathematical accuracy of the impairment models; • Performed a sensitivity on significant assumptions to evaluate the impact on the recoverable amount;

by management included earning multiples and estimated costs to sell.	• Involved our valuation specialists to assess the Company's impairment models, valuation methodology, and certain significant assumptions, including earnings multiples; and • Assessed the adequacy of the Company's disclosures included in Note 8 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 5, 2024

Converge Technology Solutions Corp.

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

	Notes	December 31, 2023 $	December 31, 2022 $
Assets			
Current			
Cash		**169,872**	159,890
Restricted cash		**547**	5,230
Trade and other receivables	5	**814,231**	781,683
Inventories		**73,166**	158,430
Prepaid expenses and other assets		**26,528**	23,046
		1,084,344	1,128,279
Non-current			
Other assets		**53,579**	4,646
Property, equipment, and right-of-use assets, net	6,18	**75,488**	88,352
Intangible assets, net	7,18	**375,181**	463,751
Goodwill	8,18	**564,770**	563,848
Total assets		**2,153,362**	2,248,876
Liabilities			
Current			
Trade and other payables	17	**913,994**	824,924
Other financial liabilities	12	**54,095**	123,932
Deferred revenue		**59,325**	60,210
Borrowings	9	**1,664**	421,728
Income taxes payable		**9,286**	7,112
		1,038,364	1,437,906
Non-current			
Other financial liabilities	12	**57,668**	77,183
Borrowings	9	**378,007**	-
Deferred tax liabilities	11	**67,168**	102,977
Total liabilities		**1,541,207**	1,618,066
Shareholders' equity			
Common shares		**599,434**	595,019
Contributed surplus		**10,970**	7,919
Exchange rights		**-**	1,705
Accumulated other comprehensive income		**3,963**	13,708
Deficit		**(28,167)**	(18,441)
Total equity attributable to shareholders of Converge		**586,200**	599,910
Non-controlling interest “NCI”	21	**25,955**	30,900
		612,155	630,810
Total liabilities and shareholders’ equity		**2,153,362**	2,248,876

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 and thousands of shares, except per share amounts)

For the years ended December 31,	Notes	2023 $	2022 $
Revenue			
Product		**2,098,880**	1,700,667
Service		**606,327**	463,980
Total revenue	18	**2,705,207**	2,164,647
Cost of sales		**2,002,327**	1,613,879
Gross profit		**702,880**	550,768
Selling, general and administrative expenses	14	**541,118**	413,644
Income before the following		**161,762**	137,124
Depreciation and amortization		**111,451**	75,114
Finance expense, net		**41,225**	19,860
Acquisition, integration, restructuring and other	19	**13,648**	24,113
Change in fair value of contingent consideration	12	**14,673**	14,033
Share-based compensation	13	**3,692**	5,594
Other income, net	22	**(4,362)**	(20,375)
(Loss) income before income taxes		**(18,565)**	18,785
Income tax recovery	11	**(12,172)**	(4,059)
Net (loss) income		**(6,393)**	22,844
Net (loss) income attributable to:			
Shareholders of Converge		**(1,448)**	27,283
Non-controlling interest	21	**(4,945)**	(4,439)
		(6,393)	22,844
Other comprehensive (loss) income			
Item that may be reclassified subsequently to income:			
Exchange differences on translation of foreign operations		**(9,745)**	13,379
Comprehensive (loss) income		**(16,138)**	36,223
Comprehensive (loss) income attributable to:			
Shareholders of Converge		**(11,193)**	40,662
Non-controlling interest	21	**(4,945)**	(4,439)
		(16,138)	36,223
Net (loss) income per share – basic		**(0.01)**	0.13
Net (loss) income per share – diluted		**(0.01)**	0.13
Weighted average number of shares outstanding – basic		**206,670**	213,104
Weighted average number of shares outstanding – diluted		**206,670**	215,806

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**		**Contributed surplus**	**Exchange rights**	**Accumulated other comprehensive income**	**Deficit**	**Non-controlling interest**	**Total**
		#	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance, December 31, 2021		**214,396,369**	**633,489**	**2,325**	**2,396**	**329**	**(25,050)**	**35,339**	**648,828**
Share-based compensation	13	-	-	5,594	-	-	-	-	5,594
Exercise of exchange rights	(i), (ii)	978,567	691	-	(691)	-	-	-	-
Shares repurchase commitment under normal course issuer bid ("NCIB")	13		(19,835)	-	-	-	-	-	(19,835)
Shares repurchased and cancelled	13	(6,562,718)	(19,326)	-	-	-	(20,674)		(40,000)
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**
Share-based compensation	13	-	-	3,692	-	-	-	-	**3,692**
Exercise of exchange rights	(iii)	321,685	1,705	-	(1,705)	-	-	-	**-**
Exercise of restricted stock units		69,675	641	(641)	-	-	-	-	**-**
Reversal of prior year share repurchase commitment under NCIB		-	19,835	-	-	-	-	-	**19,835**
Current year share repurchase commitment under NCIB		-	(2,500)	-	-	-	-	-	**(2,500)**
Shares repurchased and cancelled	13	(5,235,094)	(15,200)	-	-	-	(2,095)	-	**(17,295)**
Shares repurchased to be cancelled	13	(22,200)	(66)	-	-	-	(27)	-	**(93)**
Dividends paid	13	-	-	-	-	-	(6,156)	-	**(6,156)**
Comprehensive loss		-	-	-	-	(9,745)	(1,448)	(4,945)	**(16,138)**
Balance, December 31, 2023		**203,946,284**	**599,434**	**10,970**	**-**	**3,963**	**(28,167)**	**25,955**	**612,155**

(i) Purchase consideration for Software Information Systems LLC "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 were exchanged to 500,000 common shares at $0.64 per share for a value of $320. As of December 31, 2023, all Class B membership interests of SIS have been exchanged for common shares and nil are issued and outstanding.

(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 were exchanged to 478,567 common shares at $0.78 per share for a value of $371. As of December 31, 2023, all Class B membership interests of VSS have been exchanged for common shares and nil are issued and outstanding.

(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, 2023, 321,685 Class B membership interests (2022 – nil) were exchanged to 321,685 common shares (2022 – nil) at $5.30 per share for a value of $1,705 (2022 – $nil). As of December 31, 2023, all Class B membership interests of CarpeDatum have been exchanged for common shares and nil are issued and outstanding (2022 – 321,685).

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)

For the years ended December 31,	Notes	2023 $	2022 $
Cash flows from operating activities			
Net (loss) income		**(6,393)**	22,844
Adjustments to reconcile net (loss) income to cash from operating activities			
Depreciation and amortization		**119,983**	80,065
Unrealized foreign exchange gains		**(2,822)**	(19,581)
Share-based compensation expense	13	**3,692**	5,594
Finance expense, net		**41,225**	19,860
Gain on sale of property and equipment		**(263)**	-
Change in fair value of contingent consideration	12	**14,673**	14,033
Income tax recovery	11	**(12,172)**	(4,059)
		157,923	118,756
Changes in non-cash working capital	23	**90,746**	(56,463)
		248,669	62,293
Income taxes paid		**(19,129)**	(20,707)
Cash from operating activities		**229,540**	41,586
Cash flows used in investing activities			
Purchase of property, equipment and intangible assets		**(10,828)**	(23,942)
Proceeds on disposal of property and equipment		**3,756**	299
Payment of contingent consideration	12	**(24,773)**	(10,135)
Payment of deferred consideration	12	**(41,114)**	(11,501)
Payment of non-controlling interest liability	12	**(30,967)**	-
Business combinations, net of cash acquired	4	**-**	(418,147)
Cash used in investing activities		**(103,926)**	(463,426)
Cash flows (used in) from financing activities			
Transfers from (to) restricted cash		**4,683**	(4,411)
Interest paid		**(33,724)**	(10,309)
Dividends paid	13	**(6,156)**	(1,084)
Payment of lease liabilities	10	**(20,626)**	(12,290)
Repurchase of common shares		**(17,388)**	(40,000)
Repayment of notes payable		**(159)**	(236)
Net (repayment of) proceeds from borrowings		**(40,475)**	404,640
Cash (used in) from financing activities		**(113,845)**	336,310
Net change in cash during the year		**11,769**	(85,530)
Effect of foreign exchange on cash		**(1,787)**	(2,773)
Cash, beginning of the year		**159,890**	248,193
Cash, end of the year		**169,872**	159,890

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

1. Nature of business

Converge Technology Solutions Corp., which includes its global subsidiaries (the "Company"), is a services-led, software-enabled, IT and cloud solutions provider with operations in North America, United Kingdom ("UK"), and Europe. The Company is organized around two operating segments: Converge Hybrid IT Solutions ("Converge"), and Portage Software-as-a-Solution ("SaaS") Solutions (Note 18).

Converge is focused on delivering advanced analytics, application modernization, cloud, cybersecurity, digital infrastructure, digital workplace and managed services offerings as well as the provision of hardware and software products and solutions to clients across various industries and organizations.

Portage SaaS Solutions, the Company's 51% owned subsidiary, is focused on powering trusted digital transactions between individuals, businesses, and government organizations. Portage customers use its SaaS solutions and expert services to power digital signatures with legal reliability and to improve experiences for trusted transactions.

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, 2023:

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, 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")	PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC, Paragon Staffing, LLC ("PDS")
Rednet AG ("Rednet")	Vicom Infinity, Inc. ("Vicom Infinity")
Stone Technologies Group Ltd., Granite One Hundred Holdings Ltd., Stone Computers Ltd., Stone Technologies Ltd., Compusys Ltd. ("Stone")	

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 5, 2024.

[b] Basis of measurement

These consolidated financial statements have been prepared on a going-concern basis, using historical cost, except for certain assets and liabilities initially recognized in connection with business combinations, and contingent consideration related to business combinations, which are measured at their estimated fair value.

[c] Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023 and 2022.

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 intracompany 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 Company has analyzed the wide-ranging effects of economic uncertainty, encompassing factors such as inflation and higher interest rates. This evaluation also considered the broader impacts stemming from global geopolitical instability on its consolidated financial statements. As of December 31, 2023, management has concluded that the Company's capacity to carry out its medium- and long-term plans, along with the economic sustainability of its assets—covering the carrying value of long-lived assets and inventory valuations—is not significantly affected. In arriving at this determination, the Company has considered various factors, including existing laws, regulations, orders, disruptions, and potential disruptions in the supply chain, market disturbances for its products, commodity prices, foreign exchange rates, and the measures taken by the Company at its operations to safeguard the health and safety of its workforce and the local community.

[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. Judgment 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 judgment. In making its judgment, 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 judgment 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 finalized 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 judgment 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 NCI 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 acquisition, integration, restructuring and other costs.

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*.

[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.

[xi] Allowance for doubtful accounts

The Company has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses ("ECLs") for trade receivables and unbilled revenue. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The Company measures ECLs by considering the Company's historical observed default rates and credit loss experience, adjusted with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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 (loss) income. 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.

[i] 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.

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, as the Company has determined that it is acting as an agent for the software vendor in these transactions.

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.

[ii] 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 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 of the assets 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	Over the term of lease
Leasehold improvements	Lesser of useful life or over the 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. Amortization 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 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.

Goodwill is tested annually for impairment on October 1, 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.

[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 the 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 relates 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 the 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 (loss) income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive (loss) income 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 share-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 (“FVTPL”)) 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 FVTPL are recognized immediately in profit or loss.

[i] 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, FVTPL, 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 FVTPL.

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.

[ii] 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 FVTPL 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.

[iii] 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.

[iv] 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
Lease liabilities	Amortized cost
Deferred consideration	Amortized cost
Borrowings	Amortized cost
Notes payable	Amortized cost
Contingent consideration	FVTPL

[v] Impairment of financial assets

Financial assets, other than those classified as FVTPL, 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 the consolidated statement of income and comprehensive income 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, 2023:

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

The amendments replace 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 amendments provide clarification to help entities to distinguish between accounting policies and accounting estimates. The adoption of these amendments resulted in no significant impact on the Company's consolidated financial statements.

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

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal taxable and deductible 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 adoption of these amendments resulted in no significant impact on the Company's 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 amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments also clarify that not all accounting policy information that relates to material transactions, other events or conditions is material to the financial statements. The amendments to IFRS Practice Statement 2 add guidance and examples to the materiality practice statement, which explains how to apply the materiality process to identify material accounting policy information. The adoption of these amendments resulted in no significant impact on the Company's consolidated financial statements.

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

The following new and amended standards and interpretations will become effective in the next fiscal year. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective, and they are not expected to have a significant impact on these consolidated financial statements:

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

The narrow scope of these 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 expects no significant impact in adopting these amendments on its consolidated financial statements.

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

The amendments 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 expects no significant impact in adopting these amendments on its consolidated financial statements.

Amendments to IAS 7 and IFRS 7 in May 2023, IASB issued Disclosures: Supplier Finance Arrangements

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including the terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period, and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is

required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose. The amendments will be 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 12 in May 2023, IASB issued International Tax Reform – Pillar Two Model Rules

In December 2021, the Organization for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework ("Pillar Two"). On August 4, 2023, the Department of Finance (Canada) released draft legislation that would be effective after 2023 to implement the Global Minimum Tax Act, imposing a 15% global minimum tax further to the OECD's Pillar Two guidance. While the Global Minimum Tax Act has not been substantively enacted, the Company operates in other jurisdictions (such as the UK, Ireland, and Germany) which have enacted local minimum tax legislation as at December 31, 2023. On May 23, 2023, the IASB issued amendments to IAS 12, *Income Taxes* introducing a temporary mandatory exception from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two global minimum tax rules, which exception has been applied by the Company. The Company will continue monitoring the progress of relevant legislation globally to determine the impact upon substantive enactment but at this time does not expect to have material exposure related to these rules.

Amendments to IAS 21 in August 2023, IASB issued Lack of Exchangeability

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. The Company expects no significant impact in adopting these amendments on its consolidated financial statements.

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*:*

	December 31, 2022 **$**
Cash consideration	497,738
Contingent consideration	17,354
Deferred consideration	6,985
NCI liability	8,403
Total	**530,480**
Cash	80,104
Trade and other receivables	200,444
Prepaid expenses and other current assets	7,098
Inventories	76,921
Property and equipment	10,968
ROU asset	19,113
Intangible assets	263,098
Trade and other payables	(229,291)
Deferred revenue	(28,231)
Deferred tax liability	(68,065)
Lease liabilities	(19,342)
Goodwill	**217,663**

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.
During the year, the Company finalized the open purchase price allocations from the previous year. The purchase price allocations of acquisitions completed during the year ended December 31, 2022 are final.

5. Trade and other receivables

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

	2023 **$**	**2022** **$**
Trade receivables	**616,139**	675,536
Unbilled revenue	**157,121**	69,717
Other receivables	**40,971**	36,430
Total	**814,231**	781,683

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

	Computer hardware and equipment $	Furniture and fixtures $	Land, buildings and leasehold improvements $	ROU asset – leased equipment $	ROU asset – leased building $	Total $
Cost						
As at December 31, 2021	22,273	2,596	3,820	13,581	28,286	70,556
Acquired from business combinations	6,154	2,015	2,798	744	17,615	29,326
Additions	19,713	656	133	9,160	16,205	45,867
Disposals	(671)	(102)	(3)	(60)	(573)	(1,409)
Effect of foreign exchange	(4,419)	637	215	(2,541)	(9,436)	(15,544)
As at December 31, 2022	**43,050**	**5,802**	**6,963**	**20,884**	**52,097**	**128,796**
Additions	8,949	468	487	7,147	10,094	27,145
Disposals	(2,800)	(780)	(3,679)	(5,634)	(5,460)	(18,353)
Effect of foreign exchange	(1,944)	7	(329)	(242)	(437)	(2,945)
As at December 31, 2023	**47,255**	**5,497**	**3,442**	**22,155**	**56,294**	**134,643**
Accumulated depreciation						
As at December 31, 2021	14,396	1,183	491	8,685	15,159	39,914
Depreciation	8,511	816	394	2,652	8,144	20,517
Effect of foreign exchange	(6,018)	(114)	(129)	(2,754)	(10,972)	(19,987)
As at December 31, 2022	**16,889**	**1,885**	**756**	**8,583**	**12,331**	**40,444**
Depreciation	14,745	1,091	572	4,911	11,405	32,724
Disposals	(392)	(621)	(644)	(5,634)	(4,340)	(11,631)
Effect of foreign exchange	(1,659)	(38)	(254)	(130)	(301)	(2,382)
As at December 31, 2023	**29,583**	**2,317**	**430**	**7,730**	**19,095**	**59,155**
Net book value						
As at December 31, 2022	26,161	3,917	6,207	12,301	39,766	88,352
As at December 31, 2023	**17,672**	**3,180**	**3,012**	**14,425**	**37,199**	**75,488**

The Company has classified $8,532 of depreciation expense related to service equipment in cost of sales in the consolidated statements of income and comprehensive income (2022 – $4,951).

7. Intangible assets

	Customer relationships $	Trade name and trademarks $	Developed technology $	Computer software $	Managed service contracts $	Total $
Cost						
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	49	8	745	1,605	2,042	4,449
Effects 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**
Additions	-	-	1,379	111	-	1,490
Effect of foreign exchange	(8,235)	(1,873)	(94)	(704)	(124)	(11,030)
As at December 31, 2023	**491,527**	**64,061**	**14,101**	**2,703**	**3,223**	**575,615**
Accumulated depreciation						
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**
Amortization	67,729	15,102	2,444	1,141	843	87,259
Effect of foreign exchange	(7,826)	775	34	(1,087)	(125)	(8,229)
As at December 31, 2023	**153,875**	**38,746**	**3,394**	**1,196**	**3,223**	**200,434**
Net book value						
As at December 31, 2022	405,790	43,065	11,900	2,154	842	463,751
As at December 31, 2023	**337,652**	**25,315**	**10,707**	**1,507**	**-**	**375,181**

8. Goodwill

	$
As at December 31, 2021	323,284
Acquired from acquisitions	212,472
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	4,675
Effect of foreign exchange	23,417
As at December 31, 2022	**563,848**
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	5,191
Effect of foreign exchange	(4,269)
As at December 31, 2023	**564,770**

For the purpose of impairment testing, goodwill is tested at the operating segment level. The Company performed annual goodwill impairment tests using the fair value less costs of disposal model (2022 – value-in-use model). The fair value measurement of the Company utilizes a market approach by considering the Company's market capitalization. The costs of disposal were assumed to be 2%-2.5% of the fair value measurement. The recoverable

amount of goodwill exceeded the carrying value as at October 1, 2023. Reasonable possible changes in key assumptions and estimates would not cause the recoverable amount of goodwill to fall below the carrying value.

The carrying amount of goodwill allocated to each group of CGUs is $43,136 for the Portage SaaS Solutions group of CGUs and $521,634 for the Converge group of CGUs (2022 – $42,545 and $521,303, respectively).

9. Borrowings

The borrowings outstanding as at December 31 were as follows:

Facility	Notes	2023 $	2022 $
Revolver Credit Facility	[a]	**379,604**	420,439
Other third-party facilities	[b]	**67**	1,289
Total		**379,671**	421,728
Current liabilities		**1,664**	421,728
Non-current liabilities		**378,007**	-
Total		**379,671**	421,728

[a] On July 28, 2022, the Company entered into a multi-currency, 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. The Revolver Credit Facility can be drawn to a maximum of $500,000 and included an uncommitted accordion feature of $100,000. On February 9, 2023, the Company exercised the accordion feature, increasing the total borrowing capacity to $600,000. Interest is payable monthly at an interest rate that generally approximates the Secured Overnight Financing Rate, plus applicable bank margin ranging from 1.25% to 2.25%. The effective interest rate for the year ended December 31, 2023 was 7.4% (2022 – 5.1%). The Revolver Credit Facility matures on July 27, 2027.

The Revolver Credit Facility has certain financial and non-financial covenants including a leverage ratio and interest coverage ratio. The Revolver Credit Facility is secured by a first-ranking security over all present and after-acquired properties in the form of a general security agreement. As at December 31, 2023, the Company was in compliance with its covenants.

The Revolver Credit Facility contains provisions that limit certain restricted payments including dividends and share repurchases to a total of $40,000 per fiscal year.

[b] The Company has a loan with a third party for vehicle financing that is paid monthly and matures in December 2025. The Company had a credit agreement with a third party that was secured by a long-term customer contract that required quarterly blended payments and matured in November 2023.

The consolidated interest expense for all borrowings for the year ended December 31, 2023 was $33,724 (2022 – $14,242).

10. 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%, respectively. 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, 2023 $	December 31, 2022 $
Minimum lease payments		
2023	**-**	17,330
2024	**18,774**	13,450
2025	**14,085**	9,837
2026	**8,936**	5,847
2027	**6,779**	4,668
2028 and onwards	**11,154**	8,569
	59,728	59,701
Less: future finance charges	**(6,112)**	(6,059)
Present value of minimum lease payments	**53,616**	53,642
Current liabilities	**16,928**	15,800
Non-current liabilities	**36,688**	37,842
	53,616	53,642

During the year ended December 31, 2023, the Company has recognized $2,416 of interest expense related to lease liabilities (2022 – $1,419) and incurred $20,626 of lease liability repayments (2022 – $12,290).

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% (2022 – 26.5%) to pre-tax income as a result of the following:

	2023 $	2022 $
(Loss) income before income taxes	**(18,565)**	18,785
Income tax at statutory rate of 26.5%	(4,920)	4,977
Other	(1,137)	880
Permanent differences	5,528	6,751
Foreign tax rate differences	(199)	(303)
Change in unrecognized deferred tax asset	(11,444)	(16,364)
Income tax recovery	**(12,172)**	(4,059)
Current tax expense	21,722	32,536
Deferred tax recovery	(33,894)	(36,595)
Income tax recovery	**(12,172)**	(4,059)

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 consists of the following:

	2023 $	2022 $
Deferred tax asset		
Non-capital loss carry-forward	11,315	3,084
Reserves	2,171	2,356
Non-deductible expenses	1,943	2,235
Deferred tax liability		
Property and equipment, intangible assets and goodwill	82,597	110,652
Net deferred tax liability	**67,168**	102,977

The Company has non-capital loss carry-forwards of approximately $41,880 (2022 – $24,794), which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, which expire between the years 2033 to 2043. The United States entities has non-capital loss carry-forwards of $20,429 with no expiry date. The European entities have non-capital loss carry-forwards of $3,386, which can be carried forward indefinitely.

12. Other financial liabilities

Other financial liabilities as at December 31, 2023 and 2022 are comprised of the following:

	Notes	2023 $	2022 $
Notes payable	[a]	**1,670**	1,842
Deferred consideration	[b]	**17,093**	42,138
Contingent consideration	[c]	**28,600**	37,968
Lease liability (Note 10)		**53,616**	53,642
NCI liability	[d]	**8,284**	45,690
NCIB liability		**2,500**	19,835
		111,763	201,115
Current liabilities		**54,095**	123,932
Non-current liabilities		**57,668**	77,183
		111,763	201,115

[a] Notes payable

As at December 31, 2023, the Company had a note payable to a third party of $37 (2022 – $194). Interest on the note payable is 5.57% per annum and the maturity date is March 16, 2024.

As at December 31, 2023, Portage had a note payable to a third party in aggregate of $1,633 (2022 – $1,648). Interest on the note payable is 4% per annum and the maturity date is March 22, 2032.

[b] Deferred consideration

	$
As at December 31, 2021	45,769
Additions from acquisitions	5,935
Payments	(11,501)
Interest expense	1,829
Effects of foreign exchange	106
As at December 31, 2022	**42,138**
Payments	(32,619)
Amendments to agreements (Note 12[d])	7,298
Interest expense	490
Effects of foreign exchange	(214)
As at December 31, 2023	**17,093**
Current	**12,083**
Non-current	**5,010**
Total	**17,093**

Included in the payment of deferred consideration in the consolidated statements of cash flow is $8,495 of working capital adjustment payments.

[c] Contingent consideration

Contingent consideration consists of earn-out payments due to sellers of acquired companies for meeting certain Gross Profit and earnings before interest, taxes, depreciation, and amortization ("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 best estimates and Monte Carlo simulation using various assumptions including Gross Profit and EBITDA forecast.

	$
As at December 31, 2021	23,609
Additions from acquisitions	17,354
Payments	(10,135)
Renumeration expense [i]	1,354
Change in fair value	3,552
Effects of foreign exchange	2,234
As at December 31, 2022	**37,968**
Payments	(24,773)
Renumeration expense [i]	1,350
Change in fair value	14,673
Effects of foreign exchange	(618)
As at December 31, 2023	**28,600**
Current	22,547
Non-current	6,053
Total	**28,600**

[i] As part of 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 over time, as it becomes earned, in the consolidated statements of (loss) income and comprehensive (loss) income. For the year ended December 31, 2023, $1,350 remuneration expense has been recognized, presented within acquisition, integration, restructuring, and other costs (2022 – $1,354).

During the year ended December 31, 2023, the Company recognized an expense of $14,673 in the consolidated statements of (loss) income and comprehensive (loss) income (2022 – $3,552), which is presented under change in fair value of contingent consideration.

[d] NCI liability

[i] Rednet

Under the terms of the Rednet acquisition, the seller had 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 included a reciprocal call option, which would require the seller 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 would have become 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

would have become 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 was a financial instrument that was measured at fair value, which was equal to the present value of the future estimated redemption amount. The fair value was reviewed on an ongoing basis, with the impact of any subsequent remeasurement of the valuation of the liability recognized in the consolidated statements of (loss) income and comprehensive (loss) income.

As at December 31, 2022, the Company signed a definitive agreement with the seller that modified the original purchase agreement to allow the Company to acquire the remaining 25% interest in Rednet for $37,292 (25,393 €), which is payable in two installments. As a result, the fair value increase of $10,481 was recognized within the change in fair value of continent consideration in the consolidated statements of income and comprehensive income for December 31, 2022. On March 15, 2023, the Company made the first payment of $29,994 (20,393 €), with the remaining $7,298 (5,000 €) paid to the seller on January 9, 2024, which has been included in deferred consideration above (Note 12[b]).

[ii] Stone

Under the terms of the Stone acquisition, the seller has the right to exercise a put option that would require the Company to purchase the seller's remaining NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also include a reciprocal call option, which would require the seller to sell their 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. 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 (loss) income and comprehensive (loss) income. During the year ended December 31, 2023, the Company repurchased $973 (580£) from the seller of Stone (2022 – $nil). As at December 31, 2023, the fair value of the NCI liability was $8,284 (2022 – $8,977).

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.

13. 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, 2023 and December 31, 2022.

[b] Stock option plans

During the year ended December 31, 2023, the Company granted 1.9 million service-based stock options to its executive leadership team (2022 – 0.7 million). Stock options typically vest over a four-year period in equal tranches annually and expire ten years from the issuance date.

During the year ended December 31, 2023, the Company recognized share-based compensation expense of $3,563 related to stock options (2022 – $5,087).

Changes in the number of stock options during the years ended December 31 were as follows:

	2023		2022	
	Number of Options #	Weighted-average Exercise price $	Number of Options #	Weighted-average Exercise Price $
Stock options, January 1	**2,828,712**	**8.56**	**1,600,000**	**9.20**
Granted	1,900,000	2.88	1,228,712	7.73
Forfeited	(500,000)	(5.86)	-	-
Stock options, December 31	**4,228,712**	**6.33**	**2,828,712**	**8.56**

A summary of the Company's outstanding stock options as at December 31 are as follows:

	2023		2022	
Exercise price range	Number outstanding, December 31, 2023 #	Weighted-average remaining contractual life in years $	Number outstanding, December 31, 2022 #	Weighted-average remaining contractual life in years $
Less than $3.00	1,900,000	9.53	-	-
$3.00 – $6.00	28,712	8.96	28,712	9.69
Greater than $9.00	2,300,000	7.72	2,300,000	8.72
Stock options, December 31	**4,228,712**	**8.68**	**2,328,712**	**9.03**

The per share weighted average fair value of stock options granted during the year ended December 31, 2023 was $1.53 (2022 – $4.11).

The fair value of the stock options granted was calculated using the Black-Scholes option pricing model on the grant date. The key assumptions used in the valuation of these grants were as follows:

	2023	2022
Exercise price	**$2.82 – $2.92**	$4.77 – $9.20
Expected dividend yield	**1%**	Nil%
Risk free interest rate	**3.1% – 4.7%**	2.0% – 3.2%
Expected option life	**5.0 years**	6.25 years
Expected volatility	**60% – 68%**	52% – 71%
Estimated average forfeiture rate	**Nil%**	Nil%

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

[c] Restricted stock units

On March 15, 2022, there was 69,675 restricted share units ("RSUs") granted. 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 $9.20.

During the year ended December 31, 2023, the Company recognized share-based compensation expense from RSUs of $129 (2022 – $507). All RSUs were settled in common shares during the year ended December 31, 2023. No outstanding RSUs remain as at December 31, 2023.

[d] Share purchase plan

On August 8, 2022, the Company announced that the Toronto Stock Exchange approved the Company's Notice of Intention to make a Normal Course Issuer Bid ("2022 NCIB"). Pursuant to the 2022 NCIB, the Company was authorized to 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 2022 NCIB commenced on August 11, 2022 and terminated once the maximum number of common shares under the 2022 NCIB had been purchased in June 2023. As at December 31, 2022, 6,464,124 common shares were repurchased and cancelled. During the year ended December 31, 2023, 4,280,694 common shares were repurchased under the 2022 NCIB for an aggregate purchase price of $14,229. All common shares acquired by the Company under the 2022 NCIB were cancelled.

On August 9, 2023, the Company announced that the Toronto Stock Exchange approved the Company's Notice of Intention to make a new Normal Course Issuer Bid ("2023 NCIB"). Pursuant to the 2023 NCIB, the Company may purchase for cancellation up to an aggregate of 19,427,276 common shares of the Company representing 10% of the issued and outstanding common shares as at July 28, 2023. The NCIB commenced on August 9, 2023, and terminates one year after its commencement, or earlier if the maximum number of common shares under the 2023 NCIB have been purchased or the 2023 NCIB is terminated at the option of the Company. All common shares acquired by the Company under the 2023 NCIB will be cancelled.

The Company had also entered into an automatic purchase plan agreement with a broker upon commencement of the 2023 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. The surplus paid over the carrying value of the common shares was charged to deficit. During the year ended December 31, 2023, 976,600 common shares were repurchased under the 2023 NCIB for an aggregate purchase price of $3,159. As at December 31, 2023, 954,400 common shares had been cancelled, the remaining 22,200 common shares were cancelled in January 2024.

As at December 31, 2023, the Company recognized an obligation for the repurchase of shares for an aggregate purchase price of $2,500 (2022 – $19,835).

[e] Dividends

The Company paid dividends to shareholders during the year ended December 31, 2023 of $6,156, based on a dividend of $0.01 per share per quarter (2022 – $nil).

14. Selling, general and administrative expenses

Components of selling, general and administrative expenses for the years ended December 31, 2023 and 2022 were as follows:

	2023 $	2022 $
Salaries and benefits	**441,857**	351,004
Office, travel and events	**66,378**	46,296
Professional fees	**19,545**	12,380
Other expenses	**13,338**	3,964
Total	**541,118**	413,644

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.

The Company defines key management personnel as being the Board of Directors, the Chief Executive Officer ("CEO") and the executive leadership team. The remuneration of key management personnel during the year was as follows:

	December 31, 2023 $	December 31, 2022 $
Salaries and benefits [a]	**9,354**	8,475
Share-based compensation	**3,692**	5,594
Total	**13,046**	14,069

[a] Included in salaries and benefits are salaries and wages, bonuses, advisory fees, short-term employment benefits and other personnel costs.

As at December 31, 2023, $1,208 (2022 – $nil) was included in trade and other payables for consulting fees, salaries and benefits, directors' fees, and reimbursement of expenses. The amounts due are unsecured, bear no interest and are payable on demand.

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 share capital and borrowings.

Total managed capital as at December 31 is as follows:

	2023 $	2022 $
Borrowings	**379,671**	421,728
Common shares	**599,434**	595,019
Total	**979,105**	1,016,747

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

[a] 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 has assessed the credit risk on its cash balance as low since its funds are held in highly rated financial institutions. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. Due to the Company's diversified customer base, there is no particular concentration of credit risk related to the Company's receivables. As at December 31, 2023, no individual customer represented greater than 10% of the outstanding receivable balance or revenue.

The aging of trade receivables is as follows:

	2023 $	2022 $
0 to 30 days	**394,276**	390,833
31 to 60 days	**120,360**	148,760
61 to 90 days	**69,577**	57,298
> 90 days	**43,774**	80,277
	627,987	677,168
Less: allowance for doubtful accounts	**11,848**	1,632
	616,139	675,536

[b] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's 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 through the management of working capital, forecasting cash flows from operations, and anticipating any investing and financing activities.

The Company intends to rely on positive cash flows from operations and available cash under existing credit facilities to achieve its future objectives. However, there can be no assurance that actual cash flows from operations will be as forecasted or that such equity and/or debt financings will be available on a timely basis under terms acceptable to the Company.

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

December 31, 2023	Carrying amount $	Contractual cash flows $	Year 1 $	Year 2 $	Year 3 $	Year 4+ $
Trade and other payables	913,994	913,994	913,994	-	-	-
Lease liabilities	53,616	59,728	18,774	14,085	8,936	17,933
Other financial liabilities	58,147	58,147	37,168	11,235	228	9,516
Borrowings	379,671	379,671	1,664	-	-	378,007
	1,405,428	**1,411,540**	**971,600**	**25,320**	**9,164**	**405,456**

December 31, 2022	Carrying amount $	Contractual cash flows $	Year 1 $	Year 2 $	Year 3 $	Year 4+ $
Trade and other payables	824,924	824,924	824,924	-	-	-
Lease liabilities	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**

[c] 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.

[i] 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 the Canadian dollar 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 UK operations with Great British 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, 2023,

the Company had net assets of $7,613 (2022 – net liabilities of $3,833) denominated in US dollars, net assets of $101,522 (2022 – net liabilities of $98,356) denominated in euros, and net liabilities of $3,955 (2022 – net liabilities of $2,229) denominated in Great British Pounds. A 10% change in exchange rates between the euro and Canadian dollar results in a $14,849 impact on the Company's net assets denominated in euros. A 10% change in exchange rates between the US and Canadian dollar, or Great British Pounds and the 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) income.

[ii] 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. As at December 31, 2023, the Company had $379,220 (2022 – $420,439) of variable rate debt. A 100 basis points increase or decrease in the interest rates would result in a change in interest expense of $3,792 (2022 – $4,204) for the year ended December 31, 2023.

[iii] 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, 2023.

[d] Fair values

The fair values of cash, trade and other receivables, other assets, trade and other payables, deferred considerations and other financial liabilities approximate their carrying values due to the immediate or short-term maturity of these financial instruments. The fair value of borrowings approximates their carrying value due to the variable interest rates on these instruments. The Company measures its contingent consideration on acquisitions at fair value.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 on acquisition is classified as Level 3 financial instruments. During the year, there were no transfers of amounts between levels.

18. Segmented information

The Company's Group CEO has been identified as the chief operation decision maker ("CODM"). The CODM 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 CODM may also consider industry trends and other externally available financial information when evaluating the performance of the Company. As a result of significant business operation and internal reporting changes undertaken by the Company in the first quarter of 2023 that affect how the Company views and monitors the performance of its majority-owned Portage subsidiary, the Company has determined that it is now composed of two operating segments: i) Converge, and ii) Portage SaaS Solutions. A description of the Company's operating segments is provided in Note 1. The prior year data for the new operating segments has been reclassified for comparative purposes consistent with the Company's accounting policy change.

The CODM evaluates the performance of each segment based on revenue less cost of sales, and selling, general and administration expenses ("segment profit"). Segment profit (loss) excludes depreciation and amortization, acquisition, integration, restructuring and other costs, change in fair value of contingent consideration, finance expense, share-based compensation, and other income or expenses.

Year ended December 31,		**2023**			**2022**	
	Converge $	**Portage SaaS Solutions** $	**Total** $	**Converge** $	**Portage SaaS Solutions** $	**Total** $
Total revenue	**2,686,249**	**18,958**	**2,705,207**	**2,152,180**	**12,467**	**2,164,647**
Cost of sales	1,996,356	5,971	2,002,327	1,610,763	3,116	1,613,879
Gross profit	**689,893**	**12,987**	**702,880**	**541,417**	**9,351**	**550,768**
Selling, general and administrative expenses	524,312	16,806	541,118	403,708	9,936	413,644
Segment profit (loss)	**165,581**	**(3,819)**	**161,762**	**137,709**	**(585)**	**137,124**
Depreciation and amortization	106,196	5,255	111,451	71,911	3,203	75,114
Finance expense, net	39,530	1,695	41,225	19,655	205	19,860
Acquisition, integration, restructuring and other	12,264	1,384	13,648	23,035	1,078	24,113
Change in fair value of contingent consideration	14,723	(50)	14,673	14,033	-	14,033
Share-based compensation	3,692	-	3,692	5,594	-	5,594
Other (income) expenses	(4,510)	148	(4,362)	(20,382)	7	(20,375)
(Loss) income before income taxes	**(6,314)**	**(12,251)**	**(18,565)**	**23,863**	**(5,078)**	**18,785**

The Company has three geographic segments, being Canada, USA, Europe and UK. The following tables present details on revenue derived and details on property and equipment and intangible assets domiciled in the following geographical locations.

Revenue by geography for the year ended December 31 was as follows:

	2023 **$**	**2022** **$**
USA	**1,898,603**	1,445,061
Canada	**284,838**	379,132
Europe	**521,766**	340,454
	2,705,207	2,164,647

Property, equipment, right-of-use assets, intangible assets and goodwill as at December 31 by geographical segment is as follows:

	Property and equipment $	Intangible assets $	Goodwill $	Total $
December 31, 2023				
United States	**44,820**	**202,833**	**298,036**	**545,689**
Canada	**10,295**	**58,500**	**85,424**	**154,219**
Europe and UK	**20,373**	**113,848**	**181,310**	**315,531**
	75,488	**375,181**	**564,770**	**1,015,439**
December 31, 2022				
United States	57,347	257,955	304,716	620,018
Canada	11,513	70,580	82,966	165,059
Europe and UK	19,492	135,216	176,166	330,874
	88,352	463,751	563,848	1,115,951

19. Acquisition, integration, restructuring, and other

Acquisition, integration, restructuring and other costs for the years ended December 31 are detailed in the following table:

	2023 $	2022 $
Restructuring costs	**5,543**	1,106
Acquisition and transaction-related costs	**4,232**	17,387
Integration costs	**1,579**	1,144
Other costs	**2,294**	4,476
	13,648	24,113

Acquisition and transaction-related costs primarily consist of acquisition-related compensation tied to continued employment of pre-existing shareholders of the acquiree not included in the total purchase consideration and professional fees. Integration costs primarily consist of professional fees incurred related to integration of acquisitions completed. Restructuring costs mainly represent employee exit costs as a result of synergies created from acquisitions and organizational changes.

20. Provisions

Provisions include accruals for legal claims, restructuring and acquisition, integration, restructuring, and other costs, 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 Company’s provisions, which are included in trade and other payables on the consolidated statements of financial position, as at December 31, 2023 is $2,031 (2022 – $2,031).

21. Non-controlling interest

The authorized share capital of Portage consists of an unlimited number of Class A shares, Class B shares, Class C shares, Class D shares, Class E shares, Class F shares, and Class G shares. As at December 31, 2023, 98,125,000 Class A shares have been issued and outstanding. No Class B, Class C, Class D, Class E, Class F, or Class G shares have been issued as at December 31, 2023 and December 31, 2022. As at December 31, 2023, the Company has 51% ownership interest in Portage and owns 50,000,000 Class A shares.

Portage has a stock option pool of 9,812,500 options, out of which, 6,464,523 options have been granted as at December 31, 2023.

The following table details changes in non-controlling interest for the year ended December 31, 2023 and 2022:

	$
As at December 31, 2021	35,339
Share of comprehensive loss for the year	(4,439)
As at December 31, 2022	30,900
Share of comprehensive loss for the year	**(4,945)**
As at December 31, 2023	**25,955**

As at December 31, 2023, Portage has an intercompany loan of $25,000 owed to the Company, payable at 5% interest. The interest accrued on this loan as at December 31, 2023 is $2,000.

22. Other income, net

Other income, net consist primarily of foreign exchange gains or losses, interest income, and other income, and expenses. 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.

Other income, net for the year ended December 31 is as follows:

	2023 **$**	**2022** **$**
Foreign exchange gain	**(4,404)**	(19,581)
Other expense (income)	**42**	(794)
Other income, net	**(4,362)**	(20,375)

23. Changes in non-cash working capital

	2023 $	2022 $
Trade and other receivables	**(98,246)**	(125,838)
Inventories	**81,757**	38,147
Prepaid expenses and other assets	**(8,090)**	(2,106)
Trade and other payables	**111,328**	33,174
Other financial liabilities	**1,350**	2,602
Deferred revenue and customer deposits	**2,647**	(2,442)
Changes in non-cash working capital	**90,746**	(56,463)

24. Contingencies

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

25. Subsequent events

On March 5, 2024, the Board declared a quarterly dividend of $0.01 per common share to be paid on March 26, 2024 to shareholders of record at the close of business on March 12, 2024.