Consolidated Financial Statements
(Expressed in thousands of Canadian dollars)

Converge Technology Solutions Corp.

For the years ended December 31, 2024 and 2023

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, 2024 and 2023, and the consolidated statements of income and comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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, 2024, the Group has $404.7 million of goodwill recorded on the consolidated statement of financial position. Management assesses at least annually on October 1, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of goodwill. During the year, the Group recognized an impairment of $176.1M in the Germany CGU. The impairment recorded in the Germany CGU was allocated $145.9M and $30.2M, respectively, to goodwill and intangible assets. When performing impairment tests, the Group estimates the recoverable amount of the CGU or group of CGUs, to which goodwill has been allocated, using the higher of a fair value less costs to sell ("FVLCS") or value in use ("VIU") model. The Group discloses their approach in respect of impairment in Note 8 to the consolidated financial statements.	To test the estimated recoverable amount for each of the three CGUs or 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; • Evaluated the 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; • Compared management's estimated EBITDA growth rates and terminal growth rates to historical performance and economic trends;

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 three CGUs or groups of CGUs. Significant assumptions by management included earning multiples and estimated costs to sell, as well as EBITDA growth rates, terminal growth rates and discount rates.	• Performed a sensitivity on significant assumptions to evaluate the impact on the recoverable amount; • Involved our valuation specialists to assess the Group's impairment models, valuation methodology, and certain significant assumptions, including earnings multiples, discount rates and estimated costs to sell; and • Assessed the adequacy of the Group'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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes 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, 2025

Converge Technology Solutions Corp.

Consolidated Statements of Financial Position

(expressed in thousands of Canadian dollars)

	Notes	December 31, 2024 $	December 31, 2023 $
Assets			
Current			
Cash		**142,733**	170,419
Trade and other receivables	5	**1,000,573**	803,652
Inventories		**62,938**	73,166
Prepaid expenses and other assets		**30,728**	26,528
		1,236,972	1,073,765
Non-current			
Investment in associates	4	**4,795**	-
Unbilled receivables and other assets		**204,208**	64,158
Property, equipment and right-of-use assets, net	6,19	**69,696**	75,488
Intangible assets, net	7,19	**265,882**	375,181
Goodwill	8,19	**404,711**	564,770
Total assets		**2,186,264**	2,153,362
Liabilities			
Current			
Trade and other payables	17	**1,202,943**	853,655
Other financial liabilities	12	**39,882**	54,095
Deferred revenue		**81,109**	59,325
Borrowings	9	**639**	1,664
Income taxes payable	11	**-**	9,286
		1,324,573	978,025
Non-current			
Accrued liabilities and other payables	17	**184,514**	60,339
Other financial liabilities	12	**34,174**	57,668
Borrowings	9	**255,464**	378,007
Deferred tax liabilities	11	**28,804**	67,168
Total liabilities		**1,827,529**	1,541,207
Shareholders' equity			
Common shares		**555,521**	599,434
Contributed surplus		**16,532**	10,970
Accumulated other comprehensive income		**28,603**	3,963
Deficit		**(241,921)**	(28,167)
Total equity attributable to shareholders of Converge		**358,735**	586,200
Non-controlling interest ("NCI")		**-**	25,955
		358,735	612,155
Total liabilities and shareholders' equity		**2,186,264**	2,153,362

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

On behalf of the Board:

"Signed"
Director – Thomas Volk

"Signed"
Director – Darlene Kelly

Converge Technology Solutions Corp.

Consolidated Statements of Income and Comprehensive Income

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

For the years ended December 31,	Notes	2024 $	2023 $
Revenue			
Product		**2,058,494**	2,098,880
Service		**533,587**	606,327
Total revenue	19	**2,592,081**	2,705,207
Cost of sales		**1,900,639**	2,002,327
Gross profit		**691,442**	702,880
Selling, general and administrative expenses	14	**534,918**	541,118
Income before the following		**156,524**	161,762
Depreciation and amortization	6,7	**89,665**	111,451
Finance expense, net		**30,979**	41,225
Acquisition, integration, restructuring and other	20	**16,429**	13,648
Change in fair value of contingent consideration	12[a][b]	**10,582**	14,673
Share-based compensation	13[b][c][d]	**5,858**	3,692
Other loss (income), net	21	**1,357**	(4,362)
Loss on loss of control of Portage	4	**117**	-
Loss from investment in associates	4	**25,930**	-
Impairment loss – Germany segment	7,8	**176,124**	-
Loss before income taxes		**(200,517)**	(18,565)
Income tax recovery	11	**(19,531)**	(12,172)
Net loss		**(180,986)**	(6,393)
Net loss attributable to:			
Shareholders of Converge		**(177,713)**	(1,448)
Non-controlling interest		**(3,273)**	(4,945)
		(180,986)	(6,393)
Other comprehensive income (loss)			
Item that may be reclassified subsequently to income:			
Exchange differences on translation of foreign operations		**24,640**	(9,745)
Comprehensive loss		**(156,346)**	(16,138)
Comprehensive loss attributable to:			
Shareholders of Converge		**(153,073)**	(11,193)
Non-controlling interest		**(3,273)**	(4,945)
		(156,346)	(16,138)
Net loss per share – basic and diluted		**(0.90)**	(0.01)
Weighted average number of shares outstanding – basic and diluted		**197,712,466**	206,669,536

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

Converge Technology Solutions Corp.

Consolidated Statements of Changes in Shareholders' Equity

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

	Notes	Common shares #	Common shares $	Contributed surplus $	Exchange rights $	Accumulated other comprehensive income (loss) $	Deficit $	Non-controlling interest $	Total $
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[b][c]	-	-	3,692	-	-	-	-	3,692
Exercise of exchange rights	(i)	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[e]	(5,235,094)	(15,200)	-	-	-	(2,095)	-	(17,295)
Shares repurchased to be cancelled	13[e]	(22,200)	(66)	-	-	-	(27)	-	(93)
Dividends paid	13[f]	-	-	-	-	-	(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**
Share-based compensation	13[b][c][d]	**-**	**-**	**5,858**	**-**	**-**	**-**	**-**	**5,858**
Reversal of prior year share repurchase commitment under NCIB		**-**	**2,500**	**-**	**-**	**-**	**-**	**-**	**2,500**
Shares repurchased and cancelled, net of tax	13[e], (ii)	**(15,639,200)**	**(47,584)**	**-**	**-**	**-**	**(25,264)**	**-**	**(72,848)**
Stock options exercised	13[b]	**300,000**	**1,171**	**(296)**	**-**	**-**	**-**	**-**	**875**
Dividends paid	13[f]	**-**	**-**	**-**	**-**	**-**	**(10,777)**	**-**	**(10,777)**
Derecognition of NCI due to loss of control of Portage	4	**-**	**-**	**-**	**-**	**-**	**-**	**(22,682)**	**(22,682)**
Comprehensive loss		**-**	**-**	**-**	**-**	**24,640**	**(177,713)**	**(3,273)**	**(156,346)**
Balance, December 31, 2024		**188,607,084**	**555,521**	**16,532**	**-**	**28,603**	**(241,921)**	**-**	**358,735**

(i) 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 were exchanged to 321,685 common shares at $5.30 per share for a value of $1,705. As of December 31, 2024, all Class B membership interests of CarpeDatum have been exchanged for common shares and nil are issued and outstanding (2023 – nil).

(ii) A 2% share buyback tax of $1,425 is applied to the value of the Company's repurchased shares for the year ended December 31, 2024.

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	2024 $	2023 $
Cash flows from operating activities			
Net loss		**(180,986)**	(6,393)
Adjustments to reconcile net loss to cash from operating activities			
Depreciation and amortization	6,7	**100,456**	119,983
Unrealized foreign exchange loss (gain)		**1,077**	(2,822)
Share-based compensation	13[b][c][d]	**5,858**	3,692
Finance expense, net		**30,979**	41,225
Loss (gain) on sale of property and equipment		**87**	(263)
Change in fair value of contingent consideration	12[a][b]	**10,582**	14,673
Impairment loss – Germany segment	7,8	**176,124**	-
Loss on loss of control of Portage	4	**117**	-
Loss from investment in associates	4	**25,930**	-
Income tax recovery	11	**(19,531)**	(12,172)
		150,693	157,923
Changes in non-cash working capital items	22	**148,464**	90,746
		299,157	248,669
Income taxes paid		**(29,776)**	(19,129)
Cash from operating activities		**269,381**	229,540
Cash flows used in investing activities			
Purchase of property, equipment and intangible assets		**(1,442)**	(10,828)
Proceeds on disposal of property and equipment		**-**	3,756
Payment of contingent consideration	12[a]	**(25,299)**	(24,773)
Payment of deferred consideration	12[b]	**(12,375)**	(41,114)
Payment of NCI liability		**-**	(30,967)
Cash used in investing activities		**(39,116)**	(103,926)
Cash flows used in financing activities			
Transfers from restricted cash		**-**	5,230
Interest paid		**(23,767)**	(33,724)
Dividends paid	13[f]	**(10,777)**	(6,156)
Payment of lease liabilities	10	**(19,760)**	(20,626)
Repurchase of common shares	13[e]	**(71,506)**	(17,388)
Stock options exercised		**875**	-
Repayment of notes payable		**(39)**	(159)
Net repayment of borrowings		**(139,848)**	(40,475)
Cash used in financing activities		**(264,822)**	(113,298)
Net change in cash during the year		**(34,557)**	12,316
Effects of foreign exchange on cash		**7,945**	(1,787)
Cash derecognized on loss of control of Portage		**(1,074)**	-
Cash, beginning of the year		**170,419**	159,890
Cash, end of the year		**142,733**	170,419

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

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

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 focused on delivering industry-leading solutions with operations in North America, Germany and the United Kingdom ("UK") (Note 19).

The Company's operations in North America, UK and Germany are focused on delivering advanced analytics, artificial intelligence (AI), 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 CyberTech Inc. ("Portage"), the Company's 51% owned investment, accounted for as an investment in associates as of June 27, 2024 on loss of control (Note 4), 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 wholly owned subsidiaries as at December 31, 2024:

OHC International, LLC, Corus 360 Limited	Acumetrics Business Intelligence Inc.
Essextec Acquisition, LLC, Essex Technology Group, Inc., Essex Commercial Finance LLC	Converge Technology Solutions US, LLC
Converge Technology Hybrid IT Solutions Europe Ltd.	Newcomp Analytics Inc., Newcomp Analytics Inc., Newcomp Solutions (USA), Inc.
Solutions P.C.D. Inc., P.C.D. Consultation Inc.	Converge Technology Partners Inc.
Infinity Systems Software, Inc.	Northern Micro Inc.
Accudata Systems LLC	VSS Holdings, LLC, VSS, LLC, Information Insights, LLC
ExactlyIT Inc., ExactlyIT, S. de R.L. de C.V ("ExactlyIT")	Unique Digital, Inc.
Creative Breakthroughs, Inc.	CarpeDatum LLC ("CarpeDatum")
IDX Systems Corp., 1176524 Alberta Ltd., 1190422 Alberta Ltd., 1245720 Alberta Ltd.	Dasher Technologies, Inc.
Gesellschaft für digitale Bildung GmbH, DEQSTER GmbH	PDS Holding Company, Paragon Development Systems Inc., Works Computing, LLC, Paragon Staffing, LLC
PC Specialists, Inc., Itex, Inc., TIG Asia Limited, Technology Integration Group Hong Kong Limited, TIG (Shanghai) Co., Ltd.	Vicom Infinity, Inc.
Rednet AG ("Rednet")	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, 2025.

[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, contingent consideration related to business combinations, and investment in associates initially recognized on loss of control of Portage, 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, 2024 and 2023.

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.

[d] Investment in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control or joint control over those policies. The Company accounts for its investment in associates using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profits or losses of the investee in profit or loss and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees are consistent with the policies adopted by the Company.

The carrying amount of the investment is assessed for indicators of impairment at each reporting date. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the associate operates or a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount becomes lower than the carrying amount.

[e] Functional currency and presentation currency

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

[f] 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, 2024, 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, 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* 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 the Company's 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 forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

3. Material 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.

As at December 31, 2024, cash includes restricted cash in the amount of $278 (2023 – $547).

[b] Foreign currency translation

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

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

[c] Inventories

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

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

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

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

[d] Revenue recognition

The Company generates revenue from the sale of products and services. Product includes computer and data centre equipment, software licenses, and other end-user devices and peripherals. The Company provides a wide range of value-added services such as design, integration, installation, maintenance, analysis, implementation, and managed services primarily in the areas of data analytics, hybrid cloud and cloud transformation, workplace and data centre infrastructure, cybersecurity solutions, and other consulting services, consolidated with a variety of storage and computer hardware and software products.

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

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

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

[i] Revenue recognition for product sales

The Company primarily generates revenue from product sales including the sale of computer hardware, software, maintenance and support and cloud computing solutions. 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 passes to the customer, and iii) the products have been set aside specifically for the customer and cannot be redirected to another customer.

Revenue from sale of software licenses and cloud computing solutions is primarily made up of on-premise software licenses, SaaS or subscription-based licenses and sale of third-party hosted cloud computing solutions. Revenue from the sale of software licenses and cloud computing solutions is generally 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 and cloud computing solutions 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.

The Company commonly enters into contracts with third-party service providers or vendors for hardware or software maintenance. 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.

On multiyear software licenses, cloud computing solutions and sale of third-party maintenance and support contracts, the Company generally invoices the customer on an annual basis over the term of the agreement at negotiated prices and pays the vendors on a similar basis. Any amounts to be billed to the customers greater than one year from the statement of financial position date are recognized as unbilled receivables, and similar amounts payable to vendors are recognized as accrued liabilities. Amounts invoiced and to be invoiced to the customers within one year are recognized as trade and other receivables, and amounts payable within one year to the vendors are recognized as trade and other payables.

[ii] Revenue recognition for services

Services revenue is comprised of revenue generated from rendering of professional services and from managed services contracts. Professional services revenue is recognized over time and is 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. Revenue from managed services contracts is recognized on a straight-line basis over the term of the arrangement. Revenue from services is recognized on a gross basis as the Company is the principal in these arrangements. Periodically, amounts are received in advance of the associated service being performed, these amounts are recorded as deferred revenue.

[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 name and trademarks, 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 represent 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

[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.

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 "income (loss) before income taxes" as reported in the consolidated statements of income and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the year.

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

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

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

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

[j] Income per share

The Company presents basic and diluted income per share data for its common shares. Basic income per share is calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted income per share is determined by adjusting the income attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise shares contingently issuable upon exercise of 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. Loans and 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
Unbilled receivables and other assets	Amortized cost
Trade and other payables	Amortized cost
Accrued liabilities 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 statements 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, 2024:

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

The narrow scope of these amendments affects 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 adoption of these amendments resulted in no impact on the Company's 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 amendments are intended to improve the requirements for sale and leaseback transactions in IFRS 16. The adoption of these amendments resulted in no material impact on the Company's 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. The adoption of these amendments results in additional disclosures which are included in the Company's consolidated financial statements (see Note 18).

Amendments to IAS 12 in May 2023, IASB issued International Tax Reform – Pillar Two Model Rules

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Company operates. The Company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Company. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Company operates are above 15%. Therefore, the Company does not expect a potential exposure to Pillar Two top-up taxes.

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

The following new and amended standards and interpretations will become effective in future fiscal years. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 21 issued in August 2023 – 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.

Amendments to IRS 9 and IFRS 7 issued in May 2024 – Classification and Measurement of Financial Instruments

The amendments clarify that a financial liability is derecognized on the "settlement date" and also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance ("ESG")-linked features and other similar contingent features, and the treatment of non-recourse assets and contractually linked instruments. It requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The Company is assessing the impact of adopting these amendments on its consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 issued in July 2024

Annual Improvements to IFRS Accounting Standards – Volume 11 amends IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The Company is assessing the impact of adopting these amendments on its consolidated financial statements.

IFRS 18 – Presentation and Disclosures in Financial Statements issued in April 2024

IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information. The amendments will be effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. The Company is assessing the impact of adopting these amendments on its consolidated financial statements.

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

4. Investment in associates

On June 27, 2024, the Company fulfilled the criteria necessary for the deconsolidation of Portage by relinquishing control of Portage. The Company entered into a voting agreement with Portage whereby the Company waived its right to majority representation on Portage's Board of Directors by limiting the representation to no more than one-third. The Company has retained approximately 51% of the outstanding common shares of Portage in addition to the $25 million principal amount of the long-term unsecured subordinated loan ("Promissory Note") payable by Portage to the Company. The Promissory Note bears interest at 6% per annum, capitalized and paid-in-kind monthly. The Promissory Note matures on December 27, 2028.

Following the loss of control, the Company has determined that it has significant influence over Portage and the Company's investments in Portage will be accounted for using the equity method of accounting as an investment in associate under IAS 28, *Investments in Associates and Joint Ventures*.

On loss of control, the Company measured its retained investments of equity interest and loan in Portage at fair value of $29.9 million and derecognized the assets and liabilities including non-controlling interest at the carrying amounts, resulting in a loss of $117.

As at December 31, 2024, the carrying value of investment in associates is $4,795, and the Company's share of loss from associates for the year ended December 31, 2024 was $25,930, out of which $21,931 was due to the Company's 51% share of an impairment loss on goodwill and intangible assets recognized by Portage.

	$
As at December 31, 2023	-
Recognition of significant influence over Portage	29,877
Interest income receivable	848
Share of loss	(25,930)
As at December 31, 2024	**4,795**

Below is the summarized financial information of Portage as at December 31, 2024:

As at December 31, 2024	$
Current assets	10,815
Non-current assets	21,897
Current liabilities	51,150
Non-current liabilities	-

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

5. Trade and other receivables

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

	Notes	2024 $	2023 $
Trade receivables	17[a]	**656,951**	616,139
Unbilled revenue		**306,865**	146,542
Other receivables		**36,757**	40,971
Total		**1,000,573**	803,652

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

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, 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)
Effects 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
Additions	**8,846**	**607**	**332**	**3,581**	**3,046**	**16,412**
Disposals	**(390)**	**(373)**	**(22)**	**(3,491)**	**(4,568)**	**(8,844)**
Deconsolidation of Portage	**(2,862)**	**(348)**	**(162)**	**-**	**(830)**	**(4,202)**
Effects of foreign exchange/adjustments	**8,569**	**1,477**	**1,184**	**2,011**	**3,548**	**16,789**
As at December 31, 2024	**61,418**	**6,860**	**4,774**	**24,256**	**57,490**	**154,798**
Accumulated depreciation						
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)
Effects 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
Depreciation	**8,443**	**684**	**617**	**5,409**	**10,145**	**25,298**
Disposals	**(376)**	**(312)**	**(10)**	**(3,388)**	**(4,004)**	**(8,090)**
Deconsolidation of Portage	**(2,313)**	**(108)**	**(313)**	**-**	**(595)**	**(3,329)**
Effects of foreign exchange/adjustments	**7,217**	**1,335**	**936**	**1,157**	**1,423**	**12,068**
As at December 31, 2024	**42,554**	**3,916**	**1,660**	**10,908**	**26,064**	**85,102**
Net book value						
As at December 31, 2023	17,672	3,180	3,012	14,425	37,199	75,488
As at December 31, 2024	**18,864**	**2,944**	**3,114**	**13,348**	**31,426**	**69,696**

The Company has classified $10,791 of depreciation expense related to service equipment in cost of sales in the consolidated statements of income and comprehensive income (2023 – $8,532).

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

7. Intangible assets

	Customer relationships $	Trade name and trademarks $	Software and developed technologies $	Total $
Cost				
As at December 31, 2022	499,762	65,934	19,459	585,155
Additions	-	-	1,490	1,490
Effects of foreign exchange	(8,235)	(1,873)	(922)	(11,030)
As at December 31, 2023	491,527	64,061	20,027	575,615
Deconsolidation of Portage	**(21,976)**	**(1,655)**	**(9,100)**	**(32,731)**
Disposals	**-**	**-**	**(1,966)**	**(1,966)**
Effects of foreign exchange	**29,154**	**4,101**	**718**	**33,973**
As at December 31, 2024	**498,705**	**66,507**	**9,679**	**574,891**
Accumulated amortization				
As at December 31, 2022	93,972	22,869	4,563	121,404
Amortization	67,729	15,102	4,428	87,259
Effects of foreign exchange	(7,826)	775	(1,178)	(8,229)
As at December 31, 2023	153,875	38,746	7,813	200,434
Amortization	**63,101**	**10,360**	**1,697**	**75,158**
Deconsolidation of Portage	**(6,144)**	**(1,049)**	**(2,930)**	**(10,123)**
Impairment – Germany segment	**27,699**	**2,490**	**-**	**30,189**
Disposals	**-**	**-**	**(1,966)**	**(1,966)**
Effects of foreign exchange	**10,928**	**2,912**	**1,477**	**15,317**
As at December 31, 2024	**249,459**	**53,459**	**6,091**	**309,009**
Net book value				
As at December 31, 2023	337,652	25,315	12,214	375,181
As at December 31, 2024	**249,246**	**13,048**	**3,588**	**265,882**

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

8. Goodwill

	$
As at December 31, 2022	563,848
Adjustments upon finalization of purchase price allocations related to prior year acquisitions	5,191
Effects of foreign exchange	(4,269)
As at December 31, 2023	564,770
Impairment loss – Germany segment	**(145,935)**
Deconsolidation of Portage	**(43,887)**
Effects of foreign exchange	**29,763**
As at December 31, 2024	**404,711**

Goodwill is tested annually for impairment on October 1, or more frequently when there is an indication that goodwill may be impaired. The Company has determined that it is composed of three operating segments: i) North America, ii) Germany, and iii) UK. For the purpose of impairment testing, goodwill is tested at the operating segment level.

As a result of the change in operating segments, the Company performed an impairment test as of June 1, 2024 resulting from a continued decline in Germany business.

Germany segment

The Company performed goodwill impairment tests using the value-in-use model, under which the recoverable amount is calculated based on the present value of expected cash flows expected to be derived from the entity. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. As at June 30, 2024, the Company concluded that the carrying value of the Germany CGU was higher than its recoverable amount and accordingly recognized a non-cash goodwill impairment charge of $145,935 (2023 – nil) and intangible assets impairment charge of $30,189 (2023 – nil) in the consolidated statements of income and comprehensive income. The carrying amount of goodwill allocated to the Germany CGU was nil as at December 31, 2024.

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

- Discount rates – Discount rates represent the current market assessment of the risks specific to the group of CGUs. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (“WACC”). The WACC reflects the expected return on investment by the Company’s investors.
- Terminal growth rates – Growth rates are based on the Company’s long-term strategic plans and industry outlook. The Company has applied a 2% growth rate to determine the terminal value of the operating segment.
- Projected earnings before interest, taxes, depreciation, and amortization (“EBITDA”) – Projections around EBITDA are most impacted by management’s estimates regarding future revenue growth considering internal and external available information. The cash flow forecasts consider past experience of actual operating results in conjunction with anticipated future growth opportunities. Management also estimates expected costs to be incurred considering historical results, planned operations and external information such as market expectations around inflation.

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

UK segment

The Company performed an annual goodwill impairment test using the fair value less costs of disposal model. The fair value measurement of the Company utilizes a market approach by considering the Company's EBITDA multiple. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used. The costs of disposal were assumed to be 2.5% of the fair value measurement. The Company concluded that the recoverable amount of the UK CGU exceeded the carrying value as of October 1, 2024. The carrying amount of goodwill allocated to the UK CGU was $39,217.

North America segment

The Company performed an annual goodwill impairment test using the fair value less costs of disposal 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 2.5% of the fair value measurement. The recoverable amount of goodwill exceeded the carrying value as at October 1, 2024. 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 the North America CGU was $365,494.

9. Borrowings

The borrowings outstanding as at December 31 were as follows:

Facility	Notes	2024 $	2023 $
Revolver Credit Facility		**256,103**	379,671
Total		**256,103**	379,671
Current liabilities		**639**	1,664
Non-current liabilities		**255,464**	378,007
Total	16,17[b]	**256,103**	379,671

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 from $500,000 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, 2024 was 6.8% (2023 – 7.4%). 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, 2024, 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.

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

The consolidated interest expense for all borrowings for the year ended December 31, 2024 was $22,742 (2023 – $33,724).

10. Leases

The Company has entered into leases for office building, vehicles, and computer equipment with maturities and interest rates ranging from 2025 to 2035 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, 2024 **$**	**December 31, 2023** **$**
Minimum lease payments		
2024	**-**	18,774
2025	**16,752**	14,085
2026	**11,590**	8,936
2027	**8,685**	6,779
2028	**4,826**	3,696
2029 and onwards	**8,559**	7,458
	50,412	59,728
Less: future finance charges	**(5,431)**	(6,112)
Present value of minimum lease payments	**44,981**	53,616
Current liabilities	**15,055**	16,928
Non-current liabilities	**29,926**	36,688
Total	**44,981**	53,616

During the year ended December 31, 2024, the Company has recognized $2,421 of interest expense related to lease liabilities (2023 – $2,416) and incurred $19,760 of lease liability repayments (2023 – $20,626).

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

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% (2023 – 26.5%) to pre-tax income as a result of the following:

	2024 $	2023 $
Loss before income taxes	**(200,517)**	(18,565)
Income tax at statutory rate of 26.5%	**(53,137)**	(4,920)
Other	**(3,877)**	(1,137)
Permanent differences	**51,927**	5,528
Foreign tax rate differences	**(6,847)**	(199)
Change in unrecognized deferred tax asset	**(7,597)**	(11,444)
Income tax recovery	**(19,531)**	(12,172)
Current tax expense	**18,231**	21,722
Deferred tax recovery	**(37,762)**	(33,894)
Income tax recovery	**(19,531)**	(12,172)

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:

	2024 $	2023 $
Deferred tax asset		
Non-capital loss carry-forward	**12,295**	11,315
Reserves	**5,800**	2,171
Non-deductible expenses	**8,591**	1,943
Deferred tax liability		
Property and equipment, intangible assets and goodwill	**55,490**	82,597
Net deferred tax liability	**28,804**	67,168

The Company has non-capital loss carryforwards of approximately $14,909 (2023 – $41,880), 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, and expire between the years 2033 to 2044. The United States entities have non-capital loss carryforwards of $15,369 (2023 – $20,249) with no expiry date. The European entities have non-capital loss carryforwards of $17,731 (2023 – $3,386), which can be carried forward indefinitely.

As at December 31, 2024, income taxes receivable was $3,747 (2023 – income taxes payable of $9,286) included in prepaid expenses and other assets on the consolidated statements of financial position.

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

12. Other financial liabilities

Other financial liabilities as at December 31, 2024 and 2023 are comprised of the following:

	Notes	2024 $	2023 $
Lease liabilities	10	**44,981**	53,616
Contingent consideration	[a]	**21,115**	28,600
Deferred consideration	[b]	**7,960**	17,093
NCI liability		**-**	8,284
NCIB liability		**-**	2,500
Notes payable	[c]	**-**	1,670
		74,056	111,763
Current liabilities		**39,882**	54,095
Non-current liabilities		**34,174**	57,668
		74,056	111,763

[a] Contingent consideration

Contingent consideration consists of earn-out payments due to sellers of acquired companies for meeting certain gross profit and 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, 2022	37,968
Payments	(24,773)
Remuneration expense [i]	1,350
Change in fair value [ii]	14,673
Effects of foreign exchange	(618)
As at December 31, 2023	28,600
Payments	**(25,299)**
Remuneration expense [i]	**4,897**
Change in fair value [ii]	**11,466**
Effects of foreign exchange	**1,451**
As at December 31, 2024	**21,115**
Current	**18,980**
Non-current	**2,135**
Total	**21,115**

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

[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 income and comprehensive income. For the year ended December 31, 2024, $4,897 of remuneration expense has been recognized, presented within acquisition, integration, restructuring and other costs (2023 – $1,350).

[ii] During the year ended December 31, 2024, the Company recognized an expense of $11,466 in the consolidated statements of income and comprehensive income (2023 – $14,673), which is presented under change in fair value of contingent consideration.

[b] Deferred consideration

	$
As at December 31, 2022	42,138
Payments [i]	(32,619)
Amendments to agreements	7,298
Finance expense	490
Effects of foreign exchange	(214)
As at December 31, 2023	17,093
Payments	**(12,375)**
Amendments to agreements [ii]	**7,400**
Finance expense	**221**
Derecognized due to loss of control of Portage	**(5,155)**
Effects of foreign exchange	**776**
As at December 31, 2024	**7,960**
Current	**5,847**
Non-current	**2,113**
Total	**7,960**

[i] For the year ended December 31, 2023, included in the payment of deferred consideration in the consolidated statements of cash flow is $8,495 of working capital adjustment payments.

[ii] Stone

Under the terms of the Stone acquisition, the seller had the right to exercise a put option that would require the Company to purchase the seller's remaining 11% NCI, resulting in the recognition of an NCI liability. The terms of the acquisition also included a reciprocal call option, which would require the seller to sell their 11% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Stone at the time of exercise. The put option was 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 was 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 was a financial instrument classified as Level 3 in the fair value hierarchy that was measured at fair value, which was equal to the present value of the future estimated redemption amount. During the year ended December 31, 2024, the Company paid nil to the sellers of Stone (2023 – $973 (£580)).

On October 28, 2024, the Company signed an amending agreement with the sellers that modified the original purchase agreement to allow the Company to acquire the remaining interest in Stone for $7,960 (£4,412). As a result, the fair value of the NCI liability of $8,877 (£4,920) was derecognized and a deferred consideration was recognized, resulting in a credit of $884 (£508) (2023 – nil) within the change in fair value of contingent consideration in the consolidated statements of income and comprehensive income. The deferred consideration is payable in three installments. Subsequent to December 31, 2024, $5,832 (£3,243) was paid and the remaining amounts are payable in January 2026 and April 2026.

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 sellers to sell their 25% ownership interest to the Company. Both the call and put options would be exercised for consideration based on the future EBITDA of Rednet 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.

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. On March 15, 2023, the Company made the first payment of $29,994 (€20,393), with the remaining $7,298 (€5,000) paid on January 9, 2024.

During the year ended December 31, 2024, the Company paid total deferred consideration of $12,375 (2023 – $32,619).

During the year ended December 31, 2024, the Company recognized interest expense on deferred consideration of $221 (2023 – $490).

[c] Notes payable

As at December 31, 2024, the Company had a note payable to a third party of nil (December 31, 2023 – $37). Interest on the note payable was 5.57% per annum and the maturity date was March 16, 2024. As at December 31, 2023, Portage had a note payable to a third party of $1,633. Interest on the note payable was 4% per annum and the maturity date was March 22, 2032. Portage's note payable was derecognized on loss of control of Portage on June 27, 2024.

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

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, 2024 and December 31, 2023.

[b] Stock option plans

During the year ended December 31, 2024, the Company granted 0.2 million stock options to its executive leadership team under the Company's long-term incentive plan (2023 – 1.9 million). The options vest over a four-year period, with one quarter of the options vesting every 12 months from the grant date. The fair value of the options was calculated using the Black-Scholes option pricing model on the grant date.

For the year ended December 31, 2024, the Company recognized share-based compensation expense of $2,462 related to stock options (2023 – $3,563). During the year ended December 31, 2024, 300,000 stock options were exercised for cash proceeds of $875 (2023 – nil), and the related grant date fair value of the options of $296 (2023 – nil) was reclassified from contributed surplus to capital stock.

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

	2024		2023	
	Number of options # 	Weighted-average exercise price $	Number of options # 	Weighted-average exercise price $
Stock options, January 1	**4,228,712**	**6.33**	2,828,712	8.56
Granted	**200,000**	**5.31**	1,900,000	2.88
Exercised/Forfeited	**(300,000)**	**2.92**	(500,000)	(5.86)
Stock options, December 31	**4,128,712**	**6.53**	4,228,712	6.33

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

	2024		2023	
Exercise price range	Number outstanding, December 31, 2024 # 	Weighted-average remaining contractual life in years $	Number outstanding, December 31, 2023 # 	Weighted-average remaining contractual life in years $
Less than $3.00	**1,600,000**	**8.55**	1,900,000	9.53
$3.00 – $6.00	**228,712**	**8.92**	28,712	8.96
Greater than $9.00	**2,300,000**	**6.72**	2,300,000	7.72
Stock options, December 31	**4,128,712**	**8.05**	4,228,712	8.68

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

The per share weighted average fair value of stock options granted during the year ended December 31, 2024 was $2.38 (2023 – $1.53).

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:

	2024	**2023**
Exercise price	**$5.31**	$2.82 – $2.92
Expected dividend yield	**1%**	1%
Risk free interest rate	**3.6% – 4.2%**	3.1% – 4.7%
Expected option life	**5.0 years**	5.0 years
Expected volatility	**60% – 64%**	60% – 68%
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 ("RSUs")

During the year ended December 31, 2024, 1,107,318 RSUs were granted under the Company's long-term incentive plan (2023 – nil). The RSUs vest over a three-year period, with one-third of the RSUs vesting every 12 months 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 $4.30 and $5.89.

During the year ended December 31, 2024, 62,018 RSUs were forfeited upon employee departure from the Company, and the related contributed surplus was reduced by $142 (2023 – $282).

During the year ended December 31, 2024, the Company recognized total share-based compensation expense from RSUs of $2,009 (2023 – $129).

[d] Deferred share units ("DSUs")

During the year ended December 31, 2024, 320,418 DSUs were granted to the Board of Directors under the Company's long-term incentive plan (2023 – nil). The DSUs vest immediately and settle upon termination with the Company. The Company valued the DSUs at fair value based on the closing stock price on the date of the grant of $4.33.

During the year ended December 31, 2024, the Company recognized share-based compensation expense from DSUs of $1,387 (2023 – nil).

[e] Share purchase plan

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 terminated one year after its commencement on August 10, 2024. During the year ended December 31, 2024, 9,110,900 common shares were repurchased under the 2023 NCIB for an aggregate purchase price of $47,914. All common shares acquired by the Company under the 2023 NCIB were cancelled by August 12, 2024.

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

On August 9, 2024, the Company announced that the Toronto Stock Exchange approved the Company's Notice of Intention to make a Normal Course Issuer Bid ("2024 NCIB"). Pursuant to the 2024 NCIB, the Company may purchase for cancellation up to an aggregate of 18,408,927 common shares of the Company, representing approximately 10% of the issued and outstanding common shares as at July 31, 2024. The 2024 NCIB commenced on August 13, 2024, and terminates one year after its commencement, or earlier if the maximum number of common shares under the 2024 NCIB have been purchased or the 2024 NCIB is terminated at the option of the Company. All common shares acquired by the Company under the 2024 NCIB will be cancelled.

The Company had also entered into an automatic purchase plan agreement with a broker upon commencement of the 2024 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, 2024, 6,528,300 common shares were repurchased under the 2024 NCIB for an aggregate purchase price of $23,592. As at December 31, 2024, all common shares have been cancelled.

As at December 31, 2024, the Company recognizes an obligation for the repurchase of shares for an aggregate purchase price of nil (December 31, 2023 – $2,500).

[f] Dividends

The Company paid dividends to shareholders during the year ended December 31, 2024 of $10,777, based on a dividend of $0.01 per share paid on March 26, 2024 and $0.015 per share paid on June 6, 2024, September 10, 2024 and December 27, 2024 (2023 – $6,156).

14. Selling, general and administrative expenses

Components of selling, general and administrative expenses for the years ended December 31, 2024 and 2023 were as follows:

	2024 $	2023 $
Salaries and benefits	**437,007**	442,346
General office, IT, insurance and travel	**65,149**	66,420
Professional fees	**16,246**	19,874
Other expenses	**13,553**	10,752
Marketing expenses, net	**2,963**	1,726
Total	**534,918**	541,118

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

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:

	2024 $	2023 $
Salaries and benefits [a]	**9,867**	9,354
Share-based compensation	**5,858**	3,692
Total	**15,725**	13,046

[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, 2024, $499 (2023 – $1,208) was included in trade and other payables for salaries and benefits and directors' fees. 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:

	2024 $	2023 $
Borrowings	**256,103**	379,671
Common shares	**555,521**	599,434
Total	**811,624**	979,105

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.

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

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 trade 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, 2024, no individual customer represented greater than 10% of the outstanding receivable balance or revenue.

The aging of trade receivables is as follows:

	2024 $
0 to 30 days	**621,929**
31 to 60 days	**26,569**
61 to 90 days	**17,751**
> 90 days	**3,226**
	669,475
Less: allowance for doubtful accounts	**12,524**
	656,951

[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 participates in a supplier financing arrangements with the principal purpose of facilitating efficient payment processing of supplier invoices. While the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating, the arrangement assists in making cash outflows more predictable.

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

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

December 31, 2024	**Notes**	**Carrying amount** $	**Contractual cash flows** $	**Year 1** $	**Year 2** $	**Year 3** $	**Year 4+** $
Trade payables, accrued liabilities and other payables		**1,387,457**	**1,387,457**	**1,202,943**	**129,980**	**36,602**	**17,932**
Lease liabilities	10	**44,981**	**50,412**	**16,752**	**11,590**	**8,685**	**13,385**
Other financial liabilities		**29,075**	**29,075**	**24,827**	**4,248**	**-**	**-**
Borrowings	9	**256,103**	**257,028**	**639**	**-**	**256,389**	**-**
Total		**1,717,616**	**1,723,972**	**1,245,161**	**145,818**	**301,676**	**31,317**

December 31, 2023	**Notes**	**Carrying amount** $	**Contractual cash flows** $	**Year 1** $	**Year 2** $	**Year 3** $	**Year 4+** $
Trade payables, accrued liabilities and other payables		913,994	913,994	853,655	37,606	22,733	-
Lease liabilities	10	53,616	59,728	18,774	14,085	8,936	17,933
Other financial liabilities		58,147	58,147	37,167	11,235	228	9,517
Borrowings	9	379,671	380,862	1,664	-	-	379,198
Total		1,405,428	1,412,731	911,260	62,926	31,897	406,648

[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 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, 2024, the Company had net assets of $32,244 (2023 – net assets of $7,613) denominated in US dollars, net liabilities of $70,213 (2023 – net assets of $101,522) denominated in euros, and net assets of $1,991 (2023 – net liabilities of $3,955) denominated in Great British pounds. A 10% change in exchange rates between the euro and Canadian dollar results in a $7,021 impact on the Company's net assets denominated in euros. A 10% change in exchange rates between the US and Canadian dollar results in a $3,224 impact on the Company's net assets denominated in US dollar. A 10% change in exchange rates between the Great British pounds and Canadian dollar would not result in a material impact on the Company's net liabilities recorded on the Company's consolidated statements of financial position. All such changes are recorded to other comprehensive 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, 2024, the Company had $256,393 (2023 – $379,220) of variable rate debt. A 100 basis points increase or decrease in the interest rates would result in a change in interest expense of $2,564 (2023 – $3,792) for the year ended December 31, 2024.

[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 risk as at December 31, 2024.

[d] Fair values

The fair values of cash, trade and other receivables, other assets, trade and other payables, deferred consideration 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 acquisitions is classified as a Level 3 financial instrument. During the year, there were no transfers of amounts between levels.

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

18. Supplier and customer financing arrangements

As part of ongoing efforts to manage working capital, the Company works with vendors to optimize terms and conditions, which include the terms of payment to the vendor. The Company is party to agreements, initiated either by the vendor or the Company, which allow vendors, at their discretion, to determine invoices that they want to sell to participating financial institutions. The Company is generally not a party to the agreements between the participating financial institutions and the vendors in connection with these programs, and the financial institutions do not provide the Company with incentives such as rebates. There are no assets pledged under these agreements and no interest is charged by the financial institutions as balances are typically paid when they are due. The payment terms under these arrangements typically range from 30 to 105 days. Certain programs provide for extended payment terms, which are within standard industry practice and consistent with the range of payment terms the Company negotiates with vendors, regardless of whether they have an agreement with a financial institution. The amounts outstanding under these arrangements as of December 31, 2024, are $120,130 and are presented within trade and other payables in the consolidated statements of financial position, and the related cash flow impacts are presented within operating activities in the consolidated statements of cash flows.

The Company has an uncommitted accounts receivable factoring program under which trade accounts receivable of certain customers may be sold, without recourse, to financial institutions. These receivables are derecognized from the consolidated statements of financial position on sale. Any receivables sold and directly collected from the customer are recognized within borrowings.

19. Segmented information

The Company's Group CEO has been identified as the Chief Operating Decision Maker ("CODM"). During the three months ended June 30, 2024, it was identified that the CODM evaluates the performance of the Company and allocates resources primarily based on revenue, gross profit less selling, general and administrative expenses as provided by the Company's internal management system at the regional level, being North America, Germany and UK. The CODM may also consider industry trends and other externally available financial information when evaluating the performance of the Company. As a result of internal reporting changes undertaken by the Company that affect how the Company views and monitors performance, the Company has determined that it is composed of three operating segments: i) North America, ii) Germany, and iii) UK.

Portage was an operating segment prior to loss of control on June 27, 2024 (Note 4).

	2024					2023				
Year ended December 31,	**North America**	**Germany**	**UK**	**Portage**	**Total**	North America	Germany	UK	Portage	Total
	$	$	$	$	$	$	$	$	$	$
Total revenue	**2,054,150**	**281,784**	**246,819**	**9,328**	**2,592,081**	2,164,483	258,456	263,310	18,958	2,705,207
Cost of sales	**1,470,573**	**231,151**	**195,908**	**3,007**	**1,900,639**	1,570,512	207,416	218,428	5,971	2,002,327
Gross profit	**583,577**	**50,633**	**50,911**	**6,321**	**691,442**	593,971	51,040	44,882	12,987	702,880
Selling, general and administrative expenses	**443,213**	**39,302**	**43,294**	**9,109**	**534,918**	448,483	37,859	37,970	16,806	541,118
Income (loss) before income taxes	**4,967**	**(189,829)**	**(8,396)**	**(7,259)**	**(200,517)**	13,895	(11,713)	(8,496)	(12,251)	(18,565)

The Company has four geographic segments, being Canada, United States of America ("USA"), Europe, and UK and Ireland. The following tables present details on revenue derived and details on property and equipment and intangible assets domiciled in the following geographical locations.

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

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

	2024 $	**2023** $
USA	**1,817,617**	1,898,603
Canada	**245,861**	284,838
Europe	**281,784**	258,456
UK	**246,819**	263,310
Total	**2,592,081**	2,705,207

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

December 31, 2024	**Property, equipment and right-of-use assets** $	**Intangible assets** $	**Goodwill** $	**Total** $
USA	**43,448**	**172,849**	**323,957**	**540,254**
Canada	**8,047**	**26,202**	**41,537**	**75,786**
Europe	**7,256**	**42,810**	**-**	**50,066**
UK and Ireland	**10,945**	**24,021**	**39,217**	**74,183**
Total	**69,696**	**265,882**	**404,711**	**740,289**

December 31, 2023	Property, equipment and right-of-use assets $	Intangible assets $	Goodwill $	Total $
USA	44,820	202,833	298,036	545,689
Canada	10,295	58,500	85,424	154,219
Europe	8,094	83,821	144,692	236,607
UK and Ireland	12,279	30,027	36,618	78,924
Total	75,488	375,181	564,770	1,015,439

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

20. Acquisition, integration, restructuring and other

Acquisition, integration, restructuring and other costs for the years ended December 31 are as follows:

	2024 $	2023 $
Acquisition and transaction-related costs	**5,329**	4,232
Integration costs	**2,460**	1,579
Restructuring costs	**7,910**	5,543
Other costs	**730**	2,294
Total	**16,429**	13,648

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.

21. Other loss (income), net

Other loss (income), net consist primarily of foreign exchange gains or losses 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 loss (income), net for the year ended December 31 is as follows:

	2024 $	2023 $
Unrealized foreign exchange loss (gain)	**1,077**	(4,404)
Other expense	**280**	42
Other loss (income), net	**1,357**	(4,362)

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

22. Changes in non-cash working capital

	2024 $	2023 $
Trade, unbilled and other receivables	**(261,917)**	(98,246)
Inventories	**14,395**	81,757
Prepaid expenses and other assets	**876**	(8,090)
Trade, accrued liabilities and other payables	**368,855**	111,328
Other financial liabilities	**4,949**	1,350
Deferred revenue	**21,306**	2,647
Changes in non-cash working capital	**148,464**	90,746

23. 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.

24. Subsequent events

On February 7, 2025, the Company entered into an arrangement agreement with an affiliate of H.I.G. Capital, whereby H.I.G has agreed to acquire all of the issued and outstanding common shares of the Company (the “Transaction”). Under the terms of the arrangement agreement, shareholders will receive $5.50 per common share in cash, other than common shares held by certain shareholders who enter into rollover equity agreements. Upon completion of the Transaction, the Company intends to apply to delist the common shares from all public markets and cease to be a reporting issuer under Canadian securities laws. The Transaction is expected to close in April 2025.