Givex Corp.

(Formerly Givex Information Technology Group Limited)

Consolidated Financial Statements

Year ended December 31, 2023 and 2022

(Expressed in thousands of Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Givex Corp. (formerly Givex Information Technology Group Limited)

Opinion

We have audited the consolidated financial statements of Givex Corp. (formerly Givex Information Technology Group Limited) (the Entity), which comprise:

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

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Evaluation of the impairment assessment of long-lived assets and goodwill

Description of the matter

We draw attention to Notes 3(a)(iv), 3(h), and 10 of the financial statements.

The goodwill balance is $11,585 thousand. For the purpose of goodwill impairment testing, goodwill is allocated to cash generating units (CGUs) or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill is tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. The Entity's estimate of a CGU's recoverable amount is based on a value in use calculation, which is derived from a discounted cash flow model. The recoverable amount incorporates significant assumptions including the discount rate used as well as the expected future cash flows and the growth rate.

Why the matter is a key audit matter

We identified the evaluation of the impairment assessment of long-lived assets and goodwill as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the long-lived assets and goodwill and the estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge was required in evaluating the results of our procedures.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

For a selection of CGUs, we assessed the Entity's ability to accurately forecast by comparing historical cash flows to expected future cash flows.

For a selection of CGUs, we assessed the appropriateness of the expected future cash flows including the growth rate and performed sensitivity analyses over significant assumptions and assessed the impact on the Entity's determination that the estimated recoverable amount exceeded the carrying amount of the CGU.

For a selection of CGUs, we involved valuations professionals with specialized skills and knowledge who assisted in evaluating the discount rates used to determine the recoverable amount of the CGUs, by comparing against discount rate ranges that were independently developed using publicly available market data for comparable companies and Entity specific risk factors.

Other Information

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

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

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

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

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Nadia Devi Sahadeo.

Vaughan, Canada

March 21, 2024

Givex Corp. (formerly Givex Information Technology Group Limited)
Consolidated Statements of Financial Position
As at December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 22,217	$ 24,431
Restricted cash (Note 6)	9,233	8,054
Term deposits	221	494
Trade receivables (Note 5)	11,903	12,411
Inventory (Note 7)	3,461	4,105
Prepaid expenses and deposits	2,064	1,549
Total current assets	49,099	51,044
Non-current assets:		
Non-current prepaid expenses and deposits	862	811
Loans receivable (Note 22)	341	260
Property and equipment (Note 8)	2,496	2,529
Right-of-use assets (Note 9)	3,915	4,492
Goodwill (Note 10)	11,585	11,585
Intangible assets (Note 11)	5,967	7,794
Deferred income tax asset (Note 18)	1,841	3,538
Total non-current assets	27,007	31,009
Total assets	$ 76,106	$ 82,053
Liabilities		
Current liabilities:		
Current portion of bank loans (Note 12)	$ 1,418	$ 2,373
Trade and other payables (Note 6)	13,449	13,696
Government remittances payable	721	458
Income taxes payable	736	935
Current portion of contingent consideration (Note 23)	32	133
Current portion of promissory notes payable (Note 13)	415	737
Current portion of lease liabilities (Note 14)	2,038	2,446
Contract liabilities (Note 15)	5,753	5,226
Total current liabilities	24,562	26,004
Non-current liabilities:		
Bank loans (Note 12)	2,900	4,100
Forgivable loan	-	40
Contingent consideration (Note 23)	65	947
Promissory notes payable (Note 13)	-	391
Lease liabilities (Note 14)	2,211	2,594
Deferred income tax liability (Note 18)	1,372	929
Total non-current liabilities	6,548	9,001
Total liabilities	31,110	35,005
Shareholders' Equity		
Share capital (Note 16)	34,724	31,616
Contributed surplus	6,489	8,235
Retained earnings	3,783	7,197
Total shareholders' equity	44,996	47,048
Total liabilities and shareholders' equity	$ 76,106	$ 82,053

The accompanying notes form an integral part of these consolidated financial statements

These consolidated financial statements are approved on behalf of the Board of Directors:

Director

Givex Corp. (formerly Givex Information Technology Group Limited)

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
Years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars)

	2023	2022
Revenue from contracts with customers		
Services and payments revenue	$ 73,833	$ 67,553
Hardware and other revenue	6,930	5,352
Total revenue	80,763	72,905
Direct cost of revenues		
Services and payments revenue	20,114	18,654
Hardware and other revenue	4,613	2,996
Total direct cost of revenues	24,727	21,650
Gross profit	56,036	51,255
Expenses		
General and administrative (Note 20, Note 22 and Note 24)	44,826	41,949
Sales and marketing	4,142	3,425
Foreign exchange (gain) loss (Note 23(b))	375	(474)
Depreciation of property and equipment (Note 8)	1,268	1,079
Depreciation of right-of-use assets (Note 9)	2,237	2,396
Share-based compensation (Note 17)	2,027	10,498
Amortization of intangible assets (Note 11)	1,827	1,731
	56,702	60,604
Income (loss) before undernoted item and income taxes	(666)	(9,349)
Net finance costs	470	717
Income (loss) before income taxes	(1,136)	(10,066)
Income tax provision (Note 18)	2,278	29
Net income (loss) and comprehensive income (loss)	$ (3,414)	$ (10,095)
Net income (loss) per share (Note 19)		
Basic and diluted	$ (0.03)	$ (0.09)

The accompanying notes form an integral part of these consolidated financial statements

Givex Corp. (formerly Givex Information Technology Group Limited)
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, except number of shares)

	Number of common shares	Share capital	Retained earnings	Contributed surplus	Total shareholders' equity
As at January 1, 2022	115,108,304	$ 23,346	$ 17,292	$ 6,342	$ 46,980
Net loss	-	-	(10,095)	-	(10,095)
Shares issued pursuant to business combinations (Note 4)	814,081	689	-	-	689
Shares issued pursuant to vesting of restricted share units (Note 16)	8,697,525	8,674	-	(8,674)	-
Share-based compensation to employees (Note 17)	-	-	-	10,498	10,498
Shares repurchased and cancelled (Note 16)	(64,816)	(132)	-	69	(63)
Net settlement of tax liabilities on RSUs (Note 16)	-	(961)	-	-	(961)
As at December 31, 2022	124,555,094	31,616	7,197	8,235	47,048
Net loss	-	-	(3,414)	-	(3,414)
Shares issued pursuant to vesting of restricted share units (Note 16)	4,089,175	4,065	-	(4,065)	-
Share-based compensation to employees (Note 17)	-	-		2,027	2,027
Shares repurchased and cancelled (Note 16)	(584,700)	(537)	-	292	(245)
Net settlement of tax liabilities on RSUs (Note 16)	-	(420)	-	-	(420)
As at December 31, 2023	128,059,569	$ 34,724	$ 3,783	$ 6,489	$ 44,996

The accompanying notes form an integral part of these consolidated financial statements

Givex Corp. (formerly Givex Information Technology Group Limited)
Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars)

	2023	2022
Operating activities		
Net income (loss)	$ (3,414)	$ (10,095)
Items not affecting cash and cash equivalents:		
Depreciation of property and equipment	1,268	1,079
Depreciation of right-of-use assets	2,237	2,396
Finance costs	470	717
Amortization of intangible assets	1,827	1,731
Share-based compensation	2,027	10,498
(Gain)/loss on termination of lease contracts	-	(69)
Gain on contingent consideration adjustment (Note 23)	(943)	-
Gain on promissory note adjustment	-	(200)
Income tax expense	2,278	29
Unrealized foreign exchange (gain) loss	10	126
	5,760	6,212
Net changes in non-cash working capital (Note 21)	(4)	(4,961)
Interest received	385	-
Interest paid	(755)	(634)
Income taxes received	-	-
Income taxes paid	(302)	(482)
Cash flows provided by operating activities	5,084	135
Investing activities		
Shares repurchased and cancelled (Note 16)	(245)	(63)
Redemption of term deposits	273	-
Consideration paid on business acquisition, net of cash acquired (Note 4)	-	(9,952)
Purchase of property and equipment	(1,235)	(1,451)
Proceeds from repayment of loans receivable	-	1,825
Advances on loans receivable	(81)	(941)
Cash flows used in investing activities	(1,288)	(10,582)
Financing activities		
Lease payments (Note 14)	(2,419)	(2,491)
Repayment of promissory notes payable (Note 13)	(792)	(368)
Repayment of contingent consideration payable (Note 23)	(126)	(117)
Withholding tax paid on employees behalf on net settlement of RSUs (Note 16)	(420)	(961)
Proceeds from bank loans (Note 12)	-	6,000
Repayment of bank loans (Note 12)	(2,155)	(3,905)
Repayment of forgivable loan	(40)	-
Cash flows used in financing activities	(5,952)	(1,842)
Foreign exchange loss (gain) on cash and cash equivalents	(58)	(97)
Net change in cash and cash equivalents	(2,214)	(12,386)
Cash and cash equivalents - beginning of year	24,431	36,817
Cash and cash equivalents - end of year	$ 22,217	$ 24,431

The accompanying notes form an integral part of these consolidated financial statements

1. Nature of business

Givex Corp. (the “Corporation” or “Givex”) (formerly Givex Information Technology Group Limited and County Capital 2 Ltd. – “County”) was incorporated pursuant to the Business Corporations Act (British Columbia) on October 15, 2019.

County was formed as a Capital Pool Company ("CPC") under the TSX-V Exchange Policy 2.4. Since becoming a CPC, the principal business of County was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses for the completion of a Transaction as defined by the TSXV. On February 23, 2021, County completed the CPC IPO and began trading under the symbol “CTWO.P” as a CPC.

On September 7, 2021, the Corporation entered into a binding engagement agreement with Givex Corporation ("Former Givex"), a corporation incorporated under the laws of the Commonwealth of the Bahamas, pursuant to which the Corporation would acquire all of the issued and outstanding shares in the capital of Former Givex (the "Transaction").

On November 12, 2021, in connection with the Transaction, Former Givex completed the Concurrent Offering and issued 22,000,000 Subscription Receipts for aggregate gross proceeds of $22,000,000, less agents’ fees and expenses ("Private Placement"). Immediately prior to closing of the Transaction, each Subscription Receipt was automatically exchanged into one Former Givex Class A ordinary share and one half of one Former Class A ordinary share purchase warrant (per "Subscription Receipt Agreement"). Upon completion of the Transaction, all securities in Former Givex, including Class A ordinary shares and Class A ordinary share purchase warrants issued in exchange for Subscription Receipts, were exchanged for common shares and common share purchase warrants in Givex on the basis of one Givex Share for each Former Givex Share.

On November 25, 2021, the Transaction was completed (as defined in TSXV Policy 2.4). TSXV final approval for the transaction was received, as well as approval from the TSXV and the Toronto Stock Exchange (the "TSX") to de-list the resulting issuer shares from the TSXV and concurrently list them on the TSX under the ticker symbol “GIVX”, where trading commenced December 1, 2021.

Upon completion of the Transaction, the shareholders of Former Givex held a majority of the shares of the Corporation, the Corporation was renamed "Givex Information Technology Group Limited", and the Corporation would continue Former Givex’s existing business. Former Givex is considered to have acquired the Corporation on an accounting basis, and the Transaction was accounted for as a reverse takeover transaction ("RTO").

On November 10, 2022 the Corporation announced that it had filed for continuance to the Province of Ontario and concurrently changed its name to Givex Corp.(formerly Givex Information Technology Group Ltd) under the provisions of the Business Corporations Act (Ontario) following approval of the continuance and name change by shareholders at the annual general and special meeting of the shareholders of the Corporation held on May 26, 2022. The continuance and name change better reflects the Corporation's history and allows the Corporation to be governed by the laws of the jurisdiction in which its head office is located.

Accordingly, the Corporation's business now develops, sells, installs and supports five key technology solutions for merchants of all sizes, including single store locations and Fortune 500 companies with thousands of locations. A Givex client can use one or all of the Corporation's services as they are all designed and built to work together on one single platform. These solutions are Customer Engagement (including gift and loyalty), Enterprise POS, Payments, Integrations, and Analytics.

These consolidated financial statements comprise Givex and its controlled subsidiaries. The Corporation's head office is located at 134 Peter Street, Suite 1400, Toronto, Ontario M5V 2H2.

2. Basis of presentation

The consolidated financial statements include the accounts of the Corporation and those of its wholly-owned subsidiaries: Givex Corporation, Givex Canada Corp., Givex USA Corporation, Givex UK Corporation Limited, Givex Australia PTY Limited, Givex International Corporation, Givex Brasil Servicos De Cartoes-Presente E Programmas De Fidelidade Limitada, Givex Hong Kong Limited, Givex Cathay, Givex Singapore PTE. Ltd., ValuAccess Limited, Owen Business Systems Ltd., Givex Mexico, Givex Europe S.à.r.l., 1157487 Ontario Inc. (Kalex Equipment Services), Loyalty Lane, Inc. and Counter Solutions Holdings Limited. On consolidation, all intercompany balances and transactions have been eliminated. All unrealized gains/losses from currency translation is recorded in foreign exchange (gain) loss on the Consolidated Statements of Loss and Comprehensive Loss.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value each period. The consolidated financial statements are presented in Canadian dollars.

Certain comparative figures have been recast to conform to current period presentation. In particular, $1,325 was reclassified from “service and payments direct cost of revenues” to "general and administrative expenses" for the year ended December 31, 2022 on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). $(5,393) change in restricted cash was reclassified from "investing activities" to "operating activities" on the Consolidated Statements of Cash Flows for the year ended December 31, 2022.

3. Material significant accounting policies

The consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using the material accounting policies described herein. These consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on March 21, 2024.

(a) Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Although the Corporation is not considered an essential business, the Corporation's sales have not been significantly impacted by the COVID-19 Pandemic. Currently, however, an estimate of the financial effects, if any, of COVID-19 on the Corporation's future operations cannot be made due to the uncertainty in future developments. In the process of applying the Corporation's accounting policies, management has made the following significant estimates and judgments, which have the most significant impact on the amounts recognized in the consolidated financial statements:

(i) Business combinations

Business combinations are accounted for in accordance with the acquisition method. The consideration transferred and the acquiree’s identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. The Corporation estimates the fair value by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. Significant estimates and judgements include the future net cash flows and discount rates used to estimate the fair value of the acquired intangible assets. In addition, the Corporation determines the value of contingent consideration associated with acquisitions based on an assessment of probabilities attached to the achievement of performance targets as set out in the related agreements. Changing probabilities can result in material adjustments to the fair value of contingent consideration amounts.

3. Material significant accounting policies (continued)

(ii) Functional currency

The Corporation exercises judgment in determining the functional currency of the Corporation and each of its subsidiaries. An entity's functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

(a) the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled) and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and

(b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

(iii) Depreciation and amortization of non-financial assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of the useful lives of these assets. The Corporation exercises judgment in estimating the useful lives of these assets and the selection of the depreciation or amortization method.

(iv) Impairment of long-lived assets and goodwill

The Corporation uses judgment in determining the grouping of assets to identify its Cash Generating Units ("CGUs") for purposes of testing for impairment of property and equipment, right-of-use assets, goodwill and intangible assets. The Corporation also exercises judgment in determining whether events or circumstances exist that indicate impairment of property and equipment, right-of-use assets, and definite-life intangible assets.

The Corporation's estimate of a CGU's recoverable amount is based on a value in use calculation, which is derived from a discounted cash flow model. The recoverable amount incorporates significant assumptions including the discount rate used as well as the expected future cash flows and the growth rate.

(v) Impairment of financial assets

The Corporation measures impairment losses on financial assets that are subsequently measured at amortized cost based on the expected credit loss ("ECL") model in accordance with IFRS 9, *Financial Instruments.* Judgment is applied in estimating the twelve-month or lifetime expected default rates in calculating the expected credit losses.

(vi) Recoverability of deferred tax assets and current and deferred income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The Corporation establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities. The amount of such provision is subject to judgment and is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred income tax assets are recognized for unused tax losses and deductible temporary differences to the extent it is probable that taxable income will be available against which the losses and deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

(b) Foreign currency transactions

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation and all of its subsidiaries. For each entity, the Corporation determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated using historical exchange rates. Revenue and expenses denominated in a foreign currency are translated at the average exchange rate for the year. Foreign exchange gains and losses are recognized in net income (loss) and comprehensive income (loss).

(c) Cash and cash equivalents

The Corporation's policy is to disclose bank balances under cash and cash equivalents, including short-term investments with original maturities of three months or less from the date of acquisition.

(d) Restricted cash

The Corporation manages online gift card purchases on behalf of certain merchants. The restricted cash balance represents the funds received by the Corporation from the end customer that have not yet been transferred to the merchant. The related payables owing to the merchants are included in trade and other payables.

(e) Inventory

Inventory is measured at the lower of cost and net realizable value, with cost being determined on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business. Direct costs of revenues include the cost of inventory recognized as an expense during the year.

(f) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is recorded over the estimated useful lives of the assets using the following methods and rates:

	Method	Rates
Furniture and fixtures	Declining balance	20%
Computer software	Straight-line	2 years
Computer equipment	Declining balance	40%
Rental equipment	Declining balance	40%
Leasehold improvements	Straight-line	5-10 years
Building	Declining balance	4%

3. Material significant accounting policies (continued)

(g) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-to-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. Lease terms range from 13 to 204 months for commercial and datacentre leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determinable, the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments.

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

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

(h) Impairment of long-lived assets and goodwill

Long-lived assets, which comprise property and equipment, right-of-use assets and intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Management assesses whether such indicators exist at each reporting date. Goodwill is tested for impairment at least annually, during the fourth quarter of each fiscal year, and in the interim whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows. Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a CGU. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment loss is reversed. The carrying amount of an asset or CGU after a reversal must not exceed the carrying amount (net of amortization) that would have been determined had no impairment loss been recognized.

For the purpose of goodwill impairment testing, goodwill is allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill is tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount; an impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU on pro rata basis.

(i) Income taxes

Current tax assets and/or liabilities comprise those claims from, or obligations to the taxation authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from net income (loss) in the consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always recognized in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Corporation has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of the income tax provision in net income (loss), except for income tax related to the components of other comprehensive income (loss) or equity, in which case the tax expense is recognized in other comprehensive income (loss) or equity, respectively.

(j) Share-based compensation

The fair value at the grant date of stock options and restricted share units is estimated using the Black-Scholes option pricing model. Stock-based compensation cost is recognized on a straight-line basis over the expected vesting period of the stock options. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Expected volatility is determined using historical volatility of publicly-traded comparable companies, the risk-free interest rates are based on Government of Canada bond yields and the expected term of the option is calculated based on a combination of each tranche's time to vest plus the actual and expected life of an award based on the past activity or remaining time to expiry on outstanding awards. The Corporation estimates the number of options expected to vest at the grant date and revises the estimate if subsequent information indicates that the actual number of units to vest differs significantly from the original estimate. The stock-based compensation cost is recognized directly in the consolidated statements of income (loss) and comprehensive income (loss) over the vesting period, with the corresponding credit recorded to contributed surplus. When stock options are exercised, the consideration and related contributed surplus are recorded in share capital.

(k) Revenue recognition

The Corporation's main sources of revenue are services and payments and hardware and other fees. The Corporation recognizes revenue in a manner which depicts the transfer of promised goods or services in an amount which reflects the consideration to which the Corporation expects to be entitled in exchange for those goods and services.

For each performance obligation within a contract with a customer, the Corporation determines whether the performance obligation is satisfied and control of the goods or services is transferred over time or at a point in time.

For performance obligations that are satisfied over time, the customer simultaneously receives and consumes the benefits. As a practical expedient, in instances in which the Corporation has a right to consideration in an amount that corresponds directly with value to customer, the Corporation recognizes revenue in the amount to which it has the right to invoice. In all other instances, revenue is recognized over the period in which the services are provided, which is evenly throughout the period.

For performance obligations satisfied at a point in time, revenue is recognized when control of the goods or services are transferred to the customer which is either when the goods are shipped or delivered depending on the contract, or when the services are rendered. In determining when control is transferred to the customer, the Corporation takes into consideration several factors including who primarily bears the risk of loss.

When another party is involved in providing goods or services to the customer, the Corporation determines whether it is the principal or the agent in the transaction by evaluating the nature of the promise. The Corporation is the principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Corporation's role is only to arrange for another entity to provide the goods or services, then the Corporation is the agent and will record revenue at the net amount that it retains for its agency services.

3. Material significant accounting policies (continued)

(k) Revenue recognition (continued)

Services and Payments Revenue

Services and payments revenue consists of services related to customer engagement (including gift and loyalty), enterprise point-of-sale, payments, and analytics.

For customer engagement services (including hosting and management of gift card and loyalty programs for retailers), enterprise point-of-sale, and analytics, the nature of the promise is a stand-ready obligation to provide services throughout the duration of the contract period. These services are typically either fixed price contracts that are billed monthly, quarterly, or annually where the revenue is recognized over the term of the contract, or based on transactional pricing where revenue is recognized based on the number of transactions executed during a period.

For payments, this includes the sale of prepaid stored-value money cards issued by retailers (i.e. gift cards) or gift passes which can be redeemed for gift cards or other products. The Corporation records the revenue on sale of the gift cards on a gross basis. Revenue related to the sale of gift cards is recognized once the gift cards are shipped to the customer or when the gift passes expire or are redeemed by the customer.

Costs associated with the custom programming for communication integration with third-party hardware and software are expensed as incurred.

Hardware Revenue

The Corporation offers the sale of hardware and peripheral equipment related to retailers' POS infrastructure. The Corporation also provides repairs, maintenance and other support services for these products. When the Corporation has a stand-ready obligation to provide the services throughout the duration of the contract, revenue is recognized over the term of the contract. Otherwise, revenue is recognized when the goods are shipped or when the services are rendered to the customer depending on the contract.

Other revenue

Other revenue consists of services related to custom integration of the Corporation's platform with client systems. Other revenue is recognized based on progress to completion.

(l) Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, contingent consideration and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Contingent consideration is measured at fair value using a discounted cash flow model.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill, which represents the excess of the purchase price of acquired business over the fair value of the net assets acquired, is not amortized. Goodwill is tested for impairment at least annually or when there is an indication that the asset might be impaired. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

(m) Intangible assets

Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on the basis of their estimated useful lives using the straight-line method and the following rates:

Software	5-8 years
Customer lists	5-8 years

(n) Net income (loss) per share

The Corporation presents basic and diluted income (loss) per share data for its common shares. Basic income (loss) per share is calculated by dividing net income (loss) attributable to common equity holders of the Corporation by the weighted average number of common shares outstanding during the reporting period. Diluted income (loss) per share is determined by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for any shares held by the Corporation and for the effects of all potential dilutive common shares related to outstanding stock options, RSUs and warrants issued by the Corporation.

(o) Financial instruments

The Corporation aggregates its financial instruments into classes based on their nature and characteristics. Management determines the classification when the instruments are initially recognized.

The Corporation's accounting policy for each class is as follows:

(i) Fair value through profit or loss

Financial instruments classified as subsequently measured at fair value through profit or loss are reported at fair value at each statement of financial position date, and any change in fair value is recognized in the statements of income (loss) in the period during which the change occurs. In these consolidated financial statements, cash and cash equivalents have been classified as a financial asset subsequently measured at fair value through profit or loss. The Corporation accounts for contingent consideration as financial liabilities subsequently measured at fair value through profit or loss.

(ii) Amortized cost

This category includes financial assets that are held within a business model with the objective of holding the financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Unless they meet certain exceptions, all financial liabilities are classified as subsequently measured at amortized cost.

Financial instruments classified in this category are subsequently measured at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. In these consolidated financial statements, term deposits, trade receivables, loans receivable, bank loans, trade and other payables, forgivable loan and promissory notes payable have been classified as financial instruments subsequently measured at amortized cost.

(iii) Impairment of financial assets

For financial assets subsequently measured at amortized cost, the Corporation recognizes loss allowances for expected credit losses ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Corporation expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Corporation applies the simplified approach in calculating ECLs for trade receivables. Under the simplified approach, the Corporation recognizes a loss allowance based on lifetime ECLs at each reporting date and does not track changes in credit risk for trade receivables. The Corporation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(Expressed in thousands of Canadian dollars, except number of shares)

3. Material significant accounting policies (continued)

(o) Financial instruments (continued)

(iv) Fair value hierarchy

All financial instruments measured at fair value after initial recognition are categorized into one of three hierarchy levels for disclosure purposes. Each level reflects the significance of the inputs used in making the fair value measurements.

- Level 1: Fair value is determined by reference to quoted prices in active markets. Cash and cash equivalents are included in this category.
- Level 2: Valuations use inputs based on observable market data, either directly or indirectly, other than the quoted prices. There are no financial instruments in this category.
- Level 3: Valuations are based on inputs that are not based on observable market data. Contingent consideration is included in this category.

(p) Government grants

The Corporation receives government grants in the form of forgivable loans, employee wage subsidies and property tax grants. A forgivable loan is accounted for as a government grant when there is reasonable assurance that the Corporation has complied, and will continue to comply, with all of the conditions applicable to the forgivable loan. Employee wage subsidies are accrued in the accounts in the year in which the employee wage expenses are incurred provided there is reasonable assurance that the subsidies will be received and all attached conditions will be complied with. Property tax grants are accrued in the accounts when there is reasonable assurance that the Corporation has complied, and will continue to comply, with all of the conditions applicable to the property tax grants. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate are expensed.

(q) Provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* , a provision is recognized to cover probable outflows of resources that can be estimated and that result from present obligations resulting from past events. In the case where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or the estimate is not reliable, these contingent liabilities are disclosed. The provisions are measured based on management's best estimates of the outcome on the basis of facts known at the reporting date.

(r) Segment information

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

(s) New accounting pronouncements are issued by the IASB or other standard-setting bodies, and they are adopted by the Corporation as at the specified effective date.

New and amended standards and interpretations issued not yet effective

At the date of authorization of these consolidated financial statements, the Corporation has not yet applied the following new and revised IFRS Standards that have been issued but are not yet effective.

(i) Amendments to IAS 1 - Classification of current or non-current

The amendments clarifies the classification of liabilities as current or non-current. A further amendment was made to improve information a company provided about long-term debt with covenants.

Both amendments are applied for annual periods beginning on or after January 1, 2024.

The Corporation is currently evaluating the impact of these amendments and does not expect the amendments to have a material impact on the interim financial statements.

4. Business combinations

(a) 1157487 Ontario Inc. (operating as Kalex Equipment Services)

On January 25, 2022, the Corporation acquired all of the issued and outstanding shares of 1157487 Ontario Inc. (operating as Kalex Equipment Services "Kalex"), a company incorporated under the laws of Ontario for the consideration described below. Kalex carries on the business of reselling new and legacy information technology point-of-sale equipment to the Canadian retail sector and providing on-line and other support services to the POS retail equipment stores. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from January 25, 2022 have been included in the consolidated financial statements of the Corporation. The transaction is summarized as follows:

Consideration paid		
Cash	$	1,000
Promissory note payable (Note 13)		957
625,000 common shares issued to existing shareholders of Kalex		500
		2,457
Fair value of net identifiable assets acquired		
Cash		217
Trade receivables		905
Prepaid expenses and deposits		17
Property and equipment		39
Right-of-use assets		220
Customer list		1,300
Trade and other payables		(393)
Lease liabilities		(254)
Deferred tax liability		(339)
		1,712
Goodwill	$	745

The fair value of acquired trade receivables approximated the contractual value.

The promissory note consists of a principal value of $800 that is not tied to performance conditions and $200 that is tied to certain agreed-upon targets in fiscal 2022 (Note 13). The Company recorded the promissory note issued at its fair value at the date of acquisition.

The goodwill related to the acquisition of Kalex is composed of the benefits of increasing the Corporation's strategic position by expanding its geographic market presence and gaining access to the assembled workforce that does not qualify for separate recognition. The goodwill is not deductible for tax purposes.

Transaction costs relating to due diligence fees, legal costs, finder fees and other professional fees for the fiscal year ended December 31, 2022 amounting to $90 were incurred in relation to the business combination. These amounts have been included in general and administrative expenses in the Corporation's consolidated statements of income (loss) and comprehensive income (loss).

The customer lists of Kalex acquired are amortized on a straight-line basis over their estimated useful life of 7 years.

As at December 31, 2022, management finalized the amount of fair value of assets acquired and liabilities assumed for the Kalex business combination.

(Expressed in thousands of Canadian dollars, except number of shares)

4. Business combinations (continued)

(b) Loyalty Lane, Inc.

On February 17, 2022, the Corporation acquired all of the issued and outstanding shares of Loyalty Lane, Inc., a company incorporated under the laws of Georgia carrying on the business of providing loyalty and rewards transaction processing for independent grocers in exchange for cash and share consideration. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from February 17, 2022 have been included in the consolidated financial statements of the Corporation. The transaction is summarized as follows:

Consideration paid		
Cash	$	7,555
189,081 common shares issued to existing shareholders of Loyalty Lane, Inc.		189
		7,744
Fair value of net identifiable assets acquired		
Cash		388
Trade receivables		561
Prepaid expenses and deposits		67
Customer list		1,300
Software		1,933
Trade and other payables		(475)
Other liabilities		(724)
Deferred tax liability		(784)
		2,266
Goodwill	$	5,478

The fair value of acquired trade receivables approximated the contractual value.

The goodwill related to the acquisition of Loyalty Lane, Inc. is composed of the benefits of increasing the Corporation's strategic position by expanding its geographic market presence, the line of business presence and gaining access to the assembled workforce that does not qualify for separate recognition. The goodwill is not deductible for tax purposes.

Transaction costs relating to due diligence fees, legal costs, finder fees and other professional fees for the fiscal year ended December 31, 2022 amounting to $253 were incurred in relation to the business combination. These amounts have been included in general and administrative expenses in the Corporation's consolidated statements of income (loss) and comprehensive income (loss).

William Gray was the President of Loyalty Lane, Inc, where he was also a minority shareholder. He is the brother of Don Gray, the Corporation's CEO. The Loyalty Lane, Inc. acquisition was approved by the Corporation's Board of Directors, with Don Gray abstaining from the vote. As part of the acquisition, the Corporation has retained William Gray by employment agreement to continue to act in the capacity of President of Loyalty Lane, Inc.

The customer lists of Loyalty Lane and the software technology acquired are amortized on a straight-line basis over their estimated useful life of 8 years.

As at December 31, 2022, management finalized the amount of fair value of assets acquired and liabilities assumed for the Loyalty Lane business combination.

(c) Counter Solutions Holdings Limited

On August 15, 2022, the Corporation acquired all of the issued and outstanding shares of Counter Solutions Holdings Limited ("CS"), a company incorporated under the laws of the United Kingdom for the consideration described below. CS create connected digital experiences for the retail & hospitality sectors, helping brands implement self-service technology solutions to improve their customer experience and drive productivity gains. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from August 15, 2022 have been included in the consolidated financial statements of the Corporation. The transaction is summarized as follows:

Consideration paid		
Cash	$	5,066
Contingent consideration payable		838
	$	5,904
Fair value of net identifiable assets acquired		
Cash		3,064
Trade receivables		728
Prepaid expenses and deposits		51
Inventory		171
Property and equipment		111
Right-of-use assets		164
Customer list		1,400
Software		950
Trade and other payables		(2,064)
Deferred revenue		(621)
Lease liabilities		(165)
Tax liability		(156)
Deferred tax liability		(615)
		3,018
Goodwill	$	2,886

The fair value of acquired trade receivables approximated the contractual value. The fair value of deferred revenue was decreased by $502 from the book value.

The goodwill related to the acquisition of CS is composed of the benefits of increasing the Corporation's strategic position by expanding its geographic market presence, the line of business presence and gaining access to the assembled workforce that does not qualify for separate recognition. The goodwill is not deductible for tax purposes.

Transaction costs relating to due diligence fees, legal costs, finder fees and other professional fees for the fiscal year ended December 31, 2022 amounting to $353 were incurred in relation to the business combination. These amounts have been included in general and administrative expenses in the Corporation's consolidated statements of income (loss) and comprehensive income (loss).

The customer lists of CS and the software technology acquired are amortized on a straight-line basis over their estimated useful life of 7 years.

As at December 31, 2022, management finalized the amount of fair value of assets acquired and liabilities assumed for the CS business combination.

Contingent consideration comprises of earn-out payments due to the seller for meeting certain net revenue conditions over the two years following the date of acquisition. The fair value of the contingent consideration was valued by the Corporation using a discounted cash flow model under the income approach and was $838 as at the date of the business combination. The potential maximum undiscounted contingent consideration payable is $1,600 over the two years following the acquisition. The fair value of the contingent consideration as at December 31, 2023 is $Nil (2022 - $850).

In connection with the CS business combination, the Corporation has issued 2,000,000 common shares to retain a key employee which are retractable based on CS meeting agreed targets and the continued employment of the key employee until fully vested (Note 17). The value of this contingent consideration has been not been included in the consideration paid above as it was deemed a separate transaction from the business combination and will be accounted for as post-combination compensation expense.

(Expressed in thousands of Canadian dollars, except number of shares)

5. Trade receivables

	2023	2022
Trade receivables	$ 12,209	$ 12,797
Less: expected credit losses	(306)	(386)
	$ 11,903	$ 12,411

6. Restricted cash

As at December 31, 2023, the Corporation held under its administration $9,233 (2022 - $8,054) of client funds held in trust. Included in trade and other payables are $9,233 (2022 - $8,054) of amounts payable to the end merchant.

7. Inventory

	2023	2022
Finished goods	$ 3,461	$ 4,105

During the year ended December 31, 2023, inventories of $4,492 (2022 - $2,957) were expensed through cost of sales. Write-downs of inventory that were included in the cost of sales were $Nil (2022 - $45).

8. Property and equipment

	Building	Land	Furniture and fixtures	Computer equipment	Computer software	Rental equipment	Leasehold improvements	Total
Cost								
Balance as at January 1, 2022	$ -	$ -	$ 754	$ 3,370	$ 37	$ 2,644	$ 727	$ 7,532
Additions through business combinations	-	-	62	58	-	30	-	150
Additions	580	64	12	225	-	570	-	1,451
Disposals	-	-	(163)	(8)	(37)	(248)	-	(456)
As at December 31, 2022	580	64	665	3,645	-	2,996	727	8,677
Additions	-	-	1	404	-	830	-	1,235
Disposals	-	-	-	(93)	-	-	-	(93)
As at December 31, 2023	$ 580	$ 64	$ 666	$ 3,956	$ -	$ 3,826	$ 727	$ 9,819
Accumulated depreciation								
Balance as at January 1, 2022	$ -	$ -	$ 618	$ 2,616	$ 37	$ 1,859	$ 395	$ 5,525
Depreciation	23	-	58	409	-	520	69	1,079
Disposals	-	-	(163)	(8)	(37)	(248)	-	(456)
As at December 31, 2022	23	-	513	3,017	-	2,131	464	6,148
Depreciation	24	-	66	408	-	704	66	1,268
Disposals	-	-	-	(93)	-	-	-	(93)
As at December 31, 2023	$ 47	$ -	$ 579	$ 3,332	$ -	$ 2,835	$ 530	$ 7,323
								-
Net book value								-
As at December 31, 2022	$ 557	$ 64	$ 152	$ 628	$ -	$ 865	$ 263	$ 2,529
As at December 31, 2023	$ 533	$ 64	$ 87	$ 624	$ -	$ 991	$ 197	$ 2,496

(Expressed in thousands of Canadian dollars, except number of shares)

9. Right-of-use assets

The Corporation leases properties in the normal course of operations. Lease terms are between 13 months and 17 years. At the inception of each lease, the Corporation assesses whether it is reasonably certain to exercise the extension options, if any, which is reassessed if there is a significant event or change in circumstances.

	Commercial and datacentre leases	Leasehold improvements under lease	Total
Cost			
Balance as at January 1, 2022	$ 11,703	$ 750	$ 12,453
Additions	1,505	-	1,505
Acquired through business combinations	384	-	384
Disposals of lease contracts	(1,982)	-	(1,982)
As at December 31, 2022	11,610	750	12,360
Additions	1,666	-	1,666
Disposals of lease contracts	(65)	-	(65)
As at December 31, 2023	$ 13,211	$ 750	$ 13,961
Accumulated depreciation			
Balance as at January 1, 2022	$ 6,411	$ 475	$ 6,886
Depreciation	2,321	75	2,396
Disposals of lease contracts	(1,414)	-	(1,414)
As at December 31, 2022	7,318	550	7,868
Depreciation	2,162	75	2,237
Disposals of lease contracts	(59)	-	(59)
As at December 31, 2023	$ 9,421	$ 625	$ 10,046
Net book value			
As at December 31, 2022	$ 4,292	$ 200	$ 4,492
As at December 31, 2023	$ 3,790	$ 125	$ 3,915

10. Goodwill

For impairment testing goodwill acquired through business combinations are allocated to the various CGUs.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	ValuAccess Limited	Givex Canada Corp.	Owen Business Systems Ltd.	Givex Mexico	Givex Europe S.à.r.l	Kalex Equipment Services	Loyalty Lane, Inc.	Counter Solutions Holdings Limited	Total
Cost									
Balance as at January 1, 2022	$ 177	$ 381	$ 584	$ 762	$ 572	$ -	$ -	$ -	$ 2,476
Business combinations (Note 4)	-	-	-	-	-	745	5,478	2,886	9,109
As at December 31, 2022	177	381	584	762	572	745	5,478	2,886	11,585
Business combinations	-	-	-	-	-	-	-	-	-
As at December 31, 2023	$ 177	$ 381	$ 584	$ 762	$ 572	$ 745	$ 5,478	$ 2,886	$ 11,585

The Corporation performed its annual impairment test for goodwill as at December 31, 2023. It was determined that the goodwill balance was attributable to multiple CGUs. The Corporation determined that there were no impairment charges necessary as at December 31, 2023. The Corporation utilized the discounted cash flow approach (value-in-use) as the primary valuation approach to determine the recoverable amount of the CGU. This approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change significantly, depending on economic conditions and other events. The recoverable amount of each CGU was then compared to its carrying value. An impairment loss is only recognized if the carrying value is in excess of the recoverable amount.

The Corporation has made certain assumptions in determining the cash flow projections based on budgets approved by management and included management's best estimate of expected market conditions. Management has assumed annual revenue growth rates of 7% to 20% and a terminal growth of 2%. Other significant assumptions include: a current income tax rate of 15% to 30% as at December 31, 2023 and a pre-tax discount rate of 19% to 23% as at December 31, 2023. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact valuations of the CGU and the Corporation could be required to recognize an impairment loss.

11. Intangible assets

	Customer list	Software	Total
Cost			
Balance as at January 1, 2022	$ 5,804	$ 69	$ 5,873
Acquired through business combinations	4,000	2,883	6,883
Disposals	(1,103)	(33)	(1,136)
As at December 31, 2022	8,701	2,919	11,620
Acquired through business combinations	-	-	-
Disposals	-	-	-
As at December 31, 2023	$ 8,701	$ 2,919	$ 11,620
Accumulated amortization			
Balance as at January 1, 2022	$ 3,196	$ 36	$ 3,232
Amortization	1,441	290	1,731
Disposals	(1,104)	(33)	(1,137)
As at December 31, 2022	3,533	293	3,826
Amortization	1,440	387	1,827
Disposals	-	-	-
As at December 31, 2023	$ 4,973	$ 680	$ 5,653
Net book value			
As at December 31, 2022	$ 5,168	$ 2,626	$ 7,794
As at December 31, 2023	$ 3,728	$ 2,239	$ 5,967

(Expressed in thousands of Canadian dollars, except number of shares)

12. Bank loans

A continuity schedule of the Corporation's bank loans is as follows:

	Bank loan #1 (a)	Bank loan #2 (b)	Bank loan #3	Bank loan #4 (c)	Total
Balance as at January 1, 2022	$ 2,600	$ 1,689	$ 18	$ 71	$ 4,378
Additions	-	6,000	-	-	6,000
Repayment of principal	(1,818)	(2,035)	(9)	(43)	(3,905)
As at December 31, 2022	782	5,654	9	28	6,473
Additions	-	-	-	-	-
Repayment of principal	(580)	(1,539)	(8)	(28)	(2,155)
As at December 31, 2023	202	4,115	1	-	4,318
Less: current portion	(202)	(1,215)	(1)	-	(1,418)
	$ -	$ 2,900	$ -	$ -	$ 2,900

(a) The Corporation has an operating line of credit with maximum borrowings of $3,000. The facility is due on demand and bears interest at the bank's prime rate plus 0.5% per annum with interest payable monthly.

(b) The Corporation has a revolving term facility with maximum borrowings of $10,000 with a Canadian chartered bank. The facility is only made available to fund acquisitions that meet the conditions required by the bank. This facility bears interest at the bank's prime rate plus 1.75% per annum, payable between 36 and 60 equal monthly instalments of principal and interest. Prepayment is permitted without penalty at any time in whole or part. The bank loans have maturity dates between January 2024 and August 2027.

(c) The Corporation had a term loan payable in blended monthly payments of $4 including interest accrued at 2.80% per annum which was fully repaid in 2023.

Bank loan #1 and #2 are secured by a general security agreement constituting a first ranking security interest in all the assets of Givex Canada Corporation, general postponement and subordination of payments to shareholder and intercompany loans. In addition, all entities under the definition of the consolidated group in the agreement terms have provided a guarantee for an unlimited amount on the facilities. The Corporation cannot exceed the advances under the operating line of credit of $3,000. In addition, the Corporation shall maintain a ratio of Consolidated current assets to Consolidated current liabilities of not less than 1.25:1, a Consolidated Fixed Coverage Ratio of not less than 1.20 to 1.00, a minimum Equity to Capitalization Ratio of not less than 20% and a Consolidated Total Funded Debt to Consolidated EBITDA ratio equal to or less than 3.00:1. During the year ended December 31, 2023 and 2022, the Corporation was in compliance with the covenants. Bank loan #3 and #4 do not have covenants.

In addition to the above loans, the Corporation has a non-revolving lease facility with maximum borrowings of $305. The facility bears interest at the bank's prime rate plus 1.00% per annum. As at December 31, 2023, the balance outstanding for the lease facility was $Nil (2022 - $Nil).

13. Promissory notes payable

		2023	2022
(a)	Promissory notes payable #1	$ -	$ 148
(b)	Promissory notes payable #2	-	226
(c)	Promissory notes payable #3	430	800
	Unamortized discount on promissory notes payable	(15)	(46)
		415	1,128
Less: current portion		(415)	(737)
		$ -	$ 391

(a) The promissory notes are payable to unrelated third parties as partial consideration for the Givex Mexico business combination. The promissory notes are unsecured and interest-free for the duration of their terms. The market interest rate used to discount the notes was 5.70%. The promissory notes are repayable over 4 years in annual payments on July 9 of each year. The promissory notes were paid in full during the year ended December 31, 2023. During the year, the Corporation made payments of $148 (2022 - $131).

(b) The promissory notes are payable to unrelated third parties as partial consideration for the Owen Business Systems business combination. The promissory notes are unsecured and interest-free for the duration of their terms. The market interest rate used to discount the notes was 5.70%. The promissory notes are repayable over 4 years in annual payments on May 31 of each year. The promissory notes were paid in full during the year ended December 31, 2023. During the year, the Corporation made payments of $226 (2022 - $224).

(c) The promissory notes are payable to unrelated third parties as partial consideration for the Kalex business combination (Note 4). The promissory notes are unsecured and bear 3% interest for the duration of their terms. The market interest rate used to discount the notes was 3%. The promissory note is repayable over 2 years in annual payments on June 30 of each year. The promissory note is due during the year ended December 31, 2024. During the fiscal year ended December 31, 2022, the promissory note was reduced by $200 as the agreed targets were not met and the related gain was recorded in General and administrative expense on the statement of income (loss) and comprehensive income (loss). During the year ended December 31, 2023, the Corporation made payments of $418 (2022 - Nil).

14. Lease liabilities

	Total
Balance as at January 1, 2022	$ 6,244
Additions	1,499
Acquired through business combinations	419
Disposals of lease contracts	(637)
Repayment of principal	(2,485)
Balance as at December 31, 2022	5,040
Additions	1,656
Disposals of lease contracts	(28)
Repayment of principal	(2,419)
Balance as at December 31, 2023	4,249
Less: current portion	(2,038)
	$ 2,211

The maturity analysis of lease liabilities as at December 31, 2023 indicating the lease payments due in each respective fiscal year is as follows:

2024	$ 2,192
2025	1,358
2026	429
2027	384
2028	163
Thereafter	-
	4,526
Less: interest	(277)
	$ 4,249

The total interest expense on lease liabilities for the year ended December 31, 2023 is $235 (2022 - $289).

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

(Expressed in thousands of Canadian dollars, except number of shares)

15. Contract liabilities

	2023	2022
Total contract liabilities	$ 5,753	$ 5,226

A continuity schedule of contract liabilities is as follows:

	Total
Balance as at January 1, 2022	$ 3,834
Additions	3,723
Amounts recognized as revenue	(2,331)
Balance as at December 31, 2022	5,226
Additions	3,562
Amounts recognized as revenue	(3,035)
Balance as at December 31, 2023	$ 5,753

Contract liabilities include amounts of advances received to deliver the redemption of Giftpasses, a universal Gift Card that recipients can redeem for, in any denomination and advances received to deliver gift cards production and custom development contracts and fixed fee open service contracts for which the Corporation has not satisfied the performance obligation. The Corporation expects to recognize the amount disclosed in contract liabilities as revenue when the remaining performance obligations included in the contracts are satisfied which is expected to occur in the next twelve months.

16. Share capital

Authorized

Unlimited number of common shares, issuable in series, and an unlimited number of preferred shares, issuable in a series. The Corporation has only issued common shares at December 31, 2023 and December 31, 2022.

Issued

	Number (post-split)	Amount
Balance as of January 1, 2021	115,108,304	$ 23,346
Common shares issued	9,511,606	9,363
Shares repurchased and cancelled	(64,816)	(132)
Net settlement of tax liabilities of RSUs	-	(961)
Balance as of December 31, 2022	124,555,094	$ 31,616
Common shares issued (i)	4,089,175	4,065
Shares repurchased and cancelled (ii)	(584,700)	(537)
Net settlement of tax liabilities of RSUs (iii)	-	(420)
Balance as of December 31, 2023	128,059,569	$ 34,724

During the year ended December 31, 2023, the Corporation:

(i) issued 4,089,175 shares that vested under the restricted share unit plan (the "RSU Plan") as further described in Note 17 below

(ii) repurchased 536,466 shares as part of a normal course issuer bid program for $245. Of the 536,466 shares repurchased, 517,466 were cancelled during the year ended December 31, 2023, the remaining shares were cancelled in January 2024. An additional 67,234 were cancelled during the year ended December 31, 2023 which were repurchased during the year ended December 31, 2022.

The Corporation began a share repurchase program on November 9, 2022 permitting the Corporation to repurchase for cancellation up to 6,101,326 common shares. The normal course issuer bid expired on November 8, 2023. The Corporation began another share repurchase program on December 13, 2023 permitting the Corporation to repurchase for cancellation up to 6,390,694 common shares. The normal course issuer bid will expire on December 12, 2024 however may expire earlier if the maximum number of allowable shares are repurchased. Purchases under the normal course issuer bids were made through open market purchases at market prices.

(iii) withheld 902,094 shares to recover holding tax paid by the Corporation on behalf of employees whose RSU's vested as part of the RSU Plan. The Corporation intends to sell the shares through an automated securities disposition plan.

In connection with the CS business combination on August 15, 2022, the Corporation has issued 2,000,000 common shares to retain a key employee which are retractable based on CS meeting agreed targets and the continued employment of the key employee until fully vested. The estimated fair value of the shares upon acquisition was $1,160 which vests in 3 equal tranches as agreed targets are met. During the year-ended December 31, 2023, the agreed targets were not met therefore the shares will be retracted. The Corporation recorded the change in estimate to adjust the number of instruments to be issued to Nil on the consolidated statements of income (loss) and comprehensive income (loss) with a corresponding debit to contributed surplus. During the year ended December 31, 2023, $(459) (2022 - $459) of share-based compensation was recorded in the consolidated statements of income (loss) and comprehensive income (loss). As at December 31, 2023, the total remaining unrecognized share-based compensation expense amounted to Nil (2022 - $701).

During the year ended December 31, 2022, the Corporation:

(i) issued 8,697,525 shares that vested under the restricted share unit plan (the "RSU Plan") as further described in Note 17 below

(ii) issued 625,000 shares as part of the consideration for the Kalex business combination as further described above in Note 4 above.

(iii) issued 189,081 shares as part of the consideration for the Loyalty Lane, Inc. business combination as further described above in Note 4 above.

(iv) repurchased 132,050 shares as part of a normal course issuer bid program. Of the 132,050 shares repurchased, 64,816 were cancelled during the year ended December 31, 2022, the remaining shares were cancelled in January 2023. The Corporation began a share repurchase program on November 9, 2022 permitting the Corporation to repurchase for cancellation up to 6,101,326 common shares. The normal course issuer bid will expire on November 8, 2023 however may expire earlier if the maximum number of allowable shares are repurchased. Purchases under the normal course issuer bids were made through open market purchases at market prices.

(v) withheld 1,807,175 shares to recover holding tax paid by the Corporation on behalf of employees whose RSU's vested as part of the RSU Plan. The Corporation intends to sell the shares through an automated securities disposition plan

(Expressed in thousands of Canadian dollars, except number of shares)

17. Share-based compensation

	2023	2022
Restricted share unit plan (Note 17(a))	$ 1,771	$ 7,843
Employee stock options (Note 17(f))	715	2,196
Counter Solutions compensation (Note 16)	(459)	459
Total share-based compensation	$ 2,027	$ 10,498

	2023	2022
Restricted share unit plan (Note 17(a))	34	$ 1,801
Employee stock options (Note 17(f))	26	585
Counter Solutions compensation (Note 16)	-	701
Total unrecognized share-based compensation	$ 60	$ 3,087

(a) Restricted share unit plan

Upon Closing of the Transaction, the Corporation adopted a restricted share unit plan (the "RSU Plan"). The purpose of these plans are to assist the Corporation in attracting and retaining key employees, officers, directors, and consultants who will contribute to the Corporation's long-term success by providing them incentives that align their interests with those of the shareholders of the Corporation. The Plans are administered by the Board of Directors.

The Givex RSU plan is a restricted share unit plan that entitles the holder to one common share upon the occurrence of certain vesting events. Each Givex RSU will be evidenced by a restricted share unit award agreement which shall specify the vesting dates for the Givex RSUs granted as approved by the board. Under the plan, on the vesting date, the Corporation shall have the option of settling the amount payable in cash or equity. The Givex RSUs are not assignable or transferable, except upon death.

The 75,000 RSU's granted in 2023 vest in 2 equal tranches on November 24, 2024 and November 24, 2025. Of the 145,000 RSUs granted in 2022, 100,000 vested in 2 equal tranches on September 25, 2022 and September 25, 2023 and the remaining 45,000 vested in 2 equal tranches on December 15, 2022 and December 15, 2023.

The following reconciles the number of RSU's as of December 31, 2022 and 2023:	Number of RSUs	Weighted average fair value at grant date
RSUs outstanding, January 1, 2022	12,821,700	$ 1.00
Granted	145,000	0.67
Exercised	(8,697,525)	1.00
Forfeitures	(147,500)	1.00
RSUs outstanding and exercisable, December 31, 2022	4,121,675	$ 1.00
Granted	75,000	0.50
Exercised	(4,089,175)	1.00
Forfeitures	(32,500)	1.00
RSUs outstanding and exercisable, December 31, 2023	75,000	$ 0.50

For the fiscal year ended December 31, 2023, stock-based compensation expense of $1,771 (2022- $7,843) was recorded in the consolidated statements of income (loss) and comprehensive income (loss) with a corresponding credit to contributed surplus.

As at December 31, 2023, the total remaining unrecognized stock-based compensation expense amounted to $34 (2022 - $1,801), which will be amortized over the weighted average requisite service period of one year.

(b) Compensation options

In connection with the Private Placement, the Corporation issued compensation options as part of the subscription receipt offering to its brokers.

The following reconciles the number of compensation options available for grant under the Agency Agreement as of December 31, 2022 and 2023:	Number of options	Weighted average exercise price
Options outstanding, January 1, 2022	1,538,600	$ 1.00
Granted	-	-
Options outstanding and exercisable, December 31, 2022	1,538,600	$ 1.00
Expired	(83,133)	1.00
Options outstanding and exercisable, December 31, 2023	1,455,467	$ 1.00

The compensation options had an expiry date of November 25, 2023 however the Corporation has extended the expiry date to November 25, 2024. All other terms of the compensation options will remain unchanged, including their respective exercise prices. The Corporation recorded no increase in value related to the expiry extension.

(c) County stock options and warrants

In connection with the Transaction, the Corporation issued options to holders of County options.

The following reconciles the number of Country stock options available for grant as of December 31, 2022 and 2023:	Number of options	Weighted average exercise price
Options outstanding, January 1, 2022	137,799	$ 0.92
Expired	(137,799)	0.92
Options outstanding and exercisable, December 31, 2022	-	$ -
Granted	-	-
Options outstanding and exercisable, December 31, 2023	-	$ -

(Expressed in thousands of Canadian dollars, except number of shares)

17. Share-based compensation (continued)

In connection with the Transaction, the Corporation issued warrants to holders of County warrants.

	Number of warrants		Weighted average exercise price
Warrants outstanding, January 1, 2022	65,308	$	0.92
Granted	-		-
Warrants outstanding and exercisable, December 31, 2022	65,308	$	0.92
Granted	-		-
Warrants outstanding and exercisable, December 31, 2023	65,308	$	0.92

In connection with the Transaction, the Corporation issued options to holders of County options.

The following is a summary of changes in compensation options during 2022 and 2023:

	Number of options		Weighted average exercise price
Options outstanding, January 1, 2022	148,200	$	0.46
Expired	(10,400)		0.46
Options outstanding and exercisable, December 31, 2022	137,800	$	0.46
Granted	-		-
Options outstanding and exercisable, December 31, 2023	137,800	$	0.46

(d) Warrants related to the Private Placement

In connection with the Private Placement, the Corporation issued warrants to the subscription receipt holders.

The following is a summary of changes in warrants under the Subscription Receipt Agreement as at December 31, 2022 and 2023:

	Number of warrants		Weighted average exercise price
Warrants outstanding, January 1, 2022	11,000,000	$	1.25
Granted	-		-
Compensation warrants outstanding and exercisable, December 31, 2022	11,000,000	$	1.25
Granted	-		-
Compensation warrants outstanding and exercisable, December 31, 2023	11,000,000	$	1.25

The warrants had an expiry date of November 25, 2023 however the Corporation has extended the expiry date to November 25, 2024. All other terms of the compensation warrants will remain unchanged, including their respective exercise prices. The Corporation recorded no increase in value related to the expiry extension.

In connection with the Private Placement, the Corporation issued compensation warrants to its advisors

The following is a summary of changes in compensation warrants during the year:

	Number of warrants		Weighted average exercise price
Warrants available for grant, January 1, 2022	147,500	$	1.25
Granted	-		-
Warrants outstanding and exercisable, December 31, 2022	147,500	$	1.25
Granted	-		-
Warrants outstanding and exercisable, December 31, 2023	147,500	$	1.25

The compensation warrants had an expiry date of November 25, 2023 however the Corporation has extended the expiry date to November 25, 2024. All other terms of the compensation warrants will remain unchanged, including their respective exercise prices. The Corporation recorded no increase in value related to the expiry extension.

(Expressed in thousands of Canadian dollars, except number of shares)

17. Share-based compensation (continued)

(e) Other warrants

In connection with ongoing services, the Corporation issued compensation warrants to its consultants.

The following is a summary of changes in compensation warrants during the year:	Number of warrants	Weighted average exercise price
Warrants outstanding, January 1, 2022	625,000	$ 1.25
Granted	-	-
Warrants outstanding and exercisable, December 31, 2022	625,000	$ 1.25
Expired	(625,000)	1.25
Warrants outstanding and exercisable, December 31, 2023	-	$ -

(f) Employee stock options

The Givex Option plan is a stock option plan administered by the board of directors. Under the plan, each Givex Option expires on the tenth anniversary from its date of grant and will vest 25% annually on the date of grant, unless specified otherwise by board resolution. The exercise price of any Givex Options shall be determined by the board of directors but shall in no event be less than the fair market value of a Givex common share on the date of grant. In the event of a change of control, the board of directors has the right to provide for the conversion or exchange of any outstanding Givex Options into or for options, rights or other securities in any entity participating in or resulting from the change of control. The Givex Options are not assignable or transferable.

Of the 800,000 options granted below in 2023, 700,000 options vested in 2 equal tranches in January 9, 2023 and June 9, 2023 and the remaining 100,000 options vest in 50% tranches on each of November 24, 2024 and November 24, 2025. The 50,000 options granted below in 2022 vest in 25% tranches on each of September 1, 2022, April 1, 2023, October 1, 2023 and April 1, 2024.

The following reconciles the number of options available for grant under the Plan as of December 31, 2022 and 2023:	Number of options	Weighted average exercise price
Options outstanding, January 1, 2022	6,840,000	$ 1.00
Granted	50,000	1.00
Forfeitures	(80,000)	1.00
Options outstanding and exercisable, December 31, 2022	6,810,000	$ 1.00
Granted	800,000	0.50
Options outstanding and exercisable, December 31, 2023	7,610,000	$ 1.00

As at December 31, 2023, 6,810,000 options were outstanding with an exercise price of $1.00 of which 6,797,500 were exercisable and 800,000 options were outstanding with an exercise price of $0.50 of which 700,000 were exercisable.

For the fiscal year ended December 31, 2023, stock-based compensation expense of $715 (2022 - $2,196) was recorded in the consolidated statements of income (loss) and comprehensive income (loss) with a corresponding credit to contributed surplus.

As at December 31, 2023, the total remaining unrecognized stock-based compensation expense amounted to $26 (2022 - $585) which will be amortized over the weighted average requisite service period.

The Corporation used the Black-Scholes Merton formula to estimate the grant date fair value of options granted during the year based on the following inputs:

	2023
Weighted average fair value	$ 0.50
Expected option life	1 - 2.50 years
Expected volatility	96.04%
Expected dividend	0.00%
Risk-free interest rate (based on government bonds)	3.5% - 4.4%

	2022
Weighted average fair value	$0.42-$0.48
Expected option life	1.71 - 2.50 years
Expected volatility	80.57-86.15%
Expected dividend	0.00%
Risk-free interest rate (based on government bonds)	0.99% - 1.21%

18. Income taxes

(a) The reconciliation of the combined Canadian and federal provincial statutory income tax rate of 26.5% (2022 - 26.5%) to the effective tax rate is as follows:

	2023	2022
Net income (loss) before income tax	$ (1,136)	$ (10,066)
Statutory income tax rate	26.5%	26.5%
Computed income tax expense (recovery)	(301)	(2,667)
Increase (decrease) resulting from:		
Non-deductible expenses and other	82	2,580
Differences in foreign tax rates	(390)	(646)
Utilization of previously unrecognized tax losses	(118)	(83)
Utilization of carry forward tax losses	67	67
Change in estimates - current	(453)	-
Write down of deferred tax assets	1,940	-
Origination and reversal of temporary differences	332	(238)
Current period loss for which no benefit is recognized	1,119	1,016
Total income tax provision	$ 2,278	$ 29

(Expressed in thousands of Canadian dollars, except number of shares)

18. Income taxes (continued)

(b) The components of income tax provision (recovery) are as follows:

	2023	2022
Current tax expense	$ 592	$ 689
Change in estimates relating to prior year	(453)	-
Total current income tax expense	139	689
Deferred income tax provision (recovery)	$ 199	$ (660)
Write down of deferred tax assets	1,940	-
Total deferred income tax provision (recovery)	2,139	(660)
Total income tax provision	$ 2,278	$ 29

(c) Deferred tax assets and liabilities

The table below summarizes the movement of deferred tax assets and liabilities.

	January 1, 2023	Recognized in net loss	Business combinations	December 31, 2023
Deferred tax asset				
Tax losses carried forward	$ 2,339	$ (2,255)	$ -	$ 84
Right-of-use liability	1,010	(121)	-	889
Intangible assets	1,787	(169)	-	1,618
Tangible assets	33	50	-	83
	$ 5,169	$ (2,495)	$ -	$ 2,674
Reclassification	(1,631)			(833)
Total deferred tax asset	$ 3,538			$ 1,841
Deferred tax liability				
Intangible assets	$ (1,603)	$ 232	$ -	$ (1,371)
Tangible assets	(76)	59	-	(17)
Right-of-use assets	(881)	64	-	(817)
	$ (2,560)	$ 355	$ -	$ (2,205)
Reclassification	1,631			833
Total deferred tax liability	$ (929)			$ (1,372)
Net deferred tax asset (liability)	$ 2,609			$ 469

	January 1, 2022	Recognized in net loss	Business combinations	December 31, 2022
Deferred tax asset				
Tax losses carried forward	$ 2,320	19	$ -	$ 2,339
Right-of-use liability	1,145	(135)	-	1,010
Intangible assets	1,414	373	-	1,787
Tangible assets	40	(7)	-	33
	$ 4,919	$ 250	$ -	$ 5,169
Reclassification	(1,007)			(1,631)
Total deferred tax asset	$ 3,912			$ 3,538
Deferred tax liability				
Intangible assets	$ (143)	278	$ (1,738)	$ (1,603)
Tangible assets	(82)	6	-	(76)
Right-of-use assets	(1,007)	126	-	(881)
	$ (1,232)	$ 410	$ (1,738)	$ (2,560)
Reclassification	1,007			1,631
Total deferred tax liability	$ (225)			$ (929)
Net deferred tax asset (liability)	$ 3,687			$ 2,609

The reclassification relates to the offsetting of deferred tax assets and deferred tax liabilities to the extent that they are related to the same taxing authority and there is a legally enforceable right to do so.

The company recognized a deferred tax asset of $973 in respect of a subsidiary relating to deductible temporary differences. The deferred tax asset has been recognized based on an estimate of forecasted profits.

As of each reporting date, the Corporation considers evidence that could affect the future realization of deferred tax assets. During the year ending December 31, 2023, the Corporation determined there was sufficient evidence to conclude it is no longer probable that some loss carried forwards will be realized therefore the Corporation has recorded a write-off of $1,940 through income tax expense.

(d) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2023	2022
Tax losses carried forward	$ 21,756	$ 5,443
Total unrecognized deductible temporary differences	$ 21,756	$ 5,443

Deferred tax liabilities related to undistributed earnings from investments in subsidiaries, was not recognized because the Corporation controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

The majority of losses do not expire.

As disclosed in prior financial statements, Givex Canada Corp. has been subject to an ongoing tax audit by the Canada Revenue Agency pertaining to transfer fees between Givex Corporation and Givex Canada Corp. On June 17, 2022, Givex Canada Corp received notices of reassessment from the Canada Revenue Agency for $0.6 million plus interest as the result of this audit. The Corporation has paid the assessment amount however has disputed the assessment and has worked with legal counsel to file Notices of Objections. The payment has been recorded in prepaid expenses.

(Expressed in thousands of Canadian dollars, except number of shares)

19. Net Income (loss) per share

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the year ended December 31, 2023 and 2022.

	2023	2022
Issued common shares	128,059,569	124,555,094
Weighted average shares outstanding - basic	124,759,170	118,604,429
Weighted average shares outstanding - diluted	124,759,170	118,604,429
Income (loss per share) basic and diluted	(0.03)	(0.09)

During the twelve months ended December 31, 2023, there were 23,696,606 (2022 - 30,536,897) weighted average outstanding share options and warrants excluded from the computation of diluted loss per share as they were anti-dilutive.

20. Employee compensation

The total employee compensation comprising salaries and benefits, excluding government assistance, for the fiscal year ended December 31, 2023 was $30,130 (2022 - $27,307) and has been recorded in General and administrative expense on the statement of income (loss) and comprehensive income (loss). The total stock compensation expense to employees for the fiscal year ended December 31, 2023 was $2,027 (2022 - $10,498).

21. Net changes in non-cash working capital

	2023	2022
Decrease (increase) in trade receivables	$ 498	$ (1,535)
Decrease/(increase) in inventory	653	(1,624)
Decrease/(increase) in prepaid expenses and deposits	(574)	147
Increase in restricted cash	(1,179)	(5,393)
Increase in trade and other payables	(167)	3,008
Increase (decrease) in government remittances payable	262	(292)
Increase in contract liabilities	503	728
	$ (4)	$ (4,961)

22. Related party transactions

The Corporation transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Corporation. Key management is defined as the executive officers of the Corporation (CEO, CFO, President, COO, CCO and EVP, HR).

Remuneration to key management was as follows:

	2023	2022
Salaries, management fees and benefits	$ 1,626	$ 1,972
Share-based compensation	683	2,969

During the year ended December 31, 2023, AJP Digital Inc charged license fees of $120 (2022 - $120) to the Corporation, which are included in general and administration expenses. The Corporation licenses “ToolJar” from AJP Digital Inc. for an annual subscription fee of $120. The ToolJar software is owned by AJP Digital Inc., a corporation wholly owned by Krane & Company Inc., a corporation wholly owned by Drake & Noseworthy Trust, of which the Chief Executive Officer of Givex and the Executive Vice President of Human Resources are beneficiaries.

During year ended December 31, 2023, La Fenice Inc. charged consulting fees of $120 (2022 - $220) to the Corporation, which are included in general and administration expenses. Givex contracts with La Fenice Inc., which owns and operates a restaurant in Toronto, Ontario, to test Givex's POS system and other Givex products in real-time in a live environment. For these services, Givex paid La Fenice Inc. $20 per month in 2022 from January to October, and $10 per month from November onwards, for this testing environment. La Fenice Inc. is wholly owned by AJP Digital Inc., a corporation wholly owned by Krane & Company Inc., a corporation wholly owned by Drake & Noseworthy Trust, of which the Chief Executive Officer of Givex and the Executive Vice President of Human Resources, are beneficiaries.

As at December 31, 2023, net loans receivable of $341 ($260 at December 31, 2022) are due from AJP Digital Inc. and Drake & Noseworthy Trust (both of which are related as described above). The loans are non-interest bearing, unsecured and have no fixed terms of repayment.

On February 17, 2022, the Corporation acquired all of the issued and outstanding shares of Loyalty Lane, Inc. William Gray, the brother of Don Gray and the Corporation's CEO, was the President of and a minority shareholder of Loyalty Lane, Inc. Refer to Note 4(b).

23. Financial instruments

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Corporation's risk exposure and concentrations at the consolidated balance sheet date:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risks relate to its trade receivables and loans receivable. The Corporation provides credit to its customers in the normal course of its operations. For these and other debts, the Corporation determines, on a continuing basis, the probable losses and recognizes provisions for losses based on the estimated recoverable amount where necessary. In management's opinion, the risk of non-collection on trade receivables and loans receivable is not significant.

The Corporation has applied the simplified approach to providing for expected credit losses, which permits the use of a lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, a full allowance is provided for a customer balance when there is doubt about the customer's future capacity to fulfill its payment obligations. For the remaining trade receivable balances, they have been grouped based on the number of days past due and the Corporation then applies a provision matrix to determine its loss position. The loss allowances at December 31, 2023 and 2022 were determined as follows for trade receivables are based upon the Corporation's historical default rates over the expected life of the accounts receivables adjusted for forward looking estimates.

At each reporting date, the Corporation measures the loss allowance for the loans receivable at an amount equal to the lifetime expected credit losses if the credit risk on the loans receivable has increased significantly since initial recognition. If, at the reporting date, the credit risk on the loans receivable has not increased significantly since initial recognition, the Corporation measures the loss allowance at an amount equal to 12-month expected credit losses.

Trade and loans receivable consist of the following:

	Less than 31 days	31 to 60 days	61 to 90 days	More than 90 days	Total
As at December 31, 2023					
Gross carrying amount	$ 6,990	$ 1,795	$ 730	$ 3,035	$ 12,550
Individually impaired	-	-	-	-	-
	6,990	1,795	730	3,035	12,550
Expected loss rate	1%	2%	4%	7%	2%
Collectively impaired	(42)	(36)	(29)	(199)	(306)
Total loss allowance	(42)	(36)	(29)	(199)	(306)
Trade and loans receivable, net	$ 6,948	$ 1,759	$ 701	$ 2,836	$ 12,244

	Less than 31 days	31 to 60 days	61 to 90 days	More than 90 days	Total
As at December 31, 2022					
Gross carrying amount	$ 5,234	$ 2,643	$ 1,141	$ 4,039	$ 13,057
Individually impaired	-	-	-	-	-
	5,234	2,643	1,141	4,039	13,057
Expected loss rate	1%	2%	4%	6%	3%
Collectively impaired	(31)	(53)	(46)	(256)	(386)
Total loss allowance	(31)	(53)	(46)	(256)	(386)
Trade and loans receivable, net	$ 5,203	$ 2,590	$ 1,095	$ 3,783	$ 12,671

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation earns revenues and incurs expenses in foreign currencies.

As a result, the following financial assets and liabilities (expressed in thousands of CAD dollars) are denominated in foreign currencies as at year-end and therefore subject the Corporation to currency risk:

	USD	EUR	GBP	HKD	AUD	BZL	Other	Total
	$	$	$	$	$	$	$	$
As at December 31, 2023								
Cash and cash equivalents	$ 4,682	$ -	$ 3,115	$ 72	$ 1,154	$ 1,831	$ 259	$ 11,113
Restricted cash	4,989	-	1,407	-	113	-	-	6,509
Term deposits	-	-	-	-	221	-	-	221
Trade receivables	4,162	-	2,008	170	730	279	249	7,598
Loans receivable	-	1,673	-	-	-	-	-	1,673
Trade and other payables	(6,721)	-	(2,280)	(152)	(301)	(14)	(135)	(9,603)
Promissory notes payable	-	-	-	-	-	-	-	-
Contingent consideration payable	-	-	-	-	-	-	(97)	(97)
Loans payable (included within loans receivable on the statement of financial position)	(1,542)	-	-	-	-	-	-	(1,542)
Net financial position exposure	$ 5,570	$ 1,673	$ 4,250	$ 90	$ 1,917	$ 2,096	$ 276	$ 15,872

	USD	EUR	GBP	HKD	AUD	BZL	Other	Total
	$	$	$	$	$	$	$	$
As at December 31, 2022								
Cash and cash equivalents	$ 3,716	$ -	$ 4,359	$ 266	$ 1,233	$ 1,282	$ 187	$ 11,043
Restricted cash	4,074	-	1,151	-	70	-	-	5,295
Term deposits	-	-	-	-	494	-	-	494
Trade receivables	3,766	-	2,361	669	722	294	304	8,116
Loans receivable	-	1,673	-	-	-	-	-	1,673
Trade and other payables	(6,344)	-	(2,422)	(655)	(169)	(75)	(163)	(9,828)
Promissory notes payable	-	-	-	-	-	-	(143)	(143)
Contingent consideration payable	-	-	(850)	-	-	-	(230)	(1,080)
Loans payable (included within loans receivable on the statement of financial position)	(1,633)	-	-	-	-	-	-	(1,633)
Net financial position exposure	$ 3,579	$ 1,673	$ 4,599	$ 280	$ 2,350	$ 1,501	$ (45)	$ 13,937

(Expressed in thousands of Canadian dollars, except number of shares)

23. Financial instruments (continued)

(b) Currency risk (continued)

The table below shows the increase (decrease) in net income (loss) before income taxes of a 10% strengthening in the average exchange rate of significant currencies to which the Corporation has transaction exposure as at December 31, 2023 and 2022. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite. This assumes that each currency moves in isolation. The Corporation's exposure to foreign currency changes for all other currencies is not material.

	USD	GBP	AUD	BZL	Total
2023	$ (341)	$ 3	$ (33)	$ 295	$ (76)
2022	$ 195	$ 65	$ 22	$ 240	$ 522

The foreign exchange loss for the year includes a realized foreign exchange gain of approximately $315 (2022 - $599) and an unrealized foreign exchange loss of approximately ($689) (2022 - ($126)).

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument might be adversely affected by a change in interest rates. The Corporation is exposed to interest rate risk arising from fluctuations in interest rates on its bank loans. A 1% increase (decrease) in the interest rates on its bank loans will result in increase (decrease) in interest expense of $45 (2022 - $54) for the year ended December 31, 2023. The Corporation does not use derivative financial instruments to reduce it exposure to interest rate risk.

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation is exposed to this risk in respect of its bank loans, trade and other payables, forgivable loan, promissory notes payable and contingent consideration. The Corporation's ability to meet its obligations depends on the receipt of funds from its operations and loans receivable, in the form of revenues or advances.

The contractual maturities of the Corporation's financial liabilities are as follows:

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years	Total
As at December 31, 2023					
Bank loans	$ 1,418	$ 2,400	$ 500	$ -	$ 4,318
Trade and other payables	13,449	-	-	-	13,449
Government remittance payable	721	-	-	-	721
Income taxes payable	736	-	-	-	736
Forgivable loan payable	-	-	-	-	-
Promissory notes payable	415	-	-	-	415
Contingent consideration	32	65	-	-	97
Lease liabilities	2,192	2,171	163	-	4,526
Total as at December 31, 2023	$ 18,963	$ 4,636	$ 663	$ -	$ 24,262
As at December 31, 2022					
Bank loans	$ 2,373	$ 3,600	$ 500	$ -	$ 6,473
Trade and other payables	13,696	-	-	-	13,696
Government remittance payable	458	-	-	-	458
Income taxes payable	935	-	-	-	935
Forgivable loan payable	-	40	-	-	40
Promissory notes payable	737	391	-	-	1,128
Contingent consideration	133	947	-	-	1,080
Lease liabilities	2,552	2,736	51	-	5,339
Total as at December 31, 2022	$ 20,884	$ 7,714	$ 551	$ -	$ 29,149

(e) Capital management

The Corporation's objective when managing capital is ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans. For the purpose of capital management, capital includes internal and external borrowings. The Corporation manages its capital structure and adjust it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust its capital structure, the Corporation might obtain financing from its parent company, through additional capital contributions or debt financing. The Corporation is not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis.

(Expressed in thousands of Canadian dollars, except number of shares)

23. Financial instruments (continued)

(f) Fair value

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate fair values due to the short-term nature of these items or being carried at fair value or, for borrowings, the interest rates charged approximate current market rates. The risk of material change in fair value is not considered to be significant. The Corporation does not use derivative financial instruments to manage this risk.

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

Level 1: determined by reference to quoted prices in active markets for identical assets and liabilities;

Level 2: determined by using inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices); and

Level 3: determined using inputs that are not based on observable market data.

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

Contingent consideration is classified as a Level 3 financial instrument. The valuation method and significant assumptions used to determine the fair value of the contingent consideration has been disclosed in Note 4. During the year ended December 31, 2023, there were no transfers of amounts between levels in the fair value hierarchy.

The following reconciles the movement of contingent consideration payable:

		Total
Balance as at January 1, 2022	$	343
Issued in Counter Solutions business combination (Note 4)		838
Repayments		(117)
Interest accretion		16
Balance as at December 31, 2022		1,080
Repayments		(126)
Interest accretion		86
Revaluation of contingent consideration (i)		(943)
Contingent consideration, December 31, 2023		97
Less: current portion		(32)
	$	65

(i) During the fiscal year ended December 31, 2023, the contingent consideration related to the acquisition of Counter Solutions was reduced by $943 to $Nil as the agreed targets were not met and the related gain has been recorded in General and administrative expense on the statement of income (loss) and comprehensive income (loss).

24. Geographic information

The geographic segmentation of the Corporation's assets is as follows:

	Canada	United States	Australia	United Kingdom	Other	Total
As at December 31, 2023						
Property and equipment	$ 1,616	$ 27	$ 18	$ 86	$ 749	$ 2,496
Right-of-use assets	1,392	1,684	56	631	152	3,915
Goodwill	1,710	5,478	-	2,886	1,511	11,585
Intangible assets	1,360	2,467	-	1,902	238	5,967

	Canada	United States	Australia	United Kingdom	Other	Total
As at December 31, 2022						
Property and equipment	$ 1,501	$ 21	$ 29	$ 163	$ 815	$ 2,529
Right-of-use assets	2,112	852	262	950	316	4,492
Goodwill	1,710	5,478	-	2,886	1,511	11,585
Intangible assets	2,184	2,867	-	2,239	504	7,794

The geographic segmentation of the Corporation's revenues is as follows:

	Canada	United States	Australia	United Kingdom	Other	Total
Year ended December 31, 2023						
Services and payments revenue	$ 29,783	$ 27,144	$ 3,377	$ 8,327	$ 5,202	$ 73,833
Hardware and other revenue	4,190	503	75	1,234	928	6,930

	Canada	United States	Australia	United Kingdom	Other	Total
Year ended December 31, 2022						
Services and payments revenue	$ 28,468	$ 25,493	$ 3,227	$ 5,439	$ 4,926	$ 67,553
Hardware and other revenue	3,660	510	140	184	858	5,352