Unaudited Condensed Interim Consolidated Financial Statements

# Voxtur Analytics Corp.

*For the three and nine months ended September 30, 2021 and 2020*

*(In thousands of Canadian dollars, except per share amounts)*

## Voxtur Analytics Corp.
## Unaudited Condensed Interim Consolidated Statements of Financial Position
## (In thousands of Canadian dollars)

| As at | Note | September 30, 2021 | December 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets:** | | | |
| Cash | | $ 19,412 | $ 6,002 |
| Trade and other receivables, net | *20* | 11,661 | 2,377 |
| Trade receivables due from related parties, net | *13* | 6,833 | - |
| Contract assets | | 269 | 114 |
| Prepaid expenses and other current assets | | 1,269 | 698 |
| Notes receivable | *13* | 2,543 | - |
| | | 41,987 | 9,191 |
| **Non-current Assets:** | | | |
| Other non-current assets | | 1,381 | 507 |
| Contract assets | | 323 | 133 |
| Investment | *21* | 3,711 | 3,297 |
| Interest in joint ventures | | 529 | - |
| Right-of-use assets | *7* | 604 | 1,337 |
| Property and equipment | | 529 | 461 |
| Intangible assets | *5* | 99,304 | 16,048 |
| Goodwill | *6* | 92,298 | 8,178 |
| | | 198,679 | 29,961 |
| **Total Assets** | | $ 240,666 | $ 39,152 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current Liabilities:** | | | |
| Accounts payable and accrued liabilities | | $ 12,482 | $ 3,510 |
| Unearned revenue | *8* | 5,153 | 2,018 |
| Lease obligations | *9* | 189 | 348 |
| Current portion of long-term debt | *10* | 6,500 | 1,250 |
| | | 24,324 | 7,126 |
| **Non-current Liabilities:** | | | |
| Unearned revenue | *8* | 2,386 | 1,238 |
| Lease obligations | *9* | 441 | 1,071 |
| Long-term debt | *10* | 21,518 | 3,868 |
| Convertible debentures | *11* | 247 | 7,644 |
| Deferred tax liability | | 14,206 | 324 |
| | | 38,798 | 14,145 |
| Shareholders' Equity | | 177,544 | 17,881 |
| Going concern | *2(a)* | | |
| Subsequent events | *22* | | |
| **Total Liabilities and Shareholders' Equity** | | $ 240,666 | $ 39,152 |

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

**Voxtur Analytics Corp.**

**Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

**(In thousands of Canadian dollars, except per share amounts)**

| | | Three months ended | | Nine months ended | |
|---|---|---|---|---|---|
| | **Note** | **September 30, 2021** | **September 30, 2020** | **September 30, 2021** | **September 30, 2020** |
| **Revenue** | *13,14,15* | $ 24,711 | $ 4,921 | $ 57,216 | $ 14,529 |
| **Direct operating expenses** | | 15,145 | 2,835 | 32,159 | 7,935 |
| **Gross margin** | | 9,566 | 2,086 | 25,057 | 6,594 |
| **Other operating expenses:** | | | | | |
| Technology and operations | | 3,591 | 1,260 | 9,077 | 4,194 |
| Selling and business development | | 1,399 | 347 | 3,799 | 1,204 |
| General and administration | | 12,783 | 1,558 | 32,283 | 5,012 |
| | | 17,773 | 3,165 | 45,159 | 10,409 |
| **Loss from operations** | | (8,207) | (1,079) | (20,102) | (3,815) |
| Other income | | 111 | - | 641 | 253 |
| Change in fair value of derivative asset | | - | (166) | - | - |
| Finance costs, net | *17* | (539) | (308) | (1,689) | (882) |
| Foreign exchange gain (loss) | | 1,191 | (403) | 100 | 396 |
| **Loss for the period before income tax** | | $ (7,445) | $ (1,956) | $ (21,050) | $ (4,048) |
| Income tax expense | | 684 | 190 | 921 | 15 |
| **Loss for the period** | | $ (6,761) | $ (1,766) | $ (20,129) | $ (4,033) |
| **Other comprehensive income (loss):** | | | | | |
| **Items that will not be reclassified to loss for the period:** | | | | | |
| Change in fair value of investment | *21* | 100 | (44) | 414 | 48 |
| Foreign exchange gain (loss) on the translation of foreign operations | | 2,793 | 49 | (459) | 5 |
| | | 2,893 | 5 | (45) | 53 |
| **Comprehensive loss for the period** | | **$** (3,868) | **$ (1,761)** | **$ (20,174)** | **$ (3,980)** |
| **Weighted average number of common shares** | | | | | |
| Basic and diluted | *18* | 461,942,102 | 125,622,104 | 401,612,833 | 114,308,557 |
| **Loss per share** | | | | | |
| Basic and diluted | *18* | $ (0.01) | $ (0.01) | $ (0.05) | $ (0.04) |

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

**Voxtur Analytics Corp.**
**Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**
**(In thousands of Canadian dollars)**

**Nine months ended September 30, 2021**

| | Note | Common share capital | Non-voting share capital | Warrant capital | Contributed surplus | Other reserve | Deficit | AOCI[1] | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2020** | | $ 30,402 | $ - | $ 2,455 | $ 7,057 | $ 1,291 | $ (25,016) | $ 1,692 | $ 17,881 |
| Loss for the period | | - | - | - | - | - | (20,129) | - | (20,129) |
| Other comprehensive income (loss): | | | | | | | | | - |
| Change in fair value of investment | *21* | - | - | - | - | - | - | 414 | 414 |
| Foreign exchange loss on the translation of foreign operations | | - | - | - | - | - | - | (459) | (459) |
| Comprehensive loss for the period | | - | - | - | - | - | (20,129) | (45) | (20,174) |
| Issuance of common shares | *12(a)* | 126,454 | 27,656 | - | - | - | - | - | 154,110 |
| Conversion of debentures | *12(d)* | 8,702 | - | - | - | (1,253) | - | - | 7,449 |
| Debenture interest settled by share issuance | *12(d)* | 5 | - | - | - | - | - | - | 5 |
| Conversion of non-voting shares | | 27,656 | (27,656) | - | - | - | - | - | - |
| Warrants exercised | *12(c)* | 10,395 | - | (1,604) | - | - | - | - | 8,791 |
| Warrants expired | | - | - | (8) | 8 | - | - | - | - |
| Options exercised | *12(b)* | 15 | - | - | (5) | - | - | - | 10 |
| Conversion of restricted share units | *12(e)* | 1,623 | - | - | (1,623) | - | - | - | - |
| Share-based compensation | *16* | - | - | - | 9,472 | - | - | - | 9,472 |
| **Balance at September 30, 2021** | | $ 205,252 | $ - | $ 843 | $ 14,909 | $ 38 | $ (45,145) | $ 1,647 | $ 177,544 |

**Nine months ended September 30, 2020**

| | Note | Common share capital | Non-voting share capital | Warrant capital | Contributed surplus | Other reserve | Deficit | AOCI[1] | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2019** | | $ 22,881 | $ - | $ 1,147 | $ 6,647 | $ 1,332 | $ (18,850) | $ 409 | $ 13,566 |
| Loss for the period | | - | - | - | - | - | (4,033) | - | (4,033) |
| Other comprehensive income (loss): | | | | | | | | | |
| Change in fair value of investment | | - | - | - | - | - | - | 48 | 48 |
| Foreign exchange loss on the translation of foreign operations | | - | - | - | - | - | - | 5 | 5 |
| Comprehensive loss for the period | | - | - | - | - | - | (4,033) | 53 | (3,980) |
| Issuance of common shares, warrants and convertible debentures | | 6,311 | - | 1,315 | - | - | - | - | 7,626 |
| Share-based compensation | | - | - | - | 165 | - | - | - | 165 |
| **Balance at September 30, 2020** | | $ 29,192 | $ - | $ 2,462 | $ 6,812 | $ 1,332 | $ (22,883) | $ 462 | $ 17,377 |

[1] *AOCI is defined as Accumulated other comprehensive income.*

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

**Voxtur Analytics Corp.**
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**
**(In thousands of Canadian dollars)**

| Nine months ended | Note | September 30, 2021 | September 30, 2020 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the period | | $ (20,129) | $ (4,033) |
| Adjustments for: | | | |
| Amortization of equipment | | 118 | 114 |
| Amortization of intangible assets | *5* | 6,858 | 1,356 |
| Amortization of right-of-use assets | *7* | 238 | 280 |
| Bad debt expense | | 2 | 182 |
| Unrealized foreign exchange (gain) loss | | 349 | (672) |
| Finance costs, net | *17* | 1,689 | 882 |
| Income tax (recovery) expense | | - | (15) |
| Share-based compensation expense | | 9,472 | 165 |
| | | (1,403) | (1,741) |
| Changes in non-cash operating assets and liabilities | *19* | (4,827) | (747) |
| Interest paid | | (1,154) | (80) |
| Interest received | | 40 | 6 |
| Cash used in operating activities | | (7,344) | (2,562) |
| **Cash flows from financing activities** | | | |
| Repayment of lease obligations | | (270) | (308) |
| Repayment of long-term debt | | (9,834) | - |
| Proceeds from term loan | *10* | 27,000 | 685 |
| Proceeds from issuance of common shares | *12(a)* | 34,973 | 7,626 |
| Proceeds from warrants exercised | *12(c)* | 8,791 | - |
| Proceeds from options exercised | *12(b)* | 10 | - |
| Debt and equity issuance costs | | (2,151) | - |
| Cash provided by financing activities | | 58,519 | 8,003 |
| **Cash flows from investing activities** | | | |
| Advances of notes receivable | *13* | (2,543) | - |
| Purchase of Voxtur, net of cash received | *4* | (16,182) | - |
| Purchase of Anow, net of cash received | *4* | (9,572) | - |
| Purchase of Xome, net of cash received | *4* | (8,866) | - |
| Purchase of interest in joint ventures | | (371) | - |
| Purchase of equipment | | (185) | (54) |
| Purchase of intangible asset | *5* | (11) | (24) |
| Cash used in investing activities | | (37,730) | (78) |
| **Increase (decrease) in cash for the period** | | 13,445 | 5,363 |
| **Effect of exchange rate fluctuations on cash** | | (35) | (17) |
| Cash - beginning of period | | 6,002 | 3,560 |
| **Cash - end of period** | | $ 19,412 | $ 8,906 |

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

## 1. Corporate Information

Voxtur is a transformational real estate technology company that is redefining industry standards in the real estate finance lifecycle. The Company offers automated workflows and targeted data analytics to simplify property valuation, tax solutions and settlement services for investors, lenders, government agencies and mortgage servicers. Voxtur's proprietary data hub and platforms accurately and efficiently value assets, service loans, securitized portfolios and evaluate tax assessments. The Company serves the property lending and property tax sectors, both public and private, in the United States ("US") and Canada.

The Company's registered office is located at 383 Richmond Street, Suite 408, London, Ontario, Canada.

The Company's shares are traded in Canada on the TSX Venture Exchange ("TSX-V") under the symbol VXTR and in the US on the OTCQB under the symbol VXTRF.

## 2. Basis of Presentation

### *(a) Going Concern Uncertainty*

The global COVID-19 pandemic has had a material impact on the Company's operations during 2020 and 2021. On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the "Act"), which provides for a moratorium on certain foreclosures. The Act, which was extended throughout 2020 and through to July 31, 2021, has negatively impacted the Company as a significant portion of the Company's US-based revenue is derived from the facilitation of real property valuations and other services related to properties in default. As of July 31, 2021, the US foreclosure moratorium was partially lifted with some restrictions. Those restrictions will end on December 31, 2021 and management anticipates a return to pre pandemic conditions during the first quarter of 2022. This timing could be impacted if additional forbearance extensions or other government intervention was to occur. In addition to impacts on ongoing operations, the global pandemic has also slowed expected growth from new initiatives due to general economic uncertainty in both Canada and the US.

As a result of these events or conditions, there exists a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern and, therefore, realize its assets and discharge its liabilities in the normal course of business.

In order to continue as a going concern, the Company will be required to attain its projected cash flows through achievement of its planned growth initiatives that have been slowed due to COVID-19 and to obtain continued support from its lender.

The Condensed Interim Consolidated Financial Statements (the "Interim Financial Statements") have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. The Interim Financial Statements do not include any adjustments to the carrying values and classification of assets and liabilities and reported expenses that may be necessary if the going concern basis was not appropriate for these consolidated interim financial statements.

### *(b) Statement of compliance*

These Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The notes presented in these Interim Financial Statements include only significant changes and transactions occurring since the Company's last year end and are not fully inclusive of all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These Interim Financial Statements should be read in conjunction with the Company's annual audited consolidated financial statements as at and for the year ended December 31, 2020, which are available on SEDAR.

**(In thousands of Canadian dollars, except per share amounts)**

These Interim Financial Statements for the three and nine months ended September 30, 2021 and 2020 were authorized for issuance by the Board of Directors of the Company on November 28, 2021.

### *(c) Consolidation*

The consolidated financial statements comprise the subsidiaries presented below.

| Subsidiary[1] | Voting Securities | Jurisdiction of Incorporation | Year End |
|---|---|---|---|
| Voxtur Technologies U.S., Inc. | 100% | Delaware | December 31 |
| Bright Line Title, LLC | 100% | Florida | December 31 |
| Clarocity Inc.[2] | 100% | Delaware | December 31 |
| iLOOKABOUT Inc. | 100% | Ontario | December 31 |
| MTAG Paralegal Professional Corporation[3] | 0% | Ontario | December 31 |
| Appraisers Now Ltd. | 100% | Alberta | December 31 |
| Xome Services, LLC | 100% | Texas | December 31 |

All intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

Notes:
1. Subsidiaries are legal entities controlled by the Company. Control exists when the Company has power to direct the relevant activities of an entity and is exposed to or has rights to variable returns from its involvement with the entity. In certain circumstances, the Company may have control over an entity in which it does not own more than 50% voting interest. In making this determination, the Company considers all relevant facts and circumstances in assessing whether it has power over the entity including rights arising from contractual arrangements that allow the Company to direct the relevant activities and be exposed to variable returns of the entity, among other considerations.
2. Clarocity Inc. owns 100% of the voting securities of each of Voxtur Valuation, LLC (previously known as Clarocity Valuation Services, LLC, a Kansas limited liability company, and Valuation Vision Inc., a California corporation (together, "Clarocity Group"), and owns 100% of the voting securities of iLOOKABOUT (US) Inc, a Delaware corporation. Each of these subsidiaries have a December 31 year end.
3. As required under the Law Society Act (Ontario) and applicable regulations, MTAG Paralegal Professional Corporation is a separate professional corporation. While the Company does not have any voting rights in this entity, the Company controls the entity through contractual arrangements.

### *(d) Basis of measurement*

These Interim Financial Statements are prepared mainly on the historical cost basis, except for the investment and derivative financial instruments which are measured at fair value. Assets and liabilities acquired in a business combination are measured at fair value at the date of acquisition.

The Interim Consolidated Statements of Comprehensive Income and Loss are presented using the functional classification for expenses.

### *(e) Functional and presentation currency*

These Interim Financial Statements are presented in Canadian dollars ("CAD"), which is the Company's functional currency. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

## 3. Significant Accounting Policies

These Interim Financial Statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2020 except for the following:

### Joint Ventures

The Company is a party to several arrangements that provide it with rights to the net assets of those arrangements, and as such are classified as joint ventures. The equity method is used to account for these joint ventures. The Company's investment in joint ventures was initially recognized at fair value and subsequently, the Company increases or decreases the carrying amounts based on its share of each joint venture's income or loss, distributions received from the joint ventures and contributions made to the joint ventures.

The Company reviews its investments in joint ventures for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If impaired, the carrying amount is written down to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use and charged to profit or loss.

### Restricted Share Units

In January 2021, the Company established a Restricted Share Unit Plan (the "RSU Plan") for its employees, officers, directors and consultants. The RSU Plan allows employees, directors, officers and consultants to participate in the growth and development of the Company. The maximum number of shares available for issuance under the RSU Plan shall not exceed 22,500,000 shares.

All Restricted Share Units ("RSUs") granted are settled with common shares of the Company. The expense and corresponding increase in contributed surplus in shareholders' equity are determined based on the grant date fair value of the award, which is based on the market price of the Company's common shares, and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the conversion of RSUs to common shares at the end of restricted period, the amount attributable to the RSUs that was previously recognized in contributed surplus, is recorded as an increase to share capital.

There were no new accounting standards or interpretations adopted in the Period.

The accounting policies have been consistently applied by the Company's subsidiaries.

**(In thousands of Canadian dollars, except per share amounts)**

## 4. Acquisitions

*Voxtur Technologies Inc.*

On February 3, 2021, the Company acquired 100% of the issued and outstanding stock of Voxtur Technologies Inc. ("Voxtur Technologies"), 100% of the membership interests of Bright Line Title, LLC ("Bright Line"), and certain technology and non-legal assets of James E. Albertelli, P.A. and certain of its affiliates (collectively, "JEA") (the "Voxtur Acquisition"). Voxtur Technologies provides real estate technology and non-legal default services in the US. Bright Line provides full service title, escrow and closing services in the US. The Company acquired these businesses (the "Voxtur Group") to expand its operations and offerings in the United States, and to expand the Company's real property focused product and service offering.

The consideration transferred to acquire the Voxtur Group was comprised of the following:

i. $13,467 USD cash consideration;
ii. 108,455,631 common shares of the Company; and
iii. 54,227,816 non-voting common shares of the Company.

Due to the complexity of this transaction, the Company has not yet completed its purchase price accounting analysis with respect to this acquisition, therefore, the purchase price allocation is provisional. The fair value assigned to the intangible assets, deferred taxes, goodwill, and net assets acquired is based on management's best estimate using the information currently available. The amounts recorded are subject to material change as additional information is received and independent valuations are completed by the Company.

The preliminary purchase price allocation as at February 3, 2021, is presented below.

| **Consideration:** | | **USD** | | **CAD** |
|---|---|---|---|---|
| Cash - paid on closing | $ | 13,467 | $ | 17,258 |
| Common shares | | 43,161 | | 55,313 |
| Non-voting common shares | | 21,580 | | 27,656 |
| **Consideration transferred for the acquired business** | **$** | **78,208** | **$** | **100,227** |

| **Recognizable amounts of identifiable assets acquired and liabilities assumed:** | | **USD** | | **CAD** |
|---|---|---|---|---|
| Cash | $ | 840 | $ | 1,076 |
| Accounts receivable | | 720 | | 922 |
| Prepaid assets | | 179 | | 229 |
| Intangible assets | | 48,732 | | 62,452 |
| Interest in joint ventures | | 136 | | 174 |
| Accounts payable and accrued liabilities | | (673) | | (863) |
| Long-term debt | | (4,683) | | (6,001) |
| Deferred tax liability | | (9,140) | | (11,713) |
| **Total identifiable net assets of acquired business** | **$** | **36,111** | **$** | **46,276** |
| Goodwill | | 42,097 | | 53,951 |
| **Total identifiable net assets of acquired business and goodwill** | **$** | **78,208** | **$** | **100,227** |

Upon closing, the Company fully paid down the acquired long-term debt of $6,001 ($4,683 USD).

Goodwill arising from the acquisition is attributable to the Company assuming an experienced workforce and the estimated future value of expected synergies to result from the combination of the businesses. All of the goodwill is expected to be deductible for tax purposes.

From the date of acquisition to September 30, 2021, the Company recognized revenue of $30,558, gross margin of $15,602, and comprehensive income of $2,805. Had the Company acquired the business January 1, 2021, the Company estimates that it would have recognized revenue of approximately $33,868, gross margin of approximately $15,601 and comprehensive income of approximately $3,594.

**(In thousands of Canadian dollars, except per share amounts)**

Acquisition-related costs included in general and administration expense totaled $1,238. Of this total, $712 was incurred in the nine months ended September 30, 2021, and $526 was incurred in the year ended December 31, 2020.

*Appraisers Now Ltd.*

On April 8, 2021, the Company acquired 100% of the issued and outstanding stock of Appraisers Now Ltd. ("Anow"). Anow provides an automated appraisal workflow management system for the global appraisal market, serving clients in the U.S. and Canada. The Company acquired this business to expand its United States presence and to grow the Company's recurring software and data licenses revenue.

The consideration transferred to acquire Anow was comprised of the following:

i. $10,014 cash consideration; and
ii. 28,571,428 common shares of the Company.

Due to the timing of this acquisition, the purchase price allocation is provisional. The fair value assigned to the intangible assets, goodwill, deferred taxes, and net assets acquired is based on management's best estimate using the information currently available. The amounts recorded are subject to material change as additional information is received and independent valuations are completed by the Company.

The preliminary purchase price allocation as at April 8, 2021, is presented below.

| **Consideration** | | **Amount** |
|---|---|---|
| Cash - paid on closing | $ | 10,014 |
| Common Shares | | 29,429 |
| **Consideration transferred for the acquired business** | **$** | **39,443** |

| **Recognizable amounts of identiable assets acquired and liabilities assumed:** | | **Amount** |
|---|---|---|
| Cash | $ | 442 |
| Accounts receivable | | 42 |
| Capital assets | | 2 |
| Intangible assets | | 18,260 |
| Accounts payable | | (464) |
| Deferred revenue | | (276) |
| Deferred tax liability | | (2,762) |
| **Total Identifiable net assets of acquired business** | **$** | **15,244** |
| Goodwill | | 24,199 |
| **Total identifiable net assets of acquired business and goodwill** | **$** | **39,443** |

Goodwill arising from the acquisition is attributable to the Company assuming an experienced workforce and the estimated future value of expected synergies to result from the combination of the businesses.

Amounts paid for goodwill and intangible assets will not be deductible for tax purposes.

From the date of acquisition to September 30, 2021, the Company recognized revenue of $956, gross margin of $782, and comprehensive loss of $35 with respect to Anow. The Company is unable to reliably determine the revenue, gross margin and comprehensive income that would have been generated by Anow had it been acquired as of January 1, 2021 as Anow previously recorded results using the cash basis of accounting.

Acquisition-related costs included in general and administration expense totaled $291.

**(In thousands of Canadian dollars, except per share amounts)**

*Xome Valuation*

On September 1, 2021, the Company acquired 100% of the issued and outstanding membership interests of Xome Services, LLC and Xome Valuation Services, LLC (collectively, "Xome Valuations"). Xome Valuations is a nationally licensed appraisal management company providing services to institutional clients. The Company acquired this business to expand its United States presence and to grow the Company's recurring software and data licenses revenue.

The consideration transferred to acquire Xome Valuations was comprised of the following:

i. $11,344 ($9,000 USD) cash consideration; and
ii. 10,251,834 common shares of the Company.

Due to the timing of this acquisition, the purchase price allocation is provisional. The fair value assigned to the intangible assets, goodwill, accrued expenses, deferred taxes and net assets including finalization of working capital adjustments, acquired is based on management's best estimate using the information currently available. The amounts recorded are subject to material change as additional information is received and independent valuations are completed by the Company.

The preliminary purchase price allocation as at September 1, 2021, is presented below.

| **Consideration** | | **USD** | | **CAD** |
|---|---|---|---|---|
| Cash - paid on closing | $ | 9,000 | $ | 11,344 |
| Common shares | | 6,588 | | 8,304 |
| **Consideration transferred for the acquired business** | **$** | **15,588** | **$** | **19,648** |

| **Recognizable amounts of identiable assets acquired and liabilities assumed:** | | **USD** | | **CAD** |
|---|---|---|---|---|
| Cash | $ | 1,966 | $ | 2,478 |
| Accounts receivable | | 5,485 | | 6,913 |
| Intangible assets | | 7,910 | | 9,970 |
| Prepaid assets | | 30 | | 38 |
| Accounts payable and accrued liabilities | | (2,278) | | (2,871) |
| Deferred revenue | | (2,582) | | (3,255) |
| **Total identifiable net assets of acquired business** | **$** | **10,531** | **$** | **13,274** |
| Goodwill | | 5,057 | | 6,374 |
| **Total identifiable net assets of acquired business and goodwill** | **$** | **15,588** | **$** | **19,648** |

Goodwill arising from the acquisition is attributable to the Company assuming an experienced workforce and the estimated future value of expected synergies to result from the combination of the businesses. All of the goodwill is expected to be deductible for tax purposes.

From the date of acquisition to September 30, 2021, the Company recognized revenue of $7,387, gross margin of $2,032, and comprehensive income of $840. Had the Company acquired the business January 1, 2021, the Company estimates that it would have recognized revenue of approximately $62,564, gross margin of approximately $20,004 and comprehensive income of approximately $4,407.

Acquisition-related costs included in general and administration expense totaled $128.

**(In thousands of Canadian dollars, except per share amounts)**

## 5. Intangible assets

| Cost | Note | Computer Software | Customer Relationships | Tradenames | Licenses | Voxtur Intangibles | Anow Intangibles | Xome Intangibles | Total |
|---|---|---|---|---|---|---|---|---|---|
| At December 31, 2020 | | $ 11,300 | $ 5,831 | $ 2,538 | $ 315 | $ - | $ - | $ - | $ 19,984 |
| Additions | | 11 | - | - | - | - | - | - | 11 |
| Acquisition of Voxtur Group | *4* | - | - | - | - | 62,452 | - | - | 62,452 |
| Acquisition of Anow | *4* | - | - | - | - | - | 18,260 | - | 18,260 |
| Acquisition of Xome | *4* | - | - | - | - | - | - | 9,970 | 9,970 |
| Effect of movement in exchange rates | | (67) | (40) | (19) | (2) | (558) | - | 88 | (598) |
| At September 30, 2021 | | $ 11,244 | $ 5,791 | $ 2,519 | $ 313 | $ 61,894 | $ 18,260 | $ 10,058 | $ 110,079 |

| Amortization | Note | Computer Software | Customer Relationships | Tradenames | Licenses | Voxtur Intangibles | Anow Intangibles | Xome Intangibles | Total |
|---|---|---|---|---|---|---|---|---|---|
| At December 31, 2020 | | $ 2,992 | $ 583 | $ 362 | $ - | $ - | $ - | $ - | $ 3,937 |
| Amortization | | 1,148 | 501 | 266 | - | 3,983 | 878 | 83 | 6,859 |
| Effect of movement in exchange rates | | (13) | (4) | (4) | - | - | - | - | (21) |
| At September 30, 2021 | | $ 4,127 | $ 1,080 | $ 624 | $ - | $ 3,983 | $ 878 | $ 83 | $ 10,775 |

| Carrying amounts | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| At September 30, 2021 | $ 7,117 | $ 4,711 | $ 1,895 | $ 313 | $ 57,911 | $ 17,382 | $ 9,975 | $ 99,304 |
| At December 31, 2020 | $ 8,308 | $ 5,248 | $ 2,177 | $ 315 | $ - | $ - | $ - | $ 16,048 |

## 6. Goodwill

For the purposes of impairment testing, goodwill has been allocated to the following Cash Generating Units ("CGU"):

| | Note | Clarocity Group | Apex | Voxtur Group | Anow | Xome | Total |
|---|---|---|---|---|---|---|---|
| At December 31, 2020 | | $ 7,297 | $ 881 | $ - | $ - | $ - | $ 8,178 |
| Acquisition of Voxtur Group | *4* | - | - | 53,951 | - | - | 53,951 |
| Acquisition of Anow | *4* | - | - | - | 24,199 | - | 24,199 |
| Acquisition of Xome | *4* | - | - | - | - | 6,374 | 6,374 |
| Effect of movement in exchange rates | | (38) | (5) | (417) | - | 56 | (404) |
| At September 30, 2021 | | $ 7,259 | $ 876 | $ 53,534 | $ 24,199 | $ 6,430 | $ 92,298 |

## 7. Right-of-use assets

The following table presents the right-of-use assets for the Company:

| | Offices | Vehicles | Total right-of-use assets |
|---|---|---|---|
| Balance, December 31, 2020 | $ 1,324 | $ 13 | $ 1,337 |
| Additions | 178 | - | 178 |
| Disposals | (656) | - | (656) |
| Amortization | (234) | (4) | (238) |
| Effect of movement in exchange rates | (17) | - | (17) |
| Balance, September 30, 2021 | $ 595 | $ 9 | $ 604 |

**(In thousands of Canadian dollars, except per share amounts)**

## 8. Unearned revenue and remaining performance obligations

The following table presents changes in the unearned revenue balance:

| | | |
|---|---|---|
| Balance, December 31, 2020 | $ | 3,256 |
| Unearned revenue through acquisitions | $ | 3,531 |
| Amounts invoiced and revenue unearned as at September 30, 2021 | | 3,207 |
| Recognition of unearned revenue that was included in the adjusted balance at the beginning of the period | | (2,455) |
| Balance, September 30, 2021 | $ | 7,539 |

*Remaining Performance Obligations*

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted unrecognized revenue") and includes both unearned revenue, being amounts invoiced for which services have not yet been provided, and amounts that will be invoiced and recognized as revenue in future periods. Contracted unrecognized revenue does not include future expected revenue that is transactional in nature. As at September 30, 2021, contracted unrecognized revenue was approximately $12,017 of which the Company expects to recognize an estimated 64% over the next 12 months and the remainder thereafter.

## 9. Lease obligations

The Company's leases are for office space and vehicles. Certain of these leases contain renewal options. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain that the Company will exercise the renewal option.

| | | |
|---|---|---|
| Lease obligations, December 31, 2020 | $ | 1,419 |
| Additions | | 178 |
| Disposals | | (719) |
| Interest on lease obligation | | 39 |
| Lease payments | | (270) |
| Effect of movement in exchange rates | | (18) |
| Lease obligations, September 30, 2021 | $ | 630 |

| | | |
|---|---|---|
| Current | $ | 189 |
| Non-current | | 441 |
| Total lease obligations | $ | 630 |

The expense relating to variable lease payments not included in the measurement of lease obligations for the three and nine months ended September 30, 2021 was $11 and $49 (three and nine months ended September 30, 2020 - $23 and $67). This consists of variable lease payments for operating costs, property taxes and insurance.

**(In thousands of Canadian dollars, except per share amounts)**

## 10. Long-term debt

| | September 30, 2021 | December 31, 2020 |
|---|---|---|
| (a) 2019 Term Loan | $ - | $ 1,205 |
| (b) Term Loan A | - | 1,966 |
| (c) Term Loan B | 1,955 | 1,947 |
| (d) Term Loan C | 26,062 | - |
| | **$ 28,017** | **$ 5,118** |
| Due within 1 year | $ 6,500 | $ 1,250 |
| Due between 1 and 5 years | 21,517 | 3,868 |
| | **$ 28,017** | **$ 5,118** |

### *2019 Term Loan, Term Loan A and Term Loan C*

In February 2021, the Company expanded its credit facilities. Prior to this expansion, the Company had the following Term Loans:

i. 2019 Term Loan;
ii. Term Loan A; and
iii. Term Loan B.

Upon the establishment of the new facility which was secured in February 2021 ("Term Loan C"), the outstanding principal balances of the 2019 Term Loan and Term Loan A were fully paid down.

With respect to Term Loan C, the Company has drawn $27,000. Proceeds net of transaction costs were $26,413. The Company will pay interest only for the first six months of the term, and thereafter interest and principal which shall amortize over 54 months. The Company may, at its discretion, repay the balance of Term Loan C in whole or in part at any time after eighteen (18) months following the closing date without penalty or obligation for future interest payments otherwise payable had Term Loan C not been repaid. Pricing is set at Bank of Montreal's Prime Rate plus 4.0% per annum.

The Term Loan C contains customary financial and restrictive covenants and is secured by assets of the Company and its subsidiaries, which primarily consists of intellectual property and accounts receivable.

| | |
|---|---|
| **Balance, December 31, 2020** | $ - |
| Proceeds from credit facility | 27,000 |
| Transaction costs | (587) |
| Accretion of interest | 149 |
| Repayment of financing | (500) |
| **Balance, September 30, 2021** | **$ 26,062** |
| Due within 1 year | $ 6,000 |
| Due between 1 and 5 years | 20,062 |
| | **$ 26,062** |

**(In thousands of Canadian dollars, except per share amounts)**

***Term Loan B***

Term Loan B was granted under the Business Credit Availability Program ("BCAP"). The BCAP is a standardized guarantee program offered by Export Development Canada in response to the COVID-19 pandemic. With respect to Term Loan B, the Company has drawn $2,000. Proceeds net of transaction costs were $1,970. The Company will pay interest only for the first twelve months of the term, and thereafter shall pay interest and monthly principal repayments of $42 based on amortization over four years. Pricing is set at Canadian Prime Rate plus 5.0% per annum. The maturity date of Term Loan B is October 1, 2025.

The Term Loan B contains customary financial and restrictive covenants and is secured by assets of the Company and its subsidiaries, which primarily consists of intellectual property and accounts receivable.

| | | |
|---|---|---|
| **Balance, December 31, 2020** | $ | 1,947 |
| Accretion of interest | | 8 |
| **Balance, September 30, 2021** | **$** | **1,955** |

| | | |
|---|---|---|
| Due within 1 year | $ | 500 |
| Due between 1 and 5 years | | 1,455 |
| | **$** | **1,955** |

***Revolving credit facility***

The Company has a revolving credit facility of $1,500 under which the availability of funds is subject to certain limitations based on accounts receivable and certain accounts payable. Interest is set at Bank of Montreal's Prime Rate plus 2.5% per annum. The Company had not drawn on the Operating Facility as at September 30, 2021 and December 31, 2020.

## 11. Convertible debentures

As part of the consideration transferred for the acquisition of Clarocity Group in 2019, the Company issued convertible debentures in an aggregate principal amount of $8,700, which have a three year maturity date (extendable for an additional one year term at the same rate of interest as the year three interest rate at the option of the Company and subject to regulatory approvals) and are payable at the election of the Company, in either cash or common shares of the Company ("Common Shares") to be issued at the greater of (a) a 10% discount to the 20-day volume weighted average price at such time; and (b) the lowest price per share permitted by the TSXV. The Company has the option to redeem up to $4,000 of the convertible debentures in cash at any time. The holders of convertible debentures will have the right to convert the debentures at any time into Common Shares at a conversion price of $0.30 per Common Share. Non-compounding interest will accrue, but only be payable in fiscal years during which Clarocity Group is generating positive operating cash flow and net profit. Interest will accrue at the following rates: 0% per annum during the period between July 18, 2019 (the "Issuance Date") and the one (1) year anniversary of the Issuance Date; at a rate of 3% per annum during the period between the first year anniversary of the Issuance Date and the second year anniversary of the Issuance Date, and; at a rate of 6% per annum during the period between the second year anniversary of the Issuance Date and the third year anniversary of the Issuance Date.

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition using the residual method. The liability was initially recorded at management's estimate of the fair value of the debt without the conversion feature and reflects an interest rate of 12.45%, with the difference between the face value of the convertible debentures and fair value of the liability component recorded as equity. The equity component is recorded as an other reserve within shareholders' equity. Issuance costs were allocated to the liability and equity components in proportion to the allocation of proceeds. The portion of issuance costs allocated to the liability component will be amortized using the effective interest method over the life of the convertible debenture.

**(In thousands of Canadian dollars, except per share amounts)**

A summary of convertible debentures is as follows:

| | Face Amount | Liability Carrying Amount |
|---|---|---|
| **Balance, December 31, 2020** | **$ 8,431** | **$ 7,527** |
| Accretion of equity discount | - | 131 |
| Amortization of financing costs | - | 12 |
| Conversion of debenture | (8,185) | (7,437) |
| Convertible debenture | $ 246 | $ 233 |
| Accrued interest | - | 14 |
| **Balance, September 30, 2021** | **$ 246** | **$ 247** |

The convertible debentures contain a derivative asset, being an extension option. As at September 30, 2021 and December 31, 2020, the fair value of this derivative asset was $nil.

## 12. Common share and warrant capital

| | | | September 30, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|---|
| | Expiry date | Exercise price | Issued | Amount | Issued | Amount |
| Issued and outstanding: | | | | | | |
| Common shares | | | 479,341,749 | $ 205,252 | 164,027,547 | $ 30,402 |
| Non-voting shares | | | - | - | - | - |
| Share purchase warrants: | | | | | | |
| Series L warrants | October 24, 2021 | 0.40 | - | - | 1,000,000 | 97 |
| Series M warrants | January 17, 2021 | 0.25 | - | - | 4,937,657 | 177 |
| Series N warrants | July 17, 2022 | 0.30 | 3,883,294 | 178 | 3,980,050 | 182 |
| Series O warrants | July 17, 2022 | 0.20 | 9,735,665 | 665 | 9,949,627 | 684 |
| Series P warrants | September 22, 2021 | 0.25 | - | - | 23,324,100 | 1,091 |
| Series Q warrants | September 25, 2021 | 0.30 | - | - | 4,262,760 | 224 |
| | | | 13,618,959 | 843 | 47,454,194 | 2,455 |
| Share capital and warrant capital | | | 492,960,708 | $ 206,095 | 211,481,741 | $ 32,857 |

The authorized capital consists of an unlimited number of Common Shares, an unlimited number of Non-Voting Shares and an unlimited number of Preference Shares, issuable in series. The Common Shares have no par value and are each entitled to one vote. The Non-Voting Shares have no par value and are not entitled to vote. Each Non-Voting Share can be converted to one Common Share at the option of the shareholder at any time for no consideration. All issued Common Shares and Non-Voting Shares are fully paid.

The following table presents changes in common shares:

| | | Number of shares | Amount |
|---|---|---|---|
| **Balance, December 31, 2020** | | **164,027,547** | **$ 30,402** |
| Shares issued | *(a)* | 251,506,709 | 154,110 |
| Shares issued, options exercised | *(b)* | 33,965 | 15 |
| Shares issued, warrants exercised | *(c)* | 33,733,975 | 10,395 |
| Shares issued, debentures exercised | *(d)* | 27,283,142 | 8,702 |
| Shares issued, debenture interest settled | *(d)* | 6,411 | 5 |
| Shares issued, restricted share units exercised | *(e)* | 2,750,000 | 1,623 |
| **Balance, September 30, 2021** | | **479,341,749** | **$ 205,252** |

**(In thousands of Canadian dollars, except per share amounts)**

The following table presents changes in non-voting shares:

| | | Number of shares | | Amount |
|---|---|---|---|---|
| **Balance, December 31, 2020** | | - | $ | - |
| Shares issued | *(a)* | 54,227,816 | | 27,656 |
| Share conversion | *(a)* | (54,227,816) | | (27,656) |
| **Balance, September 30, 2021** | | - | $ | - |

The following table presents changes in warrant capital:

| | | Number of warrants | | Amount |
|---|---|---|---|---|
| **Balance, December 31, 2020** | | **47,454,194** | $ | **2,455** |
| Warrants exercised | *(c)* | (33,733,975) | | (1,604) |
| Warrants expired | | (101,262) | | (8) |
| **Balance, September 30, 2021** | | **13,618,957** | $ | **843** |

The following table presents changes in other reserves:

| | | | Amount |
|---|---|---|---|
| **Balance, December 31, 2020** | | $ | **1,291** |
| Debentures exercised | *(d)* | | (1,253) |
| **Balance, September 30, 2021** | | $ | **38** |

**(a)** ***Common Shares issued***

*Acquisition of Voxtur*

As discussed in Note 4, the Company issued 108,455,631 common shares of the Company in February 2021 as part of the consideration transferred to acquire the Voxtur Group. The Common Shares were ascribed a value of $0.51 per share, which was the fair value at the date of acquisition. The fair value of the Common Shares of $55,312 was allocated to share capital.

In addition to Common Shares, the Company also issued 54,227,816 Non-voting Shares of the Company in February 2021 as part of the consideration transferred to acquire the Voxtur Group. The Non-voting Shares were ascribed a value of $0.51 per share, which was the fair value of the Common Shares at the date of acquisition. The value of the Non-voting Shares of $27,656 was allocated to non-voting share capital.

*Private placement*

In March 2021, the Company completed a non-brokered private placement for gross proceeds of $34,973, or $33,431 net of finder's fees and issuance costs. The Company issued a total of 50,000,000 common shares at $0.70 per common share. Proceeds were collected in CAD and USD.

*Acquisition of Anow*

As discussed in Note 4, the Company issued 28,571,428 common shares of the Company in April 2021 as part of the consideration transferred to acquire Anow Appraisals Ltd. The Common Shares were ascribed a value of $1.03 per share, which was the fair value at the date of acquisition. The fair value of the Common Shares of $29,429 was allocated to share capital.

*Conversion of Non-voting shares*

The Company issued 54,227,816 common shares upon conversion of Non-voting shares.

*Acquisition of Xome Valuations*

As discussed in Note 4, the Company issued 10,251,834 common shares of the Company in September 2021 as part of the consideration transferred to acquire Xome Valuations. The Common Shares were ascribed a value of $0.81 per share, which was the fair value at the date of acquisition. The fair value of the Common Shares of $8,304 was allocated to share capital.

**(b)** ***Stock options exercised***

The Company issued 33,965 common shares upon exercise of stock options for proceeds of $10.

**(c)** ***Warrants exercised***

The Company issued 33,733,975 common shares upon receipt of exercise directions from warrant holders to exercise 33,733,975 warrants, resulting in warrant exercise proceeds of $8,791.

**(d)** ***Convertible debentures exercised***

The Company issued 27,283,142 common shares upon receipt of conversion directions from convertible debenture holders to exercise $8,185 of convertible debentures.

The Company issued 6,411 common shares upon settlement of interest obligations on convertible debentures of $5.

**(e)** ***Restricted Share Units converted***

The Company converted 2,750,000 restricted share units to 2,750,000 common shares of the Company upon vesting of such restricted share units.

## 13. Related party transactions

*Consulting Services:*

To provide for ongoing support and development of certain software purchased from Yeoman & Company Paralegal Professional Corporation (“YCP”), in December 2014 the Company entered into a consulting agreement with YCP (“Consulting Agreement”) that expires in December 2034. The Consulting Agreement provides for an annual base fee of $265, with annual increases in line with any increases in the Consumer Price Index, plus 15% of consideration received by the Company from end customers (the “YCP Fees”) for use of this software. For the three and nine months ended September 30, 2021, the Company incurred YCP Fees of $84 and $366 (three and nine months ended September 30, 2020 – $90 and $312) under the Consulting Agreement, which was included in direct operating expense and technology expense. Two of the principals of YCP are the sons of the Executive Chairman of the Company.

*Service Agreements:*

Effective in February 2021, the Company has entered into various service agreements with James E. Albertelli PA and affiliated law firms, (collectively, “the JEA Group”) to provide real estate technology development and support, and non-legal default services for an initial term of twenty-five years, with an automatic extension for an additional twenty-five years. One of the principals of the JEA Group is the Chief Executive Officer and a Director of the Company.

Certain of these fees are on a cost-plus markup pricing structure and some are billed on a fixed fee basis. For the three and nine months ended September 30, 2021, with respect to these agreements, the Company recorded revenue of $3,854 and $12,733 (three and nine months ended September 30, 2020 - $nil and $nil).

The Company has also entered into agreements with the JEA Group for (i) space sharing, for the use by the Company of a portion of JEA Group’s premises, equipment, furniture and improvements; and (ii) sublicensing of software by the Company from the JEA Group. With respect to these agreements, the Company incurred expenses of $317 and $977 for the three and nine months ended September 30, 2021 (three and nine months ended September 30, 2020 - $nil and $nil).

As at September 30, 2021, amounts outstanding related to these agreements totaled $6,833 (December 31, 2020 - $nil).

*Notes Receivable from Related Parties:*

As at September 30, 2021, notes receivable from Directors and/or Officers of the Company were $2,543 CAD ($2,000 USD) (December 31, 2020 - $nil). These notes receivable are non-interest bearing and mature on December 10, 2021.

*Consolidated Entity:*

As required under the Law Society Act (Ontario) and applicable regulations, MTAG Paralegal Professional Corporation is a separate professional corporation. The Executive Chairman of the Company, a paralegal licensed in the Province of Ontario, is the sole shareholder of this professional corporation; however, the Company controls the entity through contractual arrangements, which also provide that all economic benefit or loss resulting from the entity will be received by the Company.

All of these transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

## 14. Non-monetary transactions

The Company licenses real property related data from a third party for use in one of the Company's applications. Compensation to the licensor for this data is made by the Company through a combination of cash payments, access to one of the Company's applications and the provision of custom development services. The data licensing expense is recognized evenly over the period of access to the data, and the revenue related to the provision of services by the Company is recognized as those services are delivered. As the timing of access to the data and delivery of services by the Company may not align, the related revenue and expense may not match in a reporting period. For the three and nine months ended September 30, 2021, visual and data services revenue of $5 and $14 (three and nine months ended September 30, 2020 - $5 and $260) and direct operating expense of $97 and $291 (three and nine months ended September 30, 2020 - $97 and $291) related to this transaction were recognized.

## 15. Revenue

***Nature of services and geographic information:***

The Company generates revenue from the provision of software and data licensing, technology managed services and settlement services. Geographically, the Company operates primarily in the United States and Canada. Information regarding revenue by geographic area and by nature of service is presented below.

**(In thousands of Canadian dollars, except per share amounts)**

| | Three months ended September 30, 2021 | | | Three months ended September 30, 2020 | | |
|---|---|---|---|---|---|---|
| | United States | Canada | Total | United States | Canada | Total |
| Software and data licenses | $ 1,246 | $ 1,216 | $ 2,462 | $ 302 | $ 1,574 | $ 1,876 |
| Technology managed services | 14,829 | 986 | 15,815 | 2,709 | 336 | 3,045 |
| Settlement services | 6,434 | - | 6,434 | - | - | - |
| Total | $ 22,509 | $ 2,202 | $ 24,711 | $ 3,011 | $ 1,910 | $ 4,921 |

| | Nine months ended September 30, 2021 | | | Nine months ended September 30, 2020 | | |
|---|---|---|---|---|---|---|
| | United States | Canada | Total | United States | Canada | Total |
| Software and data licenses | $ 3,671 | $ 4,236 | $ 7,907 | $ 998 | $ 4,721 | $ 5,719 |
| Technology managed services | 30,001 | 2,282 | 32,283 | 7,747 | 1,063 | 8,810 |
| Settlement services | 17,026 | - | 17,026 | - | - | - |
| Total | $ 50,698 | $ 6,518 | $ 57,216 | $ 8,745 | $ 5,784 | $ 14,529 |

***Significant customers:***

Customers representing more than 10% of revenue are classified as significant customers.

For the three months ended September 30, 2021, the Company had one significant customer, a related party, which represented 16% of total revenue. For the three months ended September 30, 2020, the company had two significant customers, one represented 23% of total revenue and the other represented 19% of total revenue.

For the nine months ended September 30, 2021, the Company had one significant customer, a related party, which represented 22% of total revenue. For the nine months ended September 30, 2020, the company had two significant customers, one represented 25% of total revenue and the other represented 15% of total revenue.

At September 30, 2021, one customer, a related party, accounted for more than 10% of trade accounts receivable, net. This customer accounted for approximately 38% of trade accounts receivable at that time, of which 3% was collected subsequent to September 30, 2021.

At December 31, 2020, one customer accounted for more than 10% of trade accounts receivable, net, totalling approximately 33% of trade accounts receivable at December 31, 2020, of which 98% was collected subsequent to December 31, 2020.

***Operating Segments:***

To date, the Company has operated and reported its results as one operating segment.

## 16. Key management personnel expenses and share-based compensation

Key management personnel include the directors and officers of the Company.

In addition to their salaries and any bonuses, the Company also provides non-cash benefits to key management personnel. Key management personnel are also entitled to participate in the Company's Stock Option Plan and Restricted Share Unit plan. Quarter to date and year to date variances in key management personnel compensation are primarily related to the additional positions required as a result of the acquisitions completed in 2021 and increase in size of the organization, including Chief Legal Officer, Chief Investment Officer, and Chief Revenue Officer. Changes in share-based compensation are related to the timing of the grant and vesting of stock options and restricted share units.

**(In thousands of Canadian dollars, except per share amounts)**

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Short-term employee compensation and benefits | $ 2,154 | $ 448 | $ 4,429 | $ 1,279 |
| Share-based compensation | 2,853 | 129 | 6,978 | 158 |
| | **$ 5,007** | **$ 577** | **$ 11,407** | **$ 1,437** |

***Share-based compensation***

*Stock Options*

The number and weighted average exercise prices of outstanding stock options are as follows:

| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life in Years |
|---|---|---|---|
| **Outstanding December 31, 2020** | 5,475,000 | $ 0.25 | 3.0 |
| Granted | 19,386,731 | $ 0.65 | |
| Exercised | (33,965) | $ 0.28 | |
| **Outstanding September 30, 2021** | 24,827,766 | $ 0.54 | 3.8 |

The fair value of options granted during the period was determined at the date of grant using the Black-Scholes option pricing model with the following assumptions:

| | |
|---|---|
| Exercise price | \$0.45 - \$1.15 |
| Common share value at grant date | \$0.59 - \$1.05 |
| Risk free interest rate | 0.23% - 0.92% |
| Expected dividend yield | 0% |
| Expected share volatility | 79% - 93% |
| Expected life | 1 - 7 years |

For the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense of \$1,230 and \$4,748 (three and nine months ended September 30, 2020 – \$12 and \$42) related to stock options granted to employees and consultants, which is included in general and administration, selling and business development and technology expenses. Share-based compensation to be recognized until March 2024 is expected to be \$2,761.

**(In thousands of Canadian dollars, except per share amounts)**

| September 30, 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Range of Exerice Prices | Options Granted and Outstanding at September 30, 2021 | Vested | Unvested | | Weighted Average Exercise Price of Outstanding Options | Weighted Average Remaining Contractual Life in Years | | Weighted Average Exercise Price of Vested Options |
| $0.13 to 0.20 | 3,050,000 | 2,775,000 | 275,000 | $ | 0.199 | 1.7 | $ | 0.199 |
| $0.21 to 0.30 | 1,400,000 | 175,000 | 1,225,000 | | 0.286 | 2.2 | | 0.254 |
| $0.31 to 0.40 | 1,000,000 | 500,000 | 500,000 | | 0.360 | 4.1 | | 0.360 |
| $0.41 to 0.50 | 1,000,000 | 750,000 | 250,000 | | 0.450 | 2.4 | | 0.450 |
| $0.51 to 0.60 | 14,567,766 | 4,758,135 | 9,809,631 | | 0.590 | 4.4 | | 0.590 |
| $0.61 to 0.80 | 1,750,000 | - | 1,750,000 | | 0.800 | 4.9 | | - |
| $0.81 to 1.00 | 1,060,000 | 303,333 | 756,667 | | 0.989 | 2.7 | | 0.990 |
| $1.01 to 1.15 | 1,000,000 | 750,000 | 250,000 | | 1.150 | 4.5 | | 1.150 |
| | 24,827,766 | 10,011,468 | 14,816,298 | $ | 0.564 | 3.8 | $ | 0.508 |

| December 31, 2020 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Range of Exerice Prices | Options Granted and Outstanding at December 31, 2020 | Vested | Unvested | | Weighted Average Exercise Price of Outstanding Options | Weighted Average Remaining Contractual Life in Years | | Weighted Average Exercise Price of Vested Options |
| $0.13 to 0.20 | 3,075,000 | 2,550,000 | 525,000 | $ | 0.199 | 2.5 | $ | 0.199 |
| $0.21 to 0.30 | 1,400,000 | 175,000 | 1,225,000 | | 0.286 | 3.0 | | 0.254 |
| $0.31 to 0.34 | 1,000,000 | 500,000 | 500,000 | | 0.360 | 4.8 | | 0.360 |
| | 5,475,000 | 3,225,000 | 2,250,000 | $ | 0.265 | 3.0 | $ | 0.227 |

*Deferred Share Units:*

A summary of the DSUs outstanding under the share-based incentive plan is presented below:

| | Number of Units | | Amount |
|---|---|---|---|
| **Outstanding December 31, 2020** | 5,533,451 | $ | 1,262 |
| Granted | 123,653 | $ | 115 |
| **Outstanding September 30, 2021** | 5,657,104 | $ | 1,377 |

For the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense of $nil and $115 (three and nine months ended September 30, 2020 – $123 and $123, respectively) related to DSUs granted to directors, which is included in general and administration expense.

*Restricted Share Units:*

A summary of the Restricted Share Units ("RSUs") outstanding under is presented below:

| | Number of Units | | Amount |
|---|---|---|---|
| **Outstanding December 31, 2020** | - | **$** | - |
| Granted | 14,663,042 | | 11,172 |
| Converted to common shares | (2,750,000) | | (1,623) |
| **Outstanding September 30, 2021** | 11,913,042 | **$** | 9,549 |

For the three and nine months ended September 30, 2021, the Company recorded share-based compensation expense of $2,055 and $4,609 (three and nine months ended September 30, 2020 – $nil and $nil) related to RSUs granted to employees and consultants, which is included in general and administration, selling and business development and technology expenses. The value of the RSUs granted was determined based on the closing share price on the date prior to the grant of the RSUs.

**(In thousands of Canadian dollars, except per share amounts)**

## 17. Finance costs

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | September 30, 2021 | September 30, 2020 | September 30, 2021 | September 30, 2020 |
| Finance income | $ 13 | $ 2 | $ 40 | $ 6 |
| Finance costs: | | | | |
| Amortization of debt issuance costs | (59) | (34) | $ (357) | (74) |
| Long-term debt - interest costs | (474) | (24) | (1,289) | (77) |
| Lease obligations - interest costs | (9) | (18) | (39) | (57) |
| Convertible debenture - accretion of equity discount and interest | (10) | (234) | (44) | (680) |
| **Net finance income (costs)** | **$ (539)** | **$ (308)** | **$ (1,689)** | **$ (882)** |

## 18. Loss per share

Basic earnings per share ("EPS") is calculated using the weighted average number of common shares outstanding during the period.

For the three and nine months ended September 30, 2021, diluted loss per share does not take into account any outstanding warrants, options, deferred share units, restricted share units or convertible debentures as their effect would be anti-dilutive for the period. As at September 30, 2021, there were a total of:

- 13,618,959 warrants outstanding (September 30, 2020 – 47,586,860);
- 24,827,766 options outstanding (September 30, 2020 – 4,175,000);
- 5,657,104 deferred share units outstanding (September 30, 2020 – 5,300,121);
- 11,913,042 restricted share units outstanding (September 30, 2020 – nil);
- $247 debentures outstanding convertible to 818,653 common shares (September 30, 2020 – $8,700 convertible to 29,000,000 common shares)

## 19. Supplementary cash flow information

| | September 30, 2021 | September 30, 2020 |
|---|---|---|
| Changes in non-cash operating assets and liabilities: | | |
| Trade and other receivables | $ (1,407) | $ (1,136) |
| Trade receivables due from related parties, net | (6,833) | - |
| Contract assets | (345) | 41 |
| Prepaid expenses and other assets | (1,178) | (16) |
| Accounts payable and accrued liabilities | 4,777 | 111 |
| Unearned revenue | 752 | 253 |
| Deferred tax liability | (593) | - |
| | **$ (4,827)** | **$ (747)** |

## 20. Financial risk management

The Company is exposed to credit risk, liquidity risk, foreign exchange risk, and interest rate risk from its financial assets and liabilities. Financial risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance. There have been no significant changes to the Company's key financial risks or risk management strategies since December 31, 2020.

**(In thousands of Canadian dollars, except per share amounts)**

The aging of trade and other receivables at the reporting date was:

| **As at** | **September 30, 2021** | | **December 31, 2020** | |
|---|---|---|---|---|
| | **Gross Amount** | **Amount, net** | **Gross Amount** | **Amount, net** |
| Current | $ 8,812 | $ 8,556 | $ 1,507 | $ 1,507 |
| Past due 1-90 days | $ 3,123 | 3,123 | 861 | 847 |
| Past due over 90 days | $ 224 | (18) | 296 | 23 |
| | $ 12,159 | $ 11,661 | $ 2,664 | $ 2,377 |

Specific provisions are made against trade receivables for any customer that is known to be impaired due to poor financial condition or for any other reason it is considered doubtful that the customer's balance outstanding will be settled in full. As a percentage of revenue, the Company's actual credit loss experience to date has not been material. The Company has recorded a cumulative impairment allowance of $498 with respect to trade and other receivables as at September 30, 2021 (December 31, 2020 - $286).

The following table presents the reconciliation of the loss allowance:

| | |
|---|---|
| **Balance, December 31, 2020** | $ 286 |
| Acquisition of Xome | 253 |
| Bad debt expense | 2 |
| Amounts written off | (44) |
| Effect of movement in exchange rates | 1 |
| **Balance, September 30, 2021** | $ 498 |

## 21. Financial instruments

***Financial instruments carried at cost:***

Cash, trade and other receivables, notes receivable and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Convertible debentures were recorded at fair value on initial recognition as discussed in Note 11. Factors impacting fair value, such as discount rate, have not changed materially as at September 30, 2021, therefore amortized cost of convertible debentures approximates fair value.

Long-term debt is subject to variable market rates of interest, therefore amortized cost approximates fair value.

The Company's title and closing services requires it to hold cash in escrow accounts that it does not own. Accordingly, cash held in escrow, including escrow receivables and escrow liabilities, are not recorded as assets or liabilities on the Company's consolidated statements of financial position. All cash held in escrow is deposited in non-interest-bearing bank accounts. Voxtur is the escrow agent and as such bears full risk of loss. As of September 30, 2021, the balance of escrow accounts was $5,936 USD.

***Financial instruments carried at fair value:***

**Fair value hierarchy**

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements.

Classification of inputs for purposes of valuation:

**(In thousands of Canadian dollars, except per share amounts)**

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs are inputs other than quoted prices in level 1 that are observable for the assets or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are inputs for assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

Private equity investment:

In October 2018, the Company made an equity investment of $1,000,000 USD in a private New York based software company. The Company's investment currently represents approximately 8% of the total equity issued by the software company. On initial recognition, the financial asset was recorded at fair value. An election was made to classify the equity instrument as FVOCI. Under this classification, any changes in fair value are recorded in other comprehensive income with no subsequent reclassification to profit or loss. The Company made this election because the investment is not held with the intent of short-term trading.

The fair value of the equity investment at September 30, 2021 was estimated using a market-based approach. Key unobservable inputs of the market value included progress towards operational milestones and growth of the client and market base. Due to the significant measurement uncertainty inherent in the valuation of this investment, the fair value could materially differ from that recognized in the statement of financial position.

The following table shows a reconciliation, in both USD and CAD for fair value measurements in Level 3 of the fair value hierarchy for the period ended September 30, 2021:

| | USD | CAD |
|---|---|---|
| Balance at December 31, 2020 | $ 2,579 | $ 3,297 |
| Changes in fair value through OCI | 339 | 431 |
| Foreign exchange and other movements | - | (17) |
| Balance at September 30, 2021 | $ 2,918 | 3,711 |

The Company held no investments classified as level 1 and 2 of the fair value hierarchy in the three and nine months ended September 30, 2021 (December 31, 2020 - $nil).

## 22. Subsequent events

### (a) Business Acquisition

In October 2021, the Company completed the purchase of 100% of the issued and outstanding common shares of RealWealth Technologies LLC ("RealWealth") for 5,000,000 common shares of the Company having an aggregate value of $4,200. Three million Common Shares were issued upon the closing of the acquisition and a further two million Common Shares will be held in escrow and released upon the achievement by RealWealth of certain EBITDA targets.

### (b) Business Acquisition

In November 2021, the Company executed a definitive agreement to purchase 100% of the issued and outstanding common shares of Benutech, Inc. ("Benutech"). Consideration for the acquisition will consist of up to $17,000 USD with $7,000 USD of the purchase price to be satisfied by the issuance of common shares of the Company, $5,000 USD in cash and up to $5,000 USD to be satisfied by the issuance of additional common shares of the Company, subject to certain earn out provisions. The transaction remains subject to TSXV approval and is expected to close in the fourth quarter of 2021.