Voxtur Analytics Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2023, and 2022

(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, 2023	Audited December 31, 2022
Assets			
Current Assets:			
Cash		$ 2,319	$ 5,908
Trade and other receivables, net	*21*	7,041	9,220
Trade receivables, due from related parties, net	*13*	20	12,220
Contract assets		409	297
Prepaid expenses and other current assets		1,240	1,110
Notes receivable, due from related parties	*13*	-	2,709
Note receivable	*13*	1,358	-
Assets held for sale	*4*	29,901	-
		42,288	31,464
Non-current Assets:			
Other non-current assets		246	400
Contract assets		575	654
Investment	*22*	3,733	3,723
Interest in joint ventures		293	256
Right-of-use assets	*7*	1,697	1,718
Equipment		437	532
Intangible assets	*5*	71,873	97,067
Goodwill	*6*	21,851	32,529
		100,705	136,879
Total Assets		$ 142,993	$ 168,343
Liabilities and Shareholders' Equity			
Current Liabilities:			
Line of credit	*10*	$ 1,000	$ -
Accounts payable and accrued liabilities		6,429	13,767
Unearned revenue	*8*	4,876	4,055
Provision	*20*	363	1,576
Lease obligations	*9*	404	288
Current portion of long-term debt	*10*	59,077	10,580
Deferred consideration	*15*	855	1,833
Liabilities held for sale	*4*	3,115	-
		76,119	32,099
Non-current Liabilities:			
Accrued liabilities		481	107
Unearned revenue	*8*	1,383	1,990
Lease obligations	*9*	1,398	1,444
Long-term debt	*10*	-	50,097
Convertible debentures		4	102
Contingent consideration	*15*	-	1,902
Preferred share liability	*11*	3,850	3,795
Deferred tax liability		1,248	2,010
		8,364	61,447
Shareholders' Equity		58,510	74,797
Total Liabilities and Shareholders' Equity		$ 142,993	$ 168,343
Going concern uncertainty	*2(a)*		
Commitments and contingencies	*20*		
Subsequent events	*23*		

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)

	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue	*13, 14*	$ 12,211	$ 11,228	$ 39,073	$ 39,945
Direct operating expenses		4,010	5,566	13,619	21,839
Gross profit		8,201	5,662	25,454	18,106
Other operating expenses:					
Technology and operations		6,333	4,587	20,213	13,209
Selling and business development		1,473	2,060	5,236	5,809
General and administration		10,625	10,969	34,811	35,174
		18,431	17,616	60,260	54,192
Loss from operations		(10,230)	(11,954)	(34,806)	(36,086)
Other income		-	78	-	72
Change in contingent consideration		110	402	695	1,298
Impairment loss		-	(1,458)	-	(1,458)
Dividend expense	*11*	(132)	-	(375)	-
Finance costs, net	*17*	(2,747)	(662)	(6,411)	(1,623)
Foreign exchange gain		3,123	6,406	236	7,804
Loss for the period before income tax		$ (9,876)	$ (7,188)	$ (40,661)	$ (29,993)
Income tax recovery		-	2,056	549	5,168
Net loss from continuing operations		$ (9,876)	$ (5,132)	$ (40,112)	$ (24,825)
Net income from discontinued operation	*4*	$ 876	$ 2,561	$ 2,848	$ 3,988
Net loss for the period		$ (9,000)	$ (2,571)	$ (37,264)	$ (20,837)
Other comprehensive income (loss):					
Items that will not be reclassified to loss for the period:					
Change in fair value of investment	*22*	34	247	10	304
Foreign exchange gain (loss) on the translation of foreign continuing operations		(2,904)	6,688	(1,610)	8,205
Foreign exchange gain (loss) on the translation of foreign discontinued operation	*4*	20	174	(4)	193
		(2,850)	7,110	(1,604)	8,702
Comprehensive income (loss) for the period		**$ (11,849)**	**$ 4,538**	**$ (38,868)**	**$ (12,135)**
Weighted average number of common shares					
Basic and diluted	*18*	653,900,285	601,092,585	613,035,734	549,525,576
Loss per share from continuing operations					
Basic and diluted	*18*	$ (0.02)	$ (0.01)	$ (0.07)	$ (0.04)
Income per share from discontinued operation					
Basic and diluted	*18*	$ 0.00	$ 0.00	$ 0.00	$ 0.01

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.
Comparative periods have been restated due to a discontinued operation and change in classification as discussed in Note 4.

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

Nine months ended September 30, 2023

	Note	Common share capital	Warrant capital	Contributed surplus	Other reserve	Deficit	AOCI[1]	Total Equity
Balance at December 31, 2022		$ 270,722	$ 469	$ 25,414	$ 40,807	$ (269,982)	$ 7,367	$ 74,797
Net loss for the period		-	-	-	-	(40,112)	-	(40,112)
Income from discontinued operation	*4*					2,848	(4)	2,844
Other comprehensive income:								-
Change in fair value of investment	*22*	-	-	-	-	-	10	10
Foreign exchange gain on the translation of foreign operations		-	-	-	-	-	(1,610)	(1,610)
Comprehensive income (loss) for the period		-	- -	-	-	(37,264)	(1,604) -	(38,868)
Issuance of common shares and warrants	*12(a)*	20,965	4,334	(4,447)	(8,596)	-	-	12,256
Conversion of debentures	*12(b)*	100	-	-	(13)	-	-	87
Debenture interest settled by share issuance	*12(b)*	11	-	-	-	-	-	11
Conversion of restricted share units		59	-	(59)	-	-	-	-
Conversion of performance share units	*12(c)*	439	- -	(439)	-	-	-	-
Share-based compensation	*16*	-	-	10,227	-	-	-	10,227
Balance at September 30, 2023		$ 292,296	$ 4,803	$ 30,696	$ 32,198	$ (307,246)	$ 5,763	$ 58,510

Nine months ended September 30, 2022

	Note	Common share capital	Warrant capital	Contributed surplus	Other reserve	Deficit	AOCI[1]	Total Equity
Balance, December 31, 2021		$ 236,846	$ 1,166	$ 18,776	$ 36	$ (57,230)	$ 1,000	$ 200,594
Net loss for the period		-	-	-	-	(24,825)	-	(24,825)
Income from discontinued operation						3,988	193	4,181
Other comprehensive income (loss):								
Change in fair value of investment	*22*	-	-	-	-	-	304	304
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	8,205	8,205
Comprehensive loss for the period		-	-	-	-	(20,837)	8,702	(12,135)
Deferred consideration		-	-	-	63,310	-	-	63,310
Issuance of common shares, warrants and convertible debentures	*12(a)*	12,399	149	-	-	-	-	12,548
Conversion of debentures	*12(b)*	169	-	-	(23)	-	-	146
Debenture interest settled by share issuance	*12(b)*	7	-	-	-	-	-	7
Warrants exercised		3,947	(845)	-	-	-	-	3,102
Options exercised		6	-	(4)	-	-	-	2
Conversion of restricted share units		1,811	-	(1,811)	-	-	-	-
Conversion of deferred share units		982	-	(982)	-	-	-	-
Share-based compensation	*16*	-	-	5,749	-	-	-	5,749
Balance at September 30, 2022		$ 256,167	$ 469	$ 21,729	$ 63,323	$ (78,067)	$ 9,702	$ 273,324

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

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

Comparative periods have been restated due to a discontinued operation and change in classification as discussed in Note 4.

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

Nine months ended	Note	September 30, 2023	September 30, 2022
Cash flows from operating activities			
Net loss from continuing operations		$ (40,112)	$ (24,825)
Income from discontinued operation		2,848	3,988
Adjustments to reconcile from net loss to cash flows from operating activities:			
Gain on disposal of equipment		-	(3)
Loss on disposal of intangible assets	*5*	-	-
Gain on lease modification		-	(20)
Impairment loss		-	1,458
Dividend expense	*11*	375	-
Depreciation of equipment		179	138
Amortization of intangible assets	*5*	10,905	10,438
Depreciation of right-of-use assets	*7*	340	517
Bad debt expense		-	8
Unrealized foreign exchange gain		(2,682)	(8,222)
Change in contingent consideration	*15*	(695)	(1,298)
Finance costs, net	*17*	6,414	1,628
Income tax recovery		(549)	(5,168)
Share-based compensation expense		10,227	5,749
		(12,750)	(15,612)
Changes in non-cash operating assets and liabilities	*19*	(4,725)	3,459
Interest paid		(5,143)	(1,313)
Interest received		13	25
Cash used in operating activities		(22,605)	(13,441)
Cash flows from financing activities			
Repayment of lease obligations		(342)	(505)
Repayment of long-term debt		(2,353)	(4,375)
Proceeds from sale of promissory note		10,430	-
Proceeds from credit facility	*10*	1,000	40,035
Proceeds from issuance of common shares	*12(a)*	11,690	12,505
Proceeds from warrants exercised		-	3,102
Proceeds from options exercised		-	6
Payment of deferred consideration	*15*	(979)	-
Debt and equity issuance costs		(870)	(2,816)
Cash provided by financing activities		18,576	47,952
Cash flows from investing activities			
Proceeds from note receivable, due from related parties	*13*	1,200	-
Advance of convertible promissory note		-	(1,252)
Purchase of MTE, net of cash received		-	(2,861)
Purchase of Blue Water, net of cash received		-	(36,826)
Purchase of equipment		(19)	(65)
Proceeds on disposal of equipment and leasehold improvements		1	3
Cash provided by (used in) investing activities		1,182	(41,001)
Decrease in cash for the period		(2,847)	(6,491)
Effect of exchange rate fluctuations on cash		99	99
Cash - beginning of year		5,908	18,683
Cash related to discontinued operation	*4*	(841)	(3,672)
Cash - end of period		$ 2,319	$ 8,619

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.
Comparative periods have been restated due to a discontinued operation and change in classification as discussed in Note 4.

1. Corporate Information

Voxtur Analytics Corp. (the "Company") is a real estate technology company which specializes in the real estate finance lifecycle. The Company offers automated workflows and targeted data analytics to simplify property valuation, default solutions, tax solutions and title and settlement services for investors, lenders, government agencies and mortgage servicers. The Company's proprietary data hub and platforms value assets, service loans, securitize 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 543 Ridout Street N, 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

Throughout 2020 and 2021, the Company was impacted by the global COVID-19 pandemic and specifically the moratorium on foreclosures under the CAREs act. The moratorium was lifted for all foreclosures as of December 31, 2021. During 2022 and the first three quarters of 2023, the Company has seen a gradual return to pre-pandemic levels for mortgage defaults and default related valuation, title, and settlement volumes. During this same time period, volumes related to purchase closings and refinance have decreased due to the increase in interest rates coupled with higher inflation, housing costs and limited housing supply. To date, the volume reduction from purchase closing and refinance work have exceeded the volume increase from the default ramp up. The Company anticipates that over the next approximate twelve months this trend will change and the increase in volumes derived from defaults will exceed any volume reductions in purchase closings and/or refinances.

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 for at least the next twelve months.

In order to continue as a going concern, the Company will be required to attain its projected cash flows through achievement of successful integration of its recent acquisitions, its planned growth initiatives that have been slowed due to COVID-19, to obtain continued support from its lender or to raise additional financing through the sale of its debt and equity securities, and/or disposition of non-core assets.

The Unaudited Condensed Interim Consolidated Financial Statements ("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 Company incurred a net loss from continuing operations of $(40,112) during the nine months ended September 30, 2023 (nine months ended September 30, 2022 - $(24,825)). As at September 30, 2023, the Company had an accumulated deficit of $(307,246) (as at December 31, 2022 - $(269,982)) and a working capital deficiency of $(33,831) (as at December 31, 2022 $(635)), primarily related to the reclassification of the long term portion of debt as current, as discussed below.

As at September 30, 2023, the Company was not in compliance with its financial covenants with respect to its credit facilities. The Company does not have an unconditional right to defer its settlement of the term loans payable for at least twelve months from September 30, 2023, without obtaining a "cure" to the covenant violation. Therefore, in accordance with IFRS, the Company classified the non-current portion of credit facilities, in the amount of $46,466, as a current liability.

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

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 Interim Financial Statements. These adjustments could be material.

(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, 2022, which are available on SEDAR+.

These Interim Financial Statements for the three and nine months ended September 30, 2023 and 2022 were authorized for issuance by the Board of Directors of the Company on November 27, 2023.

(c) Consolidation

The Interim Financial Statements comprise the subsidiaries presented below.

Subsidiary[1]	Voting Securities	Jurisdiction of Incorporation	Year End	Functional Currency
Voxtur Technologies U.S., Inc.	100%	Delaware	December 31	USD
Voxtur Settlement Services, LLC	100%	Florida	December 31	USD
Clarocity Inc.[2]	100%	Delaware	December 31	USD
iLOOKABOUT Inc.	100%	Ontario	December 31	CAD
MTAG Paralegal Professional Corporation[3]	0%	Ontario	December 31	CAD
Voxtur Analytics US Corp[4]	100%	Delaware	December 31	USD
Appraisers Now Ltd.	100%	Alberta	December 31	CAD
Voxtur Appraisal Services, LLC	100%	Texas	December 31	USD
RealWealth Technologies, LLC	100%	Delaware	December 31	USD
Voxtur Data Services, Inc.	100%	California	December 31	USD
Municipal Tax Equity Consultants Inc.	100%	Ontario	December 31	CAD
MTE Paralegal Professional Corporation[3]	0%	Ontario	December 31	CAD
Blue Water Financial Technologies Holding Company, LLC[5]	100%	Minnesota	December 31	USD

All intercompany balances and transactions are eliminated in preparing the Interim 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. MTE Paralegal Professional Corporation is wholly owned by MTAG Paralegal Professional Corporation.
4. Voxtur Analytics US Corp owns 100% of the voting securities of RealWealth Technologies LLC, Voxtur Services LLC (previously known as Xome Services, LLC), Appraisers Now US LLC, Voxtur Settlement Services LLC (previously known as BrightLine Title LLC), Voxtur Technologies US Inc., Voxtur Data Services, Inc. (previously known as Benutech Inc.) and Blue Water Financial Technologies Holding Company, LLC. See note 23 – Subsequent Events, with respect to Voxtur Services, LLC.
5. Blue Water Financial Technologies Holding Company, LLC owns 100% of the voting shares of each of Blue Water Financial Technologies Services, LLC, a Minnesota limited liability company, and Blue Water Financial Technologies, LLC, a Delaware limited liability company. Each of these subsidiaries have a December 31 year end.

(d) Basis of measurement

These Interim Financial Statements are prepared mainly on the historical cost basis, except for the investment, derivative financial instruments and contingent consideration 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 Loss and Comprehensive 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 presentation 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, 2022 except for the following:

Amendments to IAS 1 and IFRS Practice Statement 2:
On February 12, 2021, the IASB issued "Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)" with amendments that are intended to help preparers in deciding which accounting policies to disclose in their Unaudited Condensed Interim Consolidated Financial Statements. The amendments are effective for annual periods beginning on or after January 1, 2023. Adoption of these amendments did not have a material impact on the Company's Interim Financial Statements.

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

Amendments to IAS 8 – Accounting policies, changes in accounting estimates and errors:
On February 12, 2021, the IASB issued "Definition of Accounting Estimates (Amendments to IAS 8)" to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023. Adoption of these amendments did not have a material impact on the Company's Interim Financial Statements.

4. Disposal group held for sale and discontinued operation

As at September 30, 2023, management was committed to a plan to sell the Company's wholly owned appraisal management company ("AMC") business. Accordingly, the Company has presented Voxtur Appraisal Services as a disposal group held for sale ("Disposal Group"). The Company finalized the sale of the Disposal Group on November 1, 2023, as discussed in Note 23.

Results of discontinued operation

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenue	$ 15,039	$ 24,316	$ 46,796	$ 74,501
Direct operating expenses	9,687	16,399	30,161	52,436
Gross profit	5,352	7,917	16,635	22,064
Other operating expenses	4,475	5,354	13,784	18,072
Finance costs, net	(1)	(1)	(3)	(5)
Net income for the period after tax	$ 876	$ 2,561	$ 2,848	$ 3,988
Foreign exchange gain (loss) on translation of foreign operations	20	174	(4)	193
Comprehensive income from discontinued operation for the period	**$ 896**	**$ 2,735**	**$ 2,844**	**$ 4,181**

Cash flows provided by (used in) discontinued operation

Nine months ended	**September 30, 2023**	**September 30, 2022**
Net cash provided by operating activities	$ 5,571	$ 7,558
Net cash used in financing activities	(6,410)	(4,558)
Net cash (outflows) inflows for the period	**$ (839)**	**$ 3,000**

Cash used in financing activities primarily relates to inter-company transfers of funds.

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

Assets and liabilities of disposal group held for sale

As at September 30, 2023, the Disposal Group was stated at its carrying amount and comprised of the following assets and liabilities:

Cash	$	841
Trade and other receivables, net		3,840
Prepaid expenses and other current assets		101
Deferred tax asset		39
Intangible assets		14,345
Goodwill		10,735
Assets held for sale	**$**	**29,901**
Accounts payable and accrued liabilities	$	2,865
Unearned revenue		250
Liabilities held for sale	**$**	**3,115**

5. Intangible assets

Cost	**Computer Software**	**Customer Relationships**	**Tradenames**	**Licenses**	**Total**
At December 31, 2022	$ 76,679	$ 44,530	$ 6,259	$ 1,302	$ 128,770
Effect of movement in exchange rates	111	74	10	3	198
Assets reclassified as held for sale	(9,504)	(10,942)	(1,639)	(1,305)	(23,391)
At September 30, 2023	$ 67,286	$ 33,662	$ 4,629	$ -	$ 105,578

Amortization	**Computer Software**	**Customer Relationships**	**Tradenames**	**Licenses**	**Total**
At December 31, 2022	$ 13,314	$ 16,355	$ 2,034	$ -	$ 31,703
Amortization	8,143	2,113	723	-	10,979
Effect of movement in exchange rates	35	27	5	-	67
Assets reclassified as held for sale	(5,079)	(2,979)	(987)	-	(9,046)
At September 30, 2023	$ 16,413	$ 15,517	$ 1,775	$ -	$ 33,704

Carrying amounts					
At September 30, 2023	$ 50,873	$ 18,146	$ 2,854	$ -	$ 71,873
At December 31, 2022	$ 63,365	$ 28,175	$ 4,225	$ 1,302	$ 97,067

The intangible assets related to operations in the United States are $69,413 (as at December 31, 2022 - $94,243). The intangible assets related to operations in Canada are $2,460 (as at December 31, 2022 - $2,824).

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

6. Goodwill

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

		Appraisal Services		Apex		Anow		Data Services		Capital Markets		Tax Consulting		Total
At December 31, 2022	$	10,708	$	934	$	8,634	$	5,202	$	5,196	$	1,855	$	32,529
Effect of movement in exchange rates		28		3		-		13		14		-		58
Assets reclassified as held for sale		(10,735)		-		-		-		-		-		(10,735)
At September 30, 2023	$	-	$	937	$	8,634	$	5,215	$	5,210	$	1,855	$	21,851

No indicators of impairment were identified for the period ended September 30, 2023.

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, 2022	$	1,700	$	18	$	1,718
Additions		280		32		312
Depreciation		(335)		(8)		(343)
Effect of movement in exchange rates		10		-		10
Balance, September 30, 2023	$	1,655	$	42	$	1,697

The Right-of-use assets related to operations in the United States are $1,634 (December 31, 2022 - $1,673).
The Right-of-use assets related to operations in Canada are $63 (December 31, 2022 - $45).

8. Unearned revenue and remaining performance obligations

The following table presents changes in the unearned revenue balance:

Balance, December 31, 2022	$	6,045
Amounts invoiced and revenue unearned as at the end of the period		5,139
Recognition of unearned revenue that was included in the adjusted balance at the beginning of the period		(4,675)
Liabilities reclassified as held for sale		(250)
Balance, September 30, 2023	$	6,259

Current	$	4,876
Non-current		1,383
Total unearned revenue	$	6,259

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. As at September 30, 2023, contracted unrecognized revenue was approximately $7,514 of which the Company expects to recognize an estimated 65% over the next 12 months and the remainder thereafter (December 31, 2022 - $10,585 and 38%, respectively).

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

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.

Balance, December 31, 2022	$	1,732
Additions		323
Interest on lease obligation		80
Lease payments		(342)
Effect of movement in exchange rates		9
Balance, September 30, 2023	$	1,802

Current	$	404
Non-current		1,398
Total lease obligations	$	1,802

The following table presents the contractual undiscounted cash flows for lease obligations:

Less than one year	$	502
One to five years		1,538
More than five years		33
Total undiscounted lease obligations	$	2,073

The expense relating to variable lease payments not included in the measurement of lease obligations for the three and nine months ended September 30, 2023 was $nil (three and nine months ended September 30, 2022 - $8 and $25). This consists of variable lease payments for operating costs, property taxes and insurance.

10. Long-term debt

		September 30, 2023		December 31, 2022
(a) Term Loan B	$	1,019	$	1,344
(b) Term Loan C		19,537		20,349
(c) Term Loan D		38,521		38,984
	$	**59,077**	**$**	**60,677**

Due within 1 year	$	59,077	$	10,580
Due between 1 and 5 years		-		50,097
	$	**59,077**	**$**	**60,677**

(a) <u>Term Loan B</u>

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 paid 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

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

Rate plus 5.0% per annum. Effective interest of $36 and $115 was recognized during the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $29 and $95). The maturity date of Term Loan B is October 1, 2025.

December 31, 2022	**$**	**1,344**
Amortization of financing costs		8
Repayment of financing		(333)
September 30, 2023	**$**	**1,019**

Due within 1 year	$	1,019
Due between 1 and 5 years		-
	$	**1,019**

(b) Term Loan C

Term Loan C was established in February 2021. With respect to Term Loan C, the Company has drawn $27,000. Proceeds net of transaction costs were $26,413. In September 2022, in connection with the establishment of Term Loan D, noted below, Term Loan C repayment terms were revised. For the first six months, commencing September 2022, the Company paid interest only. Thereafter, the Company will make principal and interest payments, with such principal payments being equal to $500 per month. Commencing in April 2023, the Bank of Montreal provided for further deferral of principal payments. As at September 30, 2023, deferred principal payments with respect to Term Loan C totaled $6,000. Under the terms of the loan, at maturity in September 2025, the Company is required to repay the full remaining principal balance. Pricing is set at Bank of Montreal's Prime Rate plus 4.0% per annum. Effective interest of $612 and $1,790 was recognized during the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $458 and $1,251). In November 2023, the Company fully repaid the then outstanding balance of Term Loan C. See Note 23 – Subsequent Events.

December 31, 2022	**$**	**20,349**
Amortization of financing costs		188
Repayment of financing		(1,000)
September 30, 2023	**$**	**19,537**

Due within 1 year	$	19,537
Due between 1 and 5 years		-
	$	**19,537**

(c) Term Loan D

Term Loan D was established in September 2022. With respect to Term Loan D, the Company has drawn $40,491 CAD ($30,000 USD). Proceeds net of transaction costs were $39,372 CAD. Principal amounts under this term facility shall amortize over eight years. The Company paid interest only for the first six months of the term. Thereafter, the Company is required to make interest and principal payments, with such principal payments being equal to $375 USD per month. Commencing in April 2023, the Bank of Montreal provided for deferral of principal payments. As at September 30, 2023, deferred principal payments with respect to Term Loan D totaled $2,546 ($1,875 USD). Under the terms of the loan, at maturity in September 2025, the Company will repay the full remaining principal balance. Pricing is set at Bank of Montreal's US Prime Rate plus 4.0% per annum. Effective interest of $1,431 and $4,204 was recognized during the three and nine months ended

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

September 30, 2023 (three and nine months ended September 30, 2022 - $nil). In November 2023, the Company repaid $3,817 ($2,811 USD) of the principal of Term Loan D. See Note 23 – Subsequent Events.

	USD	CAD
December 31, 2022	**$ 28,780**	**$ 38,984**
Amortization of financing costs	336	452
Repayment of financing	(750)	(1,019)
Effect of movement in exchange rates	-	104
September 30, 2023	**$ 28,366**	**$ 38,521**
Due within 1 year	$ 28,366	$ 38,521
Due between 1 and 5 years	-	-
	$ 28,366	**$ 38,521**

(d) Revolving credit facility

The Company has a revolving credit facility (the "Operating 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 the Bank of Montreal's Prime Rate plus 2.5% per annum. The Company had drawn a total of $1,000 on the Operating Facility as at September 30, 2023 (as at December 31, 2022 - $464 in the form of a letter of credit, with no cash draws). Effective interest of $32 and $60 was recognized during the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $nil).

The credit facilities contain customary financial and restrictive covenants and are secured by assets of the Company and its subsidiaries, which primarily consists of intellectual property and accounts receivable.

As at September 30, 2023, the Company was not in compliance with its financial covenants with respect to its credit facilities. The Company does not have an unconditional right to defer its settlement of the term loans payable for at least twelve months from September 30, 2023, without obtaining a "cure" to the covenant violation. Therefore, in accordance with IFRS, the Company classified the non-current portion of credit facilities, in the amount of $46,466 as a current liability.

11. Preferred share liability

In October 2022, the Company issued 4,081,632 Series 2 Preference Shares ("Preference Shares") at a subscription price of $0.98 per share. These Preference Shares are fully paid, have no par value, and have the same voting rights as Common Shares. They carry a cumulative dividend of 12% per annum and are convertible into Common Shares at the option of the holder, subject to certain conversion requirements.

The key terms of the Preference Shares include the following:

- Redeemable after the third anniversary of issuance at the option of the Company at a Redemption amount of $0.98 per share plus accrued and unpaid dividends;
- Fixed and cumulative dividends at a rate of 12% per annum. Dividends shall be paid as and when declared by the Board of Directors, or the cumulative balance can be converted to Common Shares, at the option of the Company, at the market price of the Common Shares the day before the conversion right is exercised. All accrued and unpaid dividends shall accumulate and compound quarterly until paid, whether or not declared by the Board of Directors;
- Convertible to Common Shares at the option of the holder at a conversion price of $0.98 at any time within the first five years of issuance; and

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

- Automatically convert to Common Shares if the volume weighted average price of the Common Shares on such date, as calculated based on the 20 trading days prior to such date, is at a 10% premium or more than the conversion price of $0.98.

The liability component of these shares was recognized initially at a fair value of $3,779 net of transaction costs of $58. The fair value was determined based on the present value of the contractual principal and dividend payments to the initial redemption date, using a discount rate of 13%, being the market rate applicable to a non-convertible financial instrument at the date of issuance. Subsequent to initial recognition, the liability component will be accreted to the initial redemption date of the Preference Shares through the recording of an accretion expense using the effective interest method.

The equity component, representing the conversion option, was recognized at the fair value of $160 net of transaction costs of $2 in the conversion option reserve.

As at September 30, 2023, accrued but unpaid dividends with respect to the Preference Shares totaled $486 (as at December 31, 2022 - $107) and are included in accounts payable and accrued liabilities in the Unaudited Condensed Interim Consolidated Statements of Financial Position.

		Face Value		Liability Carring Amount
Balance, December 31, 2022	$	4,000	$	3,795
Accretion expense		-		40
Amortization of financing costs		-		15
Balance, September 30, 2023	**$**	**4,000**	**$**	**3,850**

12. Common share and warrant capital

			September 30, 2023			December 31, 2022		
	Expiry date	Exercise price	Issued		Amount	Issued		Amount
Issued and outstanding:								
Common shares			682,241,170	$	292,296	581,777,639	$	270,722
Share purchase warrants:								
Broker warrants 2021-12	December 21, 2023	0.90	651,655		320	651,655		320
Broker warrants 2022-05	May 13, 2024	1.02	367,800		149	367,800		149
Series R warrants	June 26, 2028	0.20	58,515,262		4,334	-		-
			59,534,717		4,803	1,019,455		469
Share capital and warrant capital			741,775,887	$	297,099	582,797,094	$	271,191

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.

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

The following table presents changes in common shares:

		Number of shares		Amount
Balance, December 31, 2022		**581,777,639**	**$**	**270,722**
Shares issued, acquisition	*(a)*	39,004,251		14,249
Shares issued, private placement	*(a)*	58,515,262		6,336
Shares issues, settlement of provision	*(a)*	-		380
Shares issued, debentures converted	*(b)*	290,724		100
Shares issued, debenture interest settled	*(b)*	43,884		11
Shares issued, restricted share units converted	*(c)*	100,000		59
Shares issued, performance share units converted	*(d)*	2,509,410		439
Balance, September 30, 2023		**682,241,170**	**$**	**292,296**

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

Acquisition of Blue Water:

The Company issued 6,325,453 common shares of the Company in each of January, April and June 2023, for a total of 18,976,360, as part of the consideration transferred to acquire Blue Water in fiscal 2022.

In September 2023, the Company issued 12,713,779 common shares as partial settlement of the second tranche of the Blue Water replacement shares discussed in Note 16. A further 9,975,066 common shares remain to be issued by December 31, 2023, with respect to the second tranche.

Acquisition of Benutech:

In August 2023, the Company issued 7,314,112 common shares as part of the settlement of the contingent consideration related to the acquisition of Benutech in fiscal 2021.

Private Placement:

In June 2023, the Company completed the first tranche of a non-brokered private placement (the "June 2023 Offering") for gross proceeds of $3,040, or $3,010 net of finder's fees and issuance costs.

The Company issued 15,263,497 units at a price of $0.20 per unit. Each unit is composed of one Common Share of the Company and one Common Share purchase warrant (the "Series R Warrants"). Each Series R Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.20 for a period of 5 years following the closing of the June 2023 Offering.

In August and September 2023, the Company completed the second, third and fourth tranches of the June 2023 Offering for gross proceeds of $8,650, or $7,661 net of finder's fees and issuance costs.

The Company issued 43,251,765 units at a price of $0.20 per unit. Each unit is composed of one Common Share of the Company and one Series R Warrant.

Proceeds from the June 2023 Offering, collected in June, August and September, were allocated to common share capital and warrant capital using the relative fair value method.

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

The fair value of the warrant capital was determined using the Black-Scholes option pricing model, using the following assumptions:

	Series R Warrants - June 2023	Series R Warrants - August 2, 2023	Series R Warrants - August 4, 2023	Series R Warrants - September 8, 2023
Warrants issued	15,263,497	4,710,000	32,241,765	6,300,000
Exercise price	$0.20	$0.20	$0.20	$0.20
Risk free interest rate	3.70%	3.97%	3.97%	3.97%
Expected dividend yield	0%	0%	0%	0%
Expected share volatility	91.53%	90.76%	90.76%	90.76%
Expected life	5 years	4.92 years	4.92 years	4.83 years

Settlement of Provision:

In July 2023, the Company released 2,000,000 common shares held in escrow in settlement of a legal claim as discussed in Note 20.

(b) ***Convertible debentures converted***

In June and September 2023, the Company issued 290,724 common shares upon receipt of directions from convertible debenture holders to convert $100 of convertible debentures.

In June and September 2023, the Company issued 43,884 common shares upon settlement of interest obligations on convertible debentures of $11.

(c) ***Conversion of restricted share units***

In August 2023, the Company converted 100,000 restricted share units to 100,000 common shares of the Company upon direction from a restricted share unit holder.

(d) ***Conversion of performance share units***

In June and September 2023, the Company converted 2,509,410 performance share units to 2,509,410 common shares of the Company upon achievement of specific milestones by performance share unit holders.

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, 2023, the Company incurred YCP Fees of $84 and $303 (three and nine months ended September 30, 2022 – $84 and $366) under the Consulting Agreement, which was included in direct operating expense and technology expense. Two of the principals of YCP are the sons of a Director of the Company. As at September 30, 2023, outstanding amounts payable related to these agreements totaled $32 (as at December 31, 2022 - $nil) and is included in accounts payable and accrued liabilities.

Service Agreements:

Effective in February 2021, the Company has entered into various service agreements (the "Support Services Agreements") with James E. Albertelli PA and affiliates, (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. The Company also provides title and settlement services to the JEA Group.

On January 1, 2023, the Company executed a promissory note with the JEA Group for the then outstanding balance of fees owed by the JEA Group to the Company under the Support Services Agreements. On February 15, 2023, the Company completed the sale of the promissory note to a third-party for cash proceeds of $10,430 ($7,818 USD).

Concurrently with the execution of the promissory note, the Support Services Agreements were amended to reflect the implementation of enhanced default technology developed by the Company, and to revise the fee structure from a cost-plus model to a per file technology fee model, whereby the JEA Group pays a fee for each file it processes using the Company's technology. The Company also generates fees from the JEA Group for technology support services, which fees are based on a fixed fee per user supported.

For the three and nine months ended September 30, 2023, with respect to these agreements, the Company recorded revenue of $50 and $1,091 (three and nine months ended September 30, 2022 - $715 and $8,045). As at the time that the JEA Group ceased to be a related party, outstanding amounts receivable totaled $1,517 (as at December 31, 2022 - $397).

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 for the three and nine months ended September 30, 2023 of $nil and $995 (three and nine months ended September 30, 2022 - $386 and $1,152). As at September 30, 2023, outstanding amounts payable related to these agreements totaled $nil (as at December 31, 2022 - $277).

One of the principals of the JEA Group, Mr. James Albertelli was the Chief Executive Officer and a Director of the Company. Mr. Albertelli owns 70% of the JEA Group. As of April 13, 2023, Mr. Albertelli stepped down from his roles as Chief Executive Officer and a Director of the Company. Therefore, subsequent to April 13, 2023, the JEA Group is no longer a related party of the Company.

Rice Park Capital Management

A Director of the Company is the Managing Partner and CEO of Rice Park Capital Management. Rice Park Capital Management is a client of the Company. For the three and nine months ended September 30, 2023 the Company recognized revenue of $20 and $814 (three and nine months ended September 30, 2022 -$nil). As at September 30, 2023, outstanding amounts receivable totaled $15 (as at December 31, 2022 - $61) and is included in the condensed interim consolidated statement of financial position. Subsequent to September 30, 2023, 45% of the outstanding balance was collected.

Notes Receivable:

As at December 31, 2022, notes receivable from Directors and/or Officers of the Company were $2,709 CAD ($2,000 USD). In April 2023, $1,200 CAD of the outstanding balance was collected. The remaining balance at September 30, 2023 of $1,358 relates to a past Director and Officer of the Company who stepped down from his roles with the Company, therefore the remaining related party notes receivable balance at September 30, 2023 was $nil.

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. MTE Paralegal Professional Corporation is a wholly owned subsidiary of MTAG Paralegal Professional Corporation.

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

All of these transactions, with the exception of the notes receivable, are in the normal course of operations. Each of these transactions have been measured at the transaction amounts, being the amount of consideration established and agreed to by the related parties. The above noted transactions were approved by the Board of Directors of the Company.

14. 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 in the United States and Canada. Information regarding revenue by geographic area and by nature of service is presented below.

	Three months ended September 30, 2023			Three months ended September 30, 2022		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	$ 8,954	$ 268	$ 9,222	$ 5,970	$ 872	$ 6,842
Technology managed services	940	825	1,765	724	941	1,665
Settlement services	1,224	-	1,224	2,721	-	2,721
Total	$ 11,118	$ 1,093	$ 12,211	$ 9,415	$ 1,813	$ 11,228

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	$ 25,248	$ 964	$ 26,212	$ 16,234	$ 3,326	$ 19,560
Technology managed services	4,655	3,021	7,676	8,372	1,881	10,253
Settlement services	5,185	-	5,185	10,132	-	10,132
Total	$ 35,088	$ 3,985	$ 39,073	$ 34,738	$ 5,207	$ 39,945

Significant customers:

Customers representing more than 10% of revenue are classified as significant customers. No customers accounted for more than 10% of revenue at September 30, 2023 and September 30, 2022.

Operating Segments:

To date, the Company has operated and reported its results as one operating segment. The Chief Operating Decision Makers make resource allocation decisions based on the organization as a whole.

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

15. Contingent and deferred consideration

The following table presents changes in the contingent consideration:

Balance, December 31, 2022	$	1,902
Change in contingent consideration		(695)
Settlement of contingent consideration		(1,207)
Balance, September 30, 2023	$	-

The following table presents changes in the deferred consideration:

		USD		**CAD**
Balance, December 31, 2022	**$**	1,640	$	2,221
Payment of deferred consideration		(977)		(1,327)
Disbursement from escrow		136		186
Effect of movement in exchange rates		-		61
Balance, September 30, 2023	**$**	**799**	**$**	**1,142**

Of the $1,142 of total deferred consideration, $287 is recorded in accounts payable and accrued liabilities with the remainder recorded as deferred consideration.

16. 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, 2022	27,395,323	$	0.55	2.9
Expired	(3,850,000)		0.23	
Forfeited	(2,791,667)		0.50	
Outstanding September 30, 2023	20,753,656	$	0.62	2.4

For the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of $16 and $93 (for the three and nine months ended September 30, 2022 – $679 and $1,630) related to stock options granted to employees and consultants, which is included in general and administration, selling and business development and technology expenses.

Deferred Share Units:

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

	Number of Units
Outstanding December 31, 2022	269,681
Granted	-
Exercised	-
Expired	-
Forfeited	-
Outstanding September 30, 2023	269,681

All of the outstanding DSUs noted above have vested.

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

For the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of $118 and $414 (for the three and nine months ended September 30, 2022 – $nil) related to DSUs to be granted to directors.

Restricted Share Units:

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

Outstanding December 31, 2022	11,367,607
Converted to common shares	(100,000)
Forfeited	(764,855)
Outstanding September 30, 2023	10,502,752

At September 30, 2023, the restricted period of 10,227,752 RSUs had expired. For the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of $127 and $369 (three and nine months ended September 30, 2022 – $173 and $4,119) 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.

Performance Share Units:

A summary of the Performance Share Units ("PSUs") outstanding is presented below:

	Number of Units
Outstanding December 31, 2022	-
Granted	6,273,526
Converted to common shares	(2,509,410)
Outstanding September 30, 2023	3,764,116

At September 30, 2023, 2,509,410 of the outstanding PSUs had vested and converted to Common Shares. For the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of $218 and $660 (for the three and nine months ended September 30, 2022 – $nil) related to PSUs granted, which is included in selling and business development expense.

Blue Water replacement shares

As part of the acquisition of Blue Water in fiscal 2022, the Company agreed to issue 68,792,731 common shares of the Company, as replacement share-based payment awards ("Replacement Awards") for equity-settled share-based payment awards held by employees of Blue Water. The Common shares are to be issued in three equal tranches, with the first tranche being issued immediately following the acquisition, and the second and third tranches to be issued on the first and second anniversary of the acquisition respectively. Of the total Replacement Awards, 29,517,435 were included in the calculation of consideration for the acquisition, which were fully earned as at the acquisition date. The remaining 39,275,296 Replacement Awards will be recognised as post-acquisition share-based compensation as they are earned. The expense and corresponding increase in contributed surplus in shareholders' equity are determined based on the grant date fair value of the Replacement Awards and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the issuance of the common shares, the amount attributable to the Replacement Awards that was previously recognized in contributed surplus is recorded as an increase to share capital.

For the three and nine months ended September 30, 2023, the Company recorded share-based compensation expense of $2,778 and $8,692 related to Replacement Awards, which is included in general and administration expenses (three and nine months ended September 30, 2022 - $nil).

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

17. Finance costs, net

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Finance income	$ 10	$ 48	$ 13	$ 105
Finance costs:				
Amortization of debt issuance costs	(220)	(76)	(636)	(167)
Long-term debt - interest costs	(2,508)	(618)	(5,684)	(1,483)
Lease obligations - interest costs	(29)	(17)	(107)	(45)
Convertible debenture - accretion of equity discount and interest	-	(1)	-	(38)
Net finance costs	**$ (2,747)**	**$ (664)**	**$ (6,414)**	**$ (1,628)**

18. Income (loss) per share

For the three and nine months ended September 30, 2023, 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, 2023, there were a total of:

- 59,534,717 warrants outstanding (September 30, 2022 – 1,019,455);
- 20,753,653 options outstanding (September 30, 2022 – 27,520,323);
- 269,681 deferred share units outstanding (September 30, 2022 – 1,437,978);
- 3,764,116 performance share units outstanding (September 30, 2022 - $nil);
- 10,502,752 restricted share units outstanding (September 30, 2022 – 11,367,607);
- $nil debentures outstanding convertible to nil common shares (September 30, 2022 – $102 convertible to 290,725 common shares)

19. Supplementary cash flow information

	September 30, 2023	September 30, 2022
Changes in non-cash operating assets and liabilities:		
Trade and other receivables, net	$ (1,661)	$ 2,934
Trade receivables, due from related parties, net	1,770	(4,686)
Contract assets	(33)	(2,559)
Prepaid expenses and other assets	(77)	(243)
Accounts payable and accrued liabilities	(4,468)	3,902
Unearned revenue	464	4,111
Provision	(721)	-
	$ (4,725)	**$ 3,459**

20. Commitments and contingencies

In July 2023, the Company settled an outstanding legal claim that had been initiated in fiscal 2022 for a cash amount of $720 and agreement to release 2,000,000 shares held in escrow with respect to an earnout provision, and issue an additional 2,500,000 Common Shares. A provision of $363 (2,500,000 common shares) was recorded as at September 30, 2023 (December 31, 2022 - $1,576) related to this claim.

As at September 30, 2023, the Company had one outstanding legal claim. Since it presently is not possible to determine the outcome of this matter, no provision for this claim has been made.

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

21. 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, 2022.

Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (all amounts shown in CAD):

As at	September 30, 2023	December 31, 2022
Cash	$ 284	$ 194
Trade and other receivables, net	-	-
Notes receivable	1,358	2,709
Investment	3,733	3,723
Deferred consideration	855	1,833
Accounts payable and accrued liabilities	(577)	(1,482)
	$ 5,653	$ 6,153

Sensitivity analysis

A 5% strengthening of the USD against the CAD at September 30, 2023, would have increased equity and decreased the comprehensive loss for the year by approximately $283 (nine months ended September 30, 2022 - $556). A 5% weakening of the USD against the CAD at September 30, 2023 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Interest rate risk

The Company's term loans are set at Bank of Montreal's Prime Rate plus 4.0% - 5.0%, and therefore are exposed to interest rate risk. The Company does not use derivatives to manage this risk. A 1.5% increase to the Prime Rate would result in an increase in interest payments of approximately $1,489 (nine months ended September 30, 2022 - $2,056) over the remaining terms of the loans. The convertible debentures are at a fixed rate of interest and therefore are not exposed to interest rate risk.

Credit Risk

At September 30, 2023, no customers accounted for more than 10% of trade accounts receivable, net.

At December 31, 2022, two customers, one of which is a related party, accounted for more than 10% of trade accounts receivable, net. These customers accounted for approximately 55% of trade accounts receivable at that time, of which 100% was collected subsequent to December 31, 2022.

(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, 2023		December 31, 2022	
	Gross Amount	Amount, net	Gross Amount	Amount, net
Current	$ 4,704	$ 4,510	$ 4,940	$ 4,940
Past due 1-90 days	2,959	2,224	4,259	4,096
Past due over 90 days	564	307	866	184
	$ 8,227	$ 7,041	$ 10,065	$ 9,220

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 $1,186 with respect to trade and other receivables as at September 30, 2023 (as at December 31, 2022 - $845).

The following table presents the reconciliation of the loss allowance:

Balance, December 31, 2022	$ 845
Bad debt expense	730
Recoveries	(36)
Amounts written off	(243)
Effect of movement in exchange rates	(13)
Assets held for sale	(97)
Balance, September 30, 2023	$ 1,186

22. Financial instruments

Financial instruments carried at amortized cost:

The fair value of 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. Factors impacting fair value, such as discount rate, have not changed materially as at September 30, 2023, 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 at September 30, 2023, the balance of escrow accounts was $3,442 (December 31, 2022 - $4,373).

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.

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

Classification of inputs for purposes of valuation:

- 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 as at September 30, 2023, 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 Unaudited Condensed Interim Consolidated Statements 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, 2023:

	USD	CAD
Balance at December 31, 2022	$ 2,748	$ 3,723
Foreign exchange and other movements	-	10
Balance at September 30, 2023	$ 2,748	$ 3,733

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, 2023 and for the year ended December 31, 2022.

23. Subsequent events

Share-related transactions

In October 2023, 6,325,453 common shares were issued as part of the consideration transferred to acquire Blue Water in fiscal 2022.

Sale of business unit

In November 2023, as discussed in Note 4, the Company sold 100% of the outstanding membership interests in Voxtur Services for consideration of $41,558 ($30,000 USD), with $36,017 ($26,000 USD) paid in cash on closing and an additional $5,541 ($4,000 USD) in earn-out consideration to be paid upon the achievement of certain financial targets.

Repayment of debt

In November 2023, the Company repaid the full balance of $19,554 of its Term Loan C, and $3,817 ($2,811 USD) of its Term Loan D. See Note 10 – Long- term debt.