

E Automotive Inc.
Consolidated Financial Statements

For the years ended December 31, 2023 and 2022
[Expressed in thousands of US dollars]

Independent Auditor's Report

To the Shareholders and the Board of Directors of
E Automotive Inc.

Opinion

We have audited the consolidated financial statements of E Automotive Inc (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Material Uncertainty related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of $45.9 million and a net cash used in operations of $12.3 million during the year ended December 31, 2023. As stated in Note 2.2, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Ottawa, Ontario
April 5, 2024

Consolidated Statements of Financial Position

[Expressed in thousands of US dollars]

As at	Notes	December 31, 2023 $	December 31, 2022 $
ASSETS			
Current assets			
Cash and cash equivalents		**12,408**	17,092
Trade and other receivables, net	*6*	**33,887**	58,241
Prepaid expenses		**3,571**	3,773
Net investment in leases	*7*	**544**	75
Total current assets		**50,410**	79,181
Non-current assets			
Net investment in leases	*7*	**808**	115
Right-of-use assets	*8*	**18,890**	11,623
Property and equipment	*9*	**3,278**	13,921
Intangible assets, net	*10*	**25,669**	24,322
Goodwill	*10*	**50,720**	47,460
TOTAL ASSETS		**149,775**	176,622
LIABILITIES			
Current liabilities			
Trade and other payables		**36,350**	46,278
Lease obligations	*11*	**3,970**	3,778
Other current liabilities	*5, 26*	**3,064**	4,021
Total current liabilities		**43,384**	54,077
Non-current liabilities			
Lease obligations	*11*	**16,029**	9,017
Deferred tax liability	*22*	**1,097**	1,354
Other non-current liabilities	*5, 26*	**1,526**	1,178
TOTAL LIABILITIES		**62,036**	65,626
SHAREHOLDERS' EQUITY			
Share capital	*13*	**145,045**	234,812
Warrants	*14*	**—**	834
Contributed surplus		**(14,398)**	(13,023)
Foreign currency translation reserve		**(5,324)**	(9,657)
Accumulated deficit		**(37,584)**	(101,970)
TOTAL SHAREHOLDERS' EQUITY		**87,739**	110,996
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**149,775**	176,622

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

On behalf of the Board:

"Signed"	"Signed"
Director - *"Steven Spooner"*	Director - *"Jason Chapnik"*

Consolidated Statements of Loss and Other Comprehensive Loss

[Expressed in thousands of US dollars, except per share data and number of shares]

For the years ended	Notes	December 31, 2023	December 31, 2022
		$	$
Revenue	*18*	**121,265**	110,060
Cost of revenue	*19*	**69,810**	69,154
Gross profit		**51,455**	40,906
Operating expenses			
Product, technology and development		**11,286**	11,362
Selling, general and administrative		**68,579**	81,279
Depreciation and amortization	*8, 9 & 10*	**10,381**	9,485
Operating loss		**(38,791)**	(61,220)
Other expense (income), net	*21*	**6,015**	(9,843)
Finance expense, net	*12*	**995**	1,107
Loss before income taxes		**(45,801)**	(52,484)
Income tax expense (recovery)	*22*	**113**	(212)
Net loss for the year		**(45,914)**	(52,272)
Other comprehensive gain that may be reclassified to profit or loss in subsequent years			
Exchange differences on translation of foreign operations and reporting currency		**4,333**	(11,095)
Total comprehensive loss for the year		**(41,581)**	(63,367)
Loss per common share - basic and diluted	*16*	**$ (0.82)**	$ (1.07)
Weighted average number of common shares outstanding - basic and diluted[1]		**56,191,751**	48,703,405

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

Consolidated Statements of Changes in Shareholders' Equity

[Expressed in thousands of US dollars, except number of shares]

	Notes	Common shares		Warrants	Contributed surplus	Foreign currency translation reserve	Accumulated deficit	Total
		#	$	$	$	$	$	$
Balance as at January 1, 2022		48,047,690	219,440	834	(22,804)	1,438	(49,698)	149,210
Exercise of stock options	*13*	98,584	338	—	(189)	—	—	149
Issuance of common shares	*13*	4,814,100	15,034	—	—	—	—	15,034
Share-based compensation	*15*	—	—	—	9,970	—	—	9,970
Comprehensive loss		—	—	—	—	(11,095)	(52,272)	(63,367)
Balance as at December 31, 2022		**52,960,374**	**234,812**	**834**	**(13,023)**	**(9,657)**	**(101,970)**	**110,996**
Shares issued under employee share-based compensation plans	*13*	229,259	524	—	(470)	—	—	54
Issuance of common shares	*13*	6,690,101	17,275	—	(1,072)	—	—	16,203
Common share repurchase	*13*	(1,317,239)	—	—	(3,392)	—	—	(3,392)
Reduction of stated capital	*13*	—	(110,300)	—	—	—	110,300	—
Exercise of warrants	*14*	1,021,240	2,734	(834)	—	—	—	1,900
Share-based compensation	*15*	—	—	—	3,559	—	—	3,559
Comprehensive loss		—	—	—	—	4,333	(45,914)	(41,581)
Balance as at December 31, 2023		**59,583,735**	**145,045**	**—**	**(14,398)**	**(5,324)**	**(37,584)**	**87,739**

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

Consolidated Statements of Cash Flows

[Expressed in thousands of US dollars]

For the years ended December 31,	Notes	2023 $	2022 $
Operating activities			
Net loss for the year		**(45,914)**	(52,272)
Adjustment to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	*8, 9 & 10*	**10,381**	9,485
Share-based compensation	*15*	**3,559**	9,970
Other expense (income), net	*21*	**7,893**	(10,232)
Finance expense	*12*	**980**	922
Income tax expense	*22*	**113**	(212)
Changes in working capital items:			
Trade and other receivables	*6*	**17,373**	(1,418)
Prepaid expense		**243**	(628)
Trade and other payables		**(6,752)**	(9,930)
Deferred revenue		**(12)**	(127)
Cash used in operations		**(12,136)**	(54,442)
Income taxes paid		**(196)**	(207)
Cash flows used in operating activities		**(12,332)**	(54,649)
Investing activities			
Receipts from net investment in lease	*7*	**603**	210
Purchases of property and equipment	*9*	**(1,422)**	(1,633)
Purchases of intangible assets	*10*	**(2,748)**	(913)
Proceeds from sale of property and equipment		**8,409**	—
Acquisitions of business, net of cash acquired	*5*	**(2,737)**	(42,458)
Cash flows provided by (used in) investing activities		**2,105**	(44,794)
Financing activities			
Proceeds from issuance of common shares	*13*	**54**	149
Proceeds from private placement	*13*	**16,203**	15,034
Proceeds from exercise of warrants	*14*	**1,885**	—
Common share repurchase	*13*	**(3,392)**	—
Repayment of lease obligation	*11*	**(5,180)**	(5,260)
Repayment of other current and non-current liability	*5*	**(4,218)**	(3,583)
Cash flows provided by financing activities		**5,352**	6,340
Net change in cash and cash equivalents during the year		**(4,875)**	(93,103)
Effect of foreign exchange on cash and cash equivalents		**191**	(1,201)
Cash and cash equivalents, beginning of the year		**17,092**	111,396
Cash and cash equivalents, end of the year		**12,408**	17,092

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

1. Nature of Business

E Automotive Inc. (the "Company" or “E INC") is engaged in the business of providing a wholesale auction marketplace (the “Marketplace”) and developing, marketing and distributing digital retailing software supporting the automotive industry. The Company was incorporated on July 27, 2017 under the Canada Business Corporations Act as eSquared Holdings Inc. and pursuant to articles of amendment filed on December 9, 2019, eSquared Holdings Inc. changed its name to E Automotive Inc. The Company’s head office is located at 10 Lower Spadina Avenue, Toronto, M5V 2Z2, Ontario, Canada.

On November 3, 2021, the Company completed an initial public offering (the “IPO”) and its common shares began trading on the Toronto Stock Exchange under the symbol “EINC”. On April 10, 2023, the Company announced that its board of directors (“Board”), shareholders and the Toronto Stock Exchange (“TSX”) had approved a voluntary de-listing of the Company’s common shares from the TSX but remain a "reporting issuer" under applicable Canadian securities laws. This resulted in shares of the Company continuing to be freely tradeable in Canada, and the Company continuing to disseminate its continuous disclosure documents as required by law until it is no longer required to do so (the “De-Listing Transaction”).

The Company has the following subsidiaries[1]:

		Ownership percentage	
		December 31, 2023	December 31, 2022
Entity name	**Country**	**%**	**%**
EBlock Inc.	Canada	100	100
EDealer Inc.	Canada	100	100
EBlock Corp.	United States	100	100
Digital Auctions, LLC	United States	100	100
Les Enchères D'Automobiles St-Pierre, Ltée	Canada	100	100
1226130 Ontario Inc.	Canada	100	100

[1]Gestion Malyka, Inc. was amalgamated with EBlock Inc. on January 1, 2023

2. Material accounting policies

2.1 Statement of compliance

These consolidated financial statements (“financial statements”) have been prepared by management on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on April 5, 2024.

2.2 Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities including derivative financial instruments, which are stated at fair value. The amounts in the consolidated financial statements are presented in United States dollars (“US dollars”) except as otherwise indicated.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. For the year ended December 31, 2023, the Company had a net loss of $45,914 and net cash used in operations of $12,332. As at December 31, 2023, the Company had cash and cash equivalents of $12,408. Due to the continued uncertainty in the macroeconomic environment, including higher interest rates, high vehicle prices and low inventory, especially in the Canadian market, the Company believes there is a material uncertainty its current liquidity may not be sufficient to cover its operating, investing and financing cash uses for the next twelve months.

The Company is pursuing several initiatives to improve its profitability, liquidity and net cash position, such as controlling and reducing operating expenses, limiting capital expenditures and raising additional funds through external financing. The Company's cost control efforts include headcount reductions, consolidation of underperforming assets, hiring freezes and delaying certain capital expenditures.

The Company's functional currency is the Canadian dollar (C$), and the functional currencies of the Company's wholly owned subsidiaries[1] are as follows:

EBlock Inc.	Canadian dollars
EDealer Inc.	Canadian dollars
EBlock Corp.	US dollars
Digital Auctions, LLC	US dollars
Les Enchères D'Automobiles St-Pierre, Ltée	Canadian dollars
1226130 Ontario Inc.	Canadian dollars

[1]Gestion Malyka, Inc. was amalgamated with EBlock Inc. on January 1, 2023

The presentation currency is different from the functional currency of the Company for industry and market comparability purposes.

i) Transactions in foreign currency

Foreign currency transactions are translated into functional currencies at exchange rates in effect on the date of the transactions. Period end balances of monetary assets and liabilities denominated in foreign currencies are translated into functional currencies at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses arising from settlement of foreign currency transactions are recognized in earnings.

ii) Foreign currency translation

The assets and liabilities of subsidiaries with a functional currency other than Canadian dollars are translated into Canadian dollars at period end foreign currency rates. Revenues and expenses are translated at the exchange rates that approximate those in effect on the date of the transaction. Foreign currency translation gains and losses are recognized in the consolidated statement of loss and other comprehensive loss within other expense (income), net and are accumulated in foreign currency translation reserve.

The Company translates the consolidated assets, liabilities, revenue and expenses into the Company's presentation currency. Assets and liabilities are translated into US dollars at period-end foreign currency rates. Revenues and expenses of such operations are translated into US dollars at

average rates for the period. Foreign currency translation gains and losses are recognized in other comprehensive income or loss and are accumulated in foreign currency translation reserve in the statements of changes in shareholders' equity. The relevant amount in cumulative foreign currency translation reserves is reclassified into the statement of loss and other comprehensive loss upon disposition of a foreign operation.

2.3 Basis of consolidation and equity accounting

Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions and dividends are eliminated on consolidation.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The Company uses the equity method to account for investments in companies if the investment provides the Company with the ability to exercise significant influence over operating and financial policies of the investee. Consolidated net income or loss includes E INC's proportionate share of the net income or loss of these companies. Judgment regarding the level of influence over each equity method investment includes considering key factors such as ownership interest, representation on the Board, and participation in policy-making decisions.

2.4 Summary of material accounting policies

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Revenue from contracts with customers

The Company is in the business of providing a wholesale auction marketplace and developing, marketing and distributing digital retailing software and services. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company generates its revenues from contracts with customers. In contracts with multiple performance obligations, the Company identifies each performance obligation and evaluates whether the performance obligations are distinct within the context of the contract at contract inception. Performance obligations that are not distinct at contract inception are combined. The Company allocates the transaction price to each distinct performance obligation proportionately based on the estimated stand-alone selling price ("SSP") of each performance obligation. The Company uses an observable price to determine the SSP for each performance obligation. Where observable prices are not available, an expected cost-plus margin approach is used. The Company then determines how the goods or services are transferred to the customer to determine the timing of revenue recognition. For each performance obligation within a contract, the Company also evaluates whether it acts as the principal or as an agent.

Auction fee and ancillary services

Auction fee revenue primarily consists of auction fees charged to the buyer and seller for providing them the auction platform to buy and sell vehicles. Revenue is recognized at a point in time when the vehicle is sold to the customer. The Company acts as an agent when facilitating a vehicle auction through the Marketplace. Accordingly, auction fees charged to the buyer and seller are recognized on a net basis, excluding the price of the auctioned vehicle in the transaction.

While facilitating a vehicle auction, the Company also provides ancillary services to customers. Ancillary services include revenue generated by the Company's vehicle condition guarantee program ("Assurance Program"), whereby the Company offers a vehicle condition guarantee to buyers and sellers on the Marketplace for an additional fee. The Assurance Program provides sellers protection from paying remedies to buyers related to a buyer's claim that the vehicle did not accurately portray the condition of the vehicle disclosed on the Marketplace. Revenue from this Assurance Program is recognized at the earlier of a successful claim or expiration of the claim period. The Company is primarily responsible for providing these services and therefore, the Company is the principal for these services and as a result revenue is recognized on a gross basis.

The Company also provides other ancillary services to the customers that includes transportation, vehicle inspection and other related services. Revenue generated from these services is recognized upon vehicle delivery or completion of the ancillary service. The Company provides these services using both its fleet transportation vehicles and network of third-party vendors. The Company is primarily responsible for providing these services and therefore acts as the principal for these services. As a result, revenue is recognized on a gross basis.

The timing of revenue recognition and the contractual payment schedules often differ for certain ancillary services, resulting in contractual payments being billed before contractual products or services are delivered. These amounts that are billed, but not earned, are recognized as deferred revenue. Accounts receivable represents amounts invoiced, including the price of the auctioned vehicle and related fees charged to a buyer where the Company has the unconditional right to payment. Consequently, the Company recognizes the selling and related fee that is billed to the seller. The Company makes a net payment to the seller after deducting selling and other related fees.

Sale of retailing software and digital advertisement goods or services

Revenue from sale of retailing software primarily includes subscription fees relating to the provision of Software as a Service ("SaaS"). Revenue is recognized rateably over the contract term as the service is delivered. The Company applies the time elapsed method to measure progress towards complete satisfaction of related performance obligations. The time elapsed method provides a faithful depiction of the Company's performance towards complete satisfaction of its performance obligations. The Company is primarily responsible for providing this service and therefore acts as the principal. As a result, revenue is recognized on a gross basis.

The Company also provides digital advertisement and other ancillary services. Revenue related to these services is recognized either rateably over the contract term or at a point in time when the service has been completed and made available to the customer. The timing of revenue recognition and the contractual payment schedules often differ, resulting in contractual payments being billed before contractual products or services are delivered. These amounts that are billed, but not earned, are recognized as deferred revenue. The Company is primarily responsible for providing these services and therefore acts as the principal. As a result, revenue is recognized on a gross basis.

Cash and cash equivalents

Cash and cash equivalents include deposits held with major financial institutions and other highly liquid instruments with a maturity of three months or less.

Property and equipment

The Company's property and equipment are measured at cost, net of accumulated depreciation and impairment losses, if any. Such cost includes expenditures that are directly attributable to the acquisition or construction of the asset.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, as follows:

Computer equipment	3 years
Furniture and office equipment	5 years
Vehicles	5 to 15 years
Building	25 years
Leasehold improvements	Straight-line over the lesser of the term of the lease and the useful life of the asset

An item of property and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are

expected from its use or disposal. Any gain or loss on derecognition of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the consolidated statement of loss and other comprehensive loss.

The Company assesses an asset's residual value, useful lives and depreciation method on an annual basis and if warranted, are updated.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. Impairment is tested at an individual asset level unless the asset does not generate cash flows independently from other assets, in which case the Company allocates the intangible asset to the cash-generating units to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be appropriate. If the intangible assets no longer have an indefinite life, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of loss and comprehensive loss.

Amortization of an intangible asset with a finite useful life is recorded using the straight-line method over the estimated useful lives as follows:

Software (other than internally developed)	1-2 years
Trade name, trademarks and internet domain	2-5 years
Customer relationships	8 years

The Company capitalizes costs associated with the development of its competitive digital platform (the "Platform") and subsequent expenditures that result in an increase in future economic benefits to the Platform. These costs are amortized on a straight-line basis over the estimated useful life of the assets they are associated with, generally three years. The Company evaluates the useful life of these assets on an annual basis, or more frequently when warranted. Research costs related to the preliminary project stage and post-implementation including training and maintenance are expensed as incurred.

Business combinations

At the time of an acquisition, the Company evaluates whether the acquisition is a business combination or an asset acquisition. IFRS 3, *Business Combinations* ("IFRS 3") is only applicable when a business has been acquired. When the definition of a business is not met and the Company accounts for the transaction as an asset acquisition, the transaction cost is allocated over the group of assets acquired and liabilities assumed based on their relative fair values.

Business combinations are accounted for using the acquisition method. Under this method, the identifiable assets acquired, and liabilities assumed, including contingent liabilities, are recognized in the consolidated statement of financial position at their respective fair values. Goodwill is recorded based on the excess of the fair value of the consideration transferred over the fair value of the Company's interest in the acquiree's net identifiable assets on the date of the acquisition.

The consideration transferred by the Company to acquire control of an entity is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred, and equity interests issued by the Company. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9, *Financial Instruments* ("IFRS 9"), is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss. Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill represents the excess of consideration transferred over the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. For the purpose of impairment testing, the Company monitors and tests goodwill at the group of cash-generating unit ("CGU") level to which the goodwill has been allocated.

Goodwill is tested annually for impairment during the fourth quarter, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount, representing the higher of its fair value less cost to sell and its value in use, of the group of CGU's is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets on a pro rata basis for each CGU. Any goodwill impairment loss is recorded in the consolidated statements of loss and comprehensive loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets or CGU's excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount and recognizes a reversal of impairment. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of loss and other comprehensive loss unless the asset is carried at a revalued amount, in which case, the reversal is recorded as a revaluation increase.

Research and development costs

Research and development costs are expensed as incurred, net of any tax credits or government assistance, with the exception of development costs for new products with proven technical feasibility and for which a defined future market exists. Such development costs are capitalized in accordance with the Company's policy for intangible assets. The Company's research and development costs consist primarily of salaries and related personnel expenses.

The Company recognizes the benefit of tax credits in the consolidated statements of loss and comprehensive loss as a reduction of product, technology and development costs when there is reasonable assurance the claim will be recovered.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) (a) as a result of a past event; (b) when it is more probable than not an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) when a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of loss and other comprehensive loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Income taxes

Income tax expense comprises current and deferred tax. It is recognized in statement of loss and other comprehensive loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits and losses to the extent it is probable taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates that have been enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

Share-based payments

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate model, further details of which are provided in Note 15.

The expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. The expenses are recognized in the consolidated statement of loss and other comprehensive loss within selling, general and administrative expense. The Company also accounts for actual forfeitures by reversing accumulated amount of share-based compensation expense related to the forfeited tranches.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see Note 16).

Loss per share

The Company presents basic and diluted loss per share data for its common equity holders. Basic loss per share is calculated by dividing the loss attributable to common equity shareholders of the Company by the weighted average number of common equity shares outstanding during the year.

Diluted loss per share is determined by adjusting the loss attributable to common equity shareholders and the weighted average number of common equity shares outstanding, adjusted for the effects of

all dilutive potential common shares, which are comprised of additional shares from the assumed exercise or conversion of share options.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value and are subsequently re-measured based on their classification as described below. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or liability, other than financial assets and liabilities classified as at fair value through profit or loss, are added or deducted from the fair value of the respective financial asset or financial liability on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

i) Financial assets

Financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Company’s financial assets which consist primarily of cash and cash equivalents and trade and other receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the financial asset.

Impairment of financial assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company’s financial assets measured at amortized cost and subject to the ECL model consist primarily of cash and cash equivalents and trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on an annual basis.

ii) Financial liability

Financial liabilities are classified as either financial liabilities at FVTPL or as other financial liabilities.

Other financial liabilities include trade and other payables, borrowings and provisions and are subsequently measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in the consolidated statement of loss and other comprehensive loss within finance expense.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

iii) Derivatives

Derivatives may be free standing or embedded in other financial liabilities and non-financial instruments. Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a standalone derivative and the combined instrument is not held for trading or designated at fair value. Embedded derivatives are accounted for as separate instruments and are measured at fair value at each reporting date.

Changes in fair value of the instruments are recognized in the consolidated statement of loss and comprehensive loss within the finance income or expense.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, *Share-based Payment* (“IFRS 2”) and measurements that have some similarities to fair value but are not fair value, such as value in use in International Accounting Standard (“IAS”) 36, *Impairment of Assets* (“IAS 36”).

Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use-assets

The Company recognizes a right-of-use asset (“ROU assets”) at the lease commencement date, which is the date the leased asset is available for use. The ROU assets primarily relate to leases for office premises and compounds (parking lots). The ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial

direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The ROU assets are depreciated on a straight-line basis over the lesser of the term of the lease and estimated useful life of the assets, which are as follows:

Office premises	1-11 years
Compounds	2-5 years
Others	1-5 years

The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate, which is the rate the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Company has elected not to apply the practical expedient to not separate non-lease components from lease components to account for each lease component and any associated non-lease components as a single lease component. The lease payments associated with those non-lease components is recognized as an expense on a straight-line basis over the lease term.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of vehicles and compounds (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments for short-term leases are recognized as an expense on a straight-line basis over the lease term.

Company as lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the

underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The Company assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the lease terms and is included in the statement of loss and other comprehensive loss. The leases in which the Company transfers all the risks and rewards incidental to ownership of an asset are classified as finance leases and the Company recognizes assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in lease.

Investment in joint venture and associate

Under the equity method, the Company’s investment in joint venture is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of net earnings/loss and other comprehensive earnings/loss of the joint venture, after any adjustments necessary to give effect to uniform accounting policies, any other movement in the joint venture's reserves, and for impairment losses after the initial recognition date. The total carrying amount of the Company's investment in joint venture also includes any long-term debt interests which, in substance, form part of the Company's net investment. The Company’s share of the joint venture's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture. The Company's share of earnings or losses of its joint venture are recognized in net earnings during the period. Dividends and repayment of capital received from the joint venture are accounted for as a reduction in the carrying amount of the Company’s investment. Unrealized gains and losses between the Company and its joint venture are recognized only to the extent of unrelated investors’ interests in the joint venture. Intercompany balances and interest expense and income arising on loans and borrowings between the Company and its joint venture are not eliminated.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in the joint venture is impaired. Objective evidence includes observable data indicating there is a measurable decrease in the estimated future cash flows of the investee’s operations. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss, being the excess of carrying amount over the recoverable amount, is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in profit and loss in the period in which the reversal occurs. The Company recognizes its share of any profit or loss in the consolidated statement of loss and other comprehensive loss within other expense (income).

Recently adopted provisions of IFRS

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The IASB recently issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies, rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions or, other events or conditions that are not material need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective from January, 1 2023 but may be applied earlier. The Company has applied the amendment and noted that there is no impact of this amendment on the Company's financial statements.

Definition of Accounting Estimate (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective from January 1, 2023 but may be applied earlier. The Company has applied the amendment and noted that the amendment has no impact on the Company's financial statements.

IFRS 16, *Leases* ("IFRS 16") - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. The Company has early adopted the amendments for the year ended December 31, 2023.

3. New standards, amendments and interpretations not yet adopted by the Company

IAS 1, *Presentation of financial statements* ("IAS 1")

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statements of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or noncurrent.

The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. In July 2020, the effective date was deferred to January 1, 2023. In October 2022, the effective date of the 2020 amendments was further deferred to January 2024. The Company is assessing potential impact of these changes.

IAS 1, *Presentation of Financial Statements*—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent).

Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. The Company is assessing potential impact of these changes.

IFRS 10, *Consolidated Financial Statements* ("IFRS 10") and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28")

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company is assessing potential impact of these changes.

4. Significant accounting judgements and estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses.

Estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual results could differ from those estimates.

The following are the significant judgments and estimates that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Determining fair value of acquired assets and liabilities in business combinations
- Determining whether an acquisition should be accounted for as an asset acquisition or business combination
- Determining key assumptions for impairment testing of non-financial assets
- Determining performance obligations under the contract and whether the company is principal or an agent for each performance obligation
- Determining the lease term of contracts with renewal and termination options
- Determining inputs into valuation models for equity-settled share-based payments
- Estimating the useful lives of property and equipment, intangible assets and ROU assets

5. Business combinations

2023 Acquisition

Acquisition of Houston Auto Auction's Assets

On January 25, 2023, the Company entered into an Asset Purchase Agreement to acquire the assets of Houston Auto Auction, Inc. ("Houston Auto Auction") pursuant to which it purchased certain assets for a total purchase consideration of $5,479 (the "Houston Auto Auction Acquisition"). The Houston Auto Auction Acquisition closed on January 31, 2023 and the Company incurred acquisition related expenses of $27.

The Houston Auto Auction Acquisition has been accounted for as a business combination using the acquisition method whereby the assets acquired, and the liabilities assumed are recorded at their estimated fair value.

The allocation of the purchase price to assets acquired and liabilities assumed was finalized by management as at December 31, 2023. The following table summarizes the purchase price allocation as of the acquisition date:

	Fair value recognized on acquisition
	$
Trade name and trademarks	140
Customer relationships	2,400
Other assets, net	237
Right-of-use asset	2,241
Lease obligation	(2,241)
Fair value of net assets acquired	**2,777**
Total consideration transferred	**5,479**
Goodwill	**2,702**

Goodwill arising on the Houston Auto Auction Acquisition reflects the benefits attributable to synergies, revenue growth, future market development and the estimated fair value of an assembled workforce. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets. This goodwill is not deductible for income tax purposes. The Company did not recognize any deferred income taxes in relation to the assets acquired and liabilities assumed as the accounting and tax basis were the same.

According to the terms of the Asset Purchase Agreement, out of the total purchase consideration of $5,479, $3,000 shall be deferred and paid in two equal installments of $1,500 at the end of the first and second year after the closing date. The deferred purchase consideration is measured at amortized cost and as at December 31, 2023, the following table summarizes the movement in balance of deferred purchase consideration:

	Amount
	$
At January 1, 2023	—
Addition on acquisition	2,742
Interest accretion	156
At December 31, 2023	**2,898**

From the date of acquisition, the Houston Auto Auction Acquisition contributed $6,894 of revenue and $675 of net income for the year ended December 31, 2023, respectively.

If the Houston Auto Auction Acquisition had been completed on the first day of the financial year, the Company's consolidated revenues for the year ended December 31, 2023 would have been $121,880 and consolidated loss would have been $45,744.

2022 Acquisitions

Acquisition of Louisiana's 1st Choice Auto Auction's Assets

On May 31, 2022, the Company entered into an asset purchase and real estate purchase agreement with Louisiana's First Choice Auto Auction, LLC (the "LAFCAA Acquisition") pursuant to which it

purchased certain assets and real estate for total consideration of $13,779. The LAFCAA Acquisition closed on June 1, 2022 and the Company incurred acquisition-related expenses of $84.

The LAFCAA Acquisition has been accounted for as a business combination using the acquisition method whereby the assets acquired, and the liabilities assumed are recorded at their estimated fair value. The allocation of the purchase price to assets acquired and liabilities assumed was finalized by management as at December 31, 2023. The following table summarizes the purchase price allocation as of the acquisition date:

	Fair value recognized on acquisition
	$
Land	2,400
Building	1,700
Trade name and trademarks	240
Customer relationships	2,400
Other assets, net	2,761
Fair value of net assets acquired	**9,501**
Total consideration transferred	**13,779**
Goodwill	**4,278**

Acquisition of FastLane Auto Exchange's Assets

On February 17, 2022, the Company entered into an asset purchase and real estate purchase agreement with Lane Auto Auction, LLC d/b/a FastLane Auto Exchange (the "FastLane Acquisition") pursuant to which it purchased certain assets and real estate for cash consideration of $24,000 and $5,000, respectively. The FastLane Acquisition closed on February 22, 2022, and the Company incurred acquisition related expenses of $154.

The FastLane Acquisition has been accounted for as a business combination using the acquisition method whereby the assets acquired, and the liabilities assumed are recorded at their estimated fair value. The allocation of the purchase price to assets acquired and liabilities assumed was finalized by management as at December 31, 2022.

If the LAFCAA Acquisition and the FastLane Acquisition had been completed on the first day of the financial year, the Company's consolidated revenues for the year ended December 31, 2022 would have been $117,145 and consolidated loss would have been $52,392.

Contingent consideration related to prior acquisitions

The 2021 acquisitions of Digital Auctions, LLC ("Digital Auctions"), Les Encheres D'Automobiles St-Pierre, Ltée ("ESP") and Gestion Malyka, Inc. ("TradeHelper" or "TH") included additional payments over a specified period, including earn-out payments based on certain conditions and performance. As at December 31, 2023, the fair value of remaining earn-out payments was $1,385 and is classified as other current liabilities in the consolidated statements of financial position. The earn-out payments are measured at fair value through profit or loss and are classified as Level 3 in the fair value hierarchy (see Note 26).

The movement in contingent consideration is shown as follows:

	Digital Auctions	ESP and TH	Total
	$	$	$
At January 1, 2022	6,633	2,847	9,480
Increase / (decrease) in fair value of contingent consideration	(1,881)	67	(1,814)
Payment made during the period	(2,208)	(1,374)	(3,582)
Effects of foreign exchange	—	(189)	(189)
At December 31, 2022	2,544	1,351	3,895
Increase in fair value of contingent consideration	541	—	541
Payment made during the period	(1,700)	(1,386)	(3,086)
Effects of foreign exchange	—	35	35
At December 31, 2023	**1,385**	**—**	**1,385**

For the year ended December 31, 2023, the Company recognized a loss of $541 (2022 – gain of $1,814) due to changes in the fair value of the other current and other non-current liabilities in the statement of loss and other comprehensive loss within other expense (income), net.

6. Trade and other receivables

	December 31, 2023	December 31, 2022
	$	$
Trade receivables, net (Note 26)	**32,523**	53,687
SRED receivable	**—**	520
Government remittances receivable	**103**	438
Other receivables	**1,261**	3,596
	33,887	58,241

Trade receivables include the price of the auctioned vehicles in and related auction fees charged to the buyer and seller.

7. Net investment in lease

The Company has sublease agreements for office space in Canada and the United States. The term of the sublease is for the majority of the remaining economic life of the ROU asset and therefore, is classified as a finance lease.

The Company has recognized the following net receivable for the subleases:

	Amount
	$
At January 1, 2022	1,244
Interest accretion	45
Lease repayments	(210)
Termination	(869)
Effect of foreign exchange	(20)
At December 31, 2022	190
Additions	1,456
Interest accretion	71
Lease repayments	(371)
Effect of foreign exchange	6
At December 31, 2023	**1,352**

As at December 31, 2023, the current portion of the net investment in lease is $544 (2022 – $75) and the non-current portion is $808 (2022 – $115).

8. Right-of-use assets

	Office premises	Compounds	Other	Total
Costs	**$**	**$**	**$**	**$**
At January 1, 2022	10,900	2,445	1,199	14,544
Acquisitions (Note 5)	—	—	23	23
Additions	4,073	3,463	—	7,536
Termination and remeasurement	(1,856)	(600)	(110)	(2,566)
Transfer on sublease (Note 7)	—	(830)	(268)	(1,098)
Effect of foreign exchange	(120)	(171)	(30)	(321)
At December 31, 2022	12,997	4,307	814	18,118
Acquisitions (Note 5)	2,184	—	57	2,241
Additions	—	10,284	—	10,284
Termination and remeasurement	(1,355)	(625)	—	(1,980)
Completed leases	(667)	(404)	(403)	(1,474)
Effect of foreign exchange	(456)	523	3	70
At December 31, 2023	**12,703**	**14,085**	**471**	**27,259**
Accumulated depreciation				
At January 1, 2022	3,030	1,080	542	4,652
Depreciation	2,768	1,325	336	4,429
Termination	(1,019)	(267)	(55)	(1,341)
Transfer on sublease (Note 7)	—	(830)	(268)	(1,098)
Effect of foreign exchange	(77)	(51)	(19)	(147)
At December 31, 2022	4,702	1,257	536	6,495
Depreciation	2,902	1,094	189	4,185
Transfer on sublease (Note 7)	(735)	(211)	—	(946)
Termination	(667)	(404)	(378)	(1,449)
Modification	(41)	—	—	(41)
Effect of foreign exchange	(107)	215	17	125
At December 31, 2023	**6,054**	**1,951**	**364**	**8,369**
Net balance – December 31, 2022	8,295	3,050	278	11,623
Net balance – December 31, 2023	**6,649**	**12,134**	**107**	**18,890**

9. Property and equipment

	Computer equipment	Furniture and equipment	Leasehold improvements	Vehicles	Land	Building	Total
	$	$	$	$			$
Cost							
At January 1, 2022	1,222	642	1,102	1,193	—	—	4,159
Additions	515	481	552	85	—	—	1,633
Acquisitions (Note 5)	—	475	—	436	3,461	6,489	10,861
Disposals	—	—	—	(59)	—	—	(59)
Effects of foreign exchange	(51)	263	445	(65)	—	—	592
At December 31, 2022	1,686	1,861	2,099	1,590	3,461	6,489	17,186
Additions	252	339	700	66	100	—	1,457
Disposals	—	(293)	(1,046)	(583)	(3,561)	(6,489)	(11,972)
Effects of foreign exchange	28	13	29	13	—	—	83
At December 31, 2023	**1,966**	**1,920**	**1,782**	**1,086**	**—**	**—**	**6,754**
Accumulated depreciation							
At January 1, 2022	595	199	257	40	—	—	1,091
Depreciation	511	293	252	220	—	199	1,475
Disposals	—	—	—	(2)	—	—	(2)
Effects of foreign exchange	(75)	283	495	(2)	—	—	701
At December 31, 2022	1,031	775	1,004	256	—	199	3,265
Depreciation	750	376	282	146	—	260	1,814
Disposals	—	(291)	(545)	(8)	—	(459)	(1,303)
Effects of foreign exchange	(328)	10	15	3	—	—	(300)
At December 31, 2023	**1,453**	**870**	**756**	**397**	**—**	**—**	**3,476**
Net balance							
At December 31, 2022	655	1,086	1,095	1,334	3,461	6,290	13,921
At December 31, 2023	**513**	**1,050**	**1,026**	**689**	**—**	**—**	**3,278**

10. Intangible assets and goodwill

	Customer relationships	Software and other	Trade name, trademark and internet domains	Goodwill	Total
	$	$	$	$	$
Cost					
At January 1, 2022	8,616	1,300	2,025	35,798	47,739
Additions	—	913	—	—	913
Acquisitions (Note 5)	15,900	—	630	13,288	29,818
Effects of foreign exchange	(388)	(111)	(88)	(1,626)	(2,213)
At December 31, 2022	24,128	2,102	2,567	47,460	76,257
Additions	—	2,958	—	—	2,958
Acquisitions (Note 5)	2,400	—	140	2,702	5,242
Effects of foreign exchange	131	95	32	558	816
At December 31, 2023	**26,659**	**5,155**	**2,739**	**50,720**	**85,273**
Accumulated amortization					
At January 1, 2022	522	288	156	—	966
Amortization	2,638	538	405	—	3,581
Effects of foreign exchange	(39)	(29)	(4)	—	(72)
At December 31, 2022	3,121	797	557	—	4,475
Amortization	3,294	588	500	—	4,382
Effects of foreign exchange	32	(8)	3	—	27
At December 31, 2023	**6,447**	**1,377**	**1,060**	—	**8,884**
Net balance					
At December 31, 2022	21,007	1,305	2,010	47,460	71,782
At December 31, 2023	**20,212**	**3,778**	**1,679**	**50,720**	**76,389**

During the fourth quarter of the year ended December 31, 2023, the Company performed an annual goodwill impairment test in accordance with the methods described in Note 2. The recoverable amount, which was determined to be the fair value less costs of disposal, exceeded carrying value, as a result, no impairment loss was recorded for goodwill for the year ended December 31, 2023.

The Company considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. Reasonable possible changes in key estimates and assumptions would not cause the recoverable amount of goodwill to fall below the carrying value.

11. Lease obligations

	Amount
	$
At January 1, 2022	11,847
Acquisitions (Note 5)	23
Additions	7,537
Interest accretion	967
Lease repayments	(5,260)
Termination and remeasurement	(2,143)
Effects of foreign exchange	(176)
At December 31, 2022	12,795
Acquisitions (Note 5)	2,241
Additions	8,821
Interest accretion	977
Lease repayments	(5,180)
Termination and remeasurement	364
Effects of foreign exchange	(19)
At December 31, 2023	**19,999**

As at December 31, 2023, the current portion of lease liability is $3,970 (2022 – $3,778) and the non-current portion is $16,029 (2022 – $9,017).

For the year ended December 31, 2023, the Company recognized expenses relating to short-term leases and variable lease payments of $1,849 (2022 – $902) within selling, general and administrative expense in the statement of loss and other comprehensive loss.

The maturities of the Company's lease liabilities are disclosed within Note 26.

During the year ended December 31, 2023, the Company closed a sale and leaseback transaction (the "2023 Sale-leaseback Transaction") with its controlling shareholder for a total cash consideration of $8,200. The Company concluded that the transfer of the properties qualified as a sale and thus, accounted for the transaction in accordance with the requirements of IFRS 16. The properties transferred had a carrying value of $9,999 and the transaction resulted in a loss of $418 on the sale of the assets, only to the extent it relates to the rights transferred to the buyer, and was recorded on the consolidated statements of loss and comprehensive loss within other expense (income), net (Note 24).

12. Borrowings

Credit facility

On June 16, 2023, the Company entered into an amended and restated credit agreement ("2023 Credit Facility") with a Canadian financial institution for a demand revolving credit facility of an aggregate maximum limit of $3,781 (C$5 million). The facility accrues interest at a floating rate based on the financial institution's Prime Rate plus 75 bps, subject to a 2.45% floor, or based on the Wall Street Journal Prime Rate plus 75 bps, subject to a 3.25% floor. The facility is secured by a first priority lien (subject to permitted encumbrances) on present and future movable assets.

Per the terms of the 2023 Credit Facility, the Company must comply with a financial covenant that requires, to the extent there is any amount outstanding, the sum of (i) unrestricted cash and (ii) the unadvanced available portion under the facility to be greater than (i) the absolute value of Adjusted EBITDA Loss (as defined in the agreement), tested quarterly at the end of each fiscal quarter, and (ii) C$5 million. In the event there is no amount outstanding, the Company must maintain a minimum amount of C$5 million as unrestricted cash. The Company must also comply with a covenant that requires the debt to annual recurring revenue ratio to be less than 1.00:1.00. As at December 31, 2023, the Company has not drawn any amounts from this facility and has complied with all financial covenants.

On April 26, 2021, the Company had entered into a credit facility ("2021 Credit Facility") as amended on September 27, 2021 with a Canadian financial institution for an aggregate of $8,068 (C$10,000). The agreement was for a revolving credit facility with maturity on April 26, 2023, and an option to convert a portion of the facility into a 5-year term loan with maturity on April 26, 2026. The facility accrued interest at a floating rate based on the financial institution's Prime Rate plus 75 bps, subject to a 2.45% floor, or based on the Wall Street Journal Prime Rate plus 75 bps, subject to a 3.25% floor. The facility was secured by a first priority lien (subject to permitted encumbrances) on present and future movable assets. The Company had incurred standby fees of $106 in relation to the Credit Facility which was being amortized through interest expense in the statement of loss and other comprehensive loss within finance expense, net. The Company amortized financing fees of $6 for the year ended December 31, 2023 (2022 – $71). The facility was terminated at the maturity date.

Finance expense, net for the for the year ended December 31, 2023 and 2022 is comprised of:

	2023	2022
	$	$
Interest on lease obligations	**977**	967
Interest income on net investment in lease	**(71)**	(45)
Other interest expense (income)	**89**	185
Total	**995**	1,107

13. Share capital

Common shares

Authorized

The Company has authorized capital of an unlimited number of common shares with no par value.

Issued and outstanding

As part of the De-Listing Transaction, on May 27, 2023, the Company took up and purchased for cancellation 1,317,239 of its common shares at a purchase price of C$3.50 per common share for aggregate consideration of $3,392 (the "Offer"). In addition, the Company completed a private placement, issuing 6,485,853 common shares at a price of C$3.50 per common share for aggregate proceeds of $16,203 ("2023 Private Placement"). On May 24, 2023, in conjunction with the Offer, the Board approved a reduction of the stated capital maintained in respect of the common shares by an aggregate of $110,300. The reduction of stated capital has been added to the accumulated deficit and did not result in any change to total equity.

As part of the 2023 Private Placement, the Company offered certain employees, including members of management, an option to purchase common shares for cash or a combination of cash plus a loaned amount made available by the Company. The loan has a term of 5 years and carries interest of mid-term applicable federal rate (for U.S. employees) or the “prescribed rate” under the Income Tax Act (Canada) (for Canadian employees), payable annually and the principal balance is repayable at the end of the 5-year term or in the event the subscriber leaves the Company. The Company has accounted for these as an option and has recognized share-based compensation expense. Expense related to shares financed with loans was calculated using the Black-Scholes model with the following assumptions:

- Share price - $3.50
- Exercise price - $4.23
- Interest rate - 3.68%
- Expected life of the option - 5 years
- Expected volatility - 61.12%

The following table sets forth the changes in the Company’s issued and outstanding common shares:

	Total common shares	
	#	$
At January 1, 2022	48,047,690	219,440
Exercise of stock options (i)	98,584	338
Issuance of common shares (ii)	4,814,100	15,034
At December 31, 2022	52,960,374	234,812
Shares issued under employee share-based compensation plans	229,259	524
Issuance of common shares	6,690,101	17,275
Common share repurchase	(1,317,239)	—
Reduction of stated capital	—	(110,300)
Exercise of warrants	1,021,240	2,734
At December 31, 2023	**59,583,735**	**145,045**

i) Throughout the year ended December 31, 2022, employees exercised 98,584 stock options for total proceeds of $149.

ii) On November 18, 2022, the Company completed a Private Placement of 4,814,100 common shares at a price of C$4.23 per share for aggregate gross proceeds of $15,034 (C$20,364) to the Company’s controlling shareholder.

14. Warrants

On May 13, 2019, in connection with a bridge loan which was settled in 2019, the Company issued 1,021,240 warrants to purchase common shares to the lender. These warrants had an exercise price of C$2.45 and were exercisable up to five years from the date of issuance. The fair value of the warrants was $834 on the date of issuance using the Black-Scholes model and the following assumptions: an underlying share price of C$2.45 per share, a risk-free rate of 1.75%, an expected volatility of 50%, an expected life of 5 years and an expected dividend yield of 0%.

On December 14, 2023, the outstanding warrants were exercised by the holder for total proceeds of $1,844 (C$2,500).

The following table is a summary of the Company's warrants outstanding as at December 31, 2022:

Expiration date	Weighted average exercise price		Instruments outstanding
	$		#
May 13, 2024	C$	2.45	1,021,240

15. Share-based compensation

The Company has three components of its share-based compensation plan: stock options, deferred share units ("DSUs"), and restricted share units ("RSUs").

Stock options

Prior to the Company's IPO, the Company adopted an employee stock-option plan and a long-term incentive stock option plan (the "Legacy Plans") for the Company's employees, directors and advisors. Under the Legacy Plans, options were generally granted with a strike price no less than the estimated fair value of the underlying common shares at the date of the grant. Options granted expire ten years from the date of the grant. Generally, one-quarter of the options granted vest and become exercisable on the first vesting date (as determined by the Board of Directors). The remaining options vest and become exercisable on a pro-rated basis each quarter for a period of 12 quarters following the first vesting date, unless otherwise specified by the Board of Directors on the date of the grant.

On November 1, 2021, the Company's Legacy Plans were amended to provide that no additional options will be granted thereunder. Subsequently, on November 2, 2021, the Company's new long term incentive plan ("2021 Omnibus Equity Incentive Plan") was introduced in replacement for the Legacy Plans. All Directors, officers, employees and consultants are eligible to participate in the new plan and the plan limits the number of shares that may be issued. The options are granted with an exercise price no less than the market price on the date of grant. The plan administrator has the authority to determine the vesting terms applicable to grants of options and the settlement for fully vested options. To the extent permitted by applicable law, the Board may, from time to time, assume or delegate to any committee of the Board all or any of the powers conferred on the plan administrator pursuant to this Plan. Once the options become vested, a participant may exercise the vested options before the expiration.

Employee share-based compensation expense for stock options, for the year ended December 31, 2023, was $1,772 (2022 – $7,768).

The following table presents the number and weighted average exercise price ("WAEP") of stock options issued in C$:

	2023		2022	
	Number of options	WAEP	Number of options	WAEP
	#	C$	#	C$
Outstanding – January 1	**4,352,211**	**8.52**	3,976,600	8.06
Granted during the year	**567,831**	**9.52**	898,064	11.50
Forfeited during the year	**(962,746)**	**12.35**	(438,869)	11.63
Exercised during the year	**(162,185)**	**1.09**	(83,584)	2.34
Outstanding – December 31	**3,795,111**	**8.01**	4,352,211	8.52
Exercisable – December 31	**2,086,547**	**6.67**	1,780,695	5.63

The following table presents the number and WAEP of stock options issued in US$:

	2023		2022	
	Number of options	WAEP	Number of options	WAEP
	#	US$	#	US$
Outstanding – January 1	**1,051,716**	**2.85**	1,244,840	2.84
Forfeited during the year	**(198,876)**	**2.80**	(178,124)	2.80
Exercised during the year	**(3,000)**	**2.80**	(15,000)	2.80
Outstanding – December 31	**849,840**	**2.86**	1,051,716	2.85
Exercisable – December 31	**737,525**	**2.85**	680,046	2.84

The weighted average fair value of share options granted during the years ended December 31, 2023 and 2022 were estimated at the date of grant using the Black-Scholes option pricing model. The following table list the inputs and assumptions to the Black-Scholes model for the years ended:

	2023	2022
Grant date share price	**C$3.50**	C$3.78 – C$13.49
Exercise price	**C$6.00 – C$10.00**	C$3.78 – C$13.49
Expected dividend yield	**0%**	0%
Risk-free interest rate	**3.60%**	1.98% – 3.25%
Expected option life	**6.25 years**	6.25 years
Expected volatility	**61.12%**	61.12%

The expected volatility was estimated using the volatility of publicly traded companies that the Company considered to be comparable. The expected option life represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the government bonds with a term equal to the expected life of the options.

The following table is a summary of the Company's share options outstanding issued in C$ as at December 31, 2023:

Options outstanding			Options exercisable	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
C$	**#**	**#**	**C$**	**#**
1.00	248,500	4.65	1.00	248,500
2.00	199,365	5.29	2.00	199,365
2.45	43,750	5.60	2.45	43,750
3.78	72,637	8.89	3.78	22,759
4.40	1,173,800	7.20	4.40	802,870
6.00	67,767	9.61	6.00	—
6.50	476,300	7.38	6.50	297,085
7.09	121,642	8.68	7.09	44,112
9.00	50,000	7.58	9.00	28,125
10.00	499,561	9.80	10.00	—
12.22	29,490	8.39	12.22	11,580
13.49	488,399	8.25	13.49	213,236
23.00	323,900	7.73	23.00	175,165
	3,795,111			**2,086,547**

The following table is a summary of the Company's share options outstanding issued in US$ as at December 31, 2023:

Options outstanding			Options exercisable	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
US$	**#**	**#**	**US$**	**#**
2.80	759,840	6.38	2.80	670,025
3.40	90,000	7.01	3.40	67,500
	849,840			**737,525**

The following table is a summary of the Company's share options outstanding issued in C$ as at December 31, 2022:

Options outstanding			Options exercisable	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
C$	**#**	**#**	**C$**	**#**
—	60,000	4.57	—	60,000
1.00	317,667	5.70	1.00	317,667
2.00	299,165	6.28	2.00	256,980
2.45	78,333	6.60	2.45	62,398
3.78	82,269	9.89	3.78	—
4.40	1,377,860	8.20	4.40	617,988
6.50	635,675	8.38	6.50	243,645
7.09	141,515	9.68	7.09	—
9.00	82,500	8.58	9.00	25,785
12.22	35,615	9.39	12.22	—
13.49	556,412	9.25	13.49	842
23.00	685,200	8.76	23.00	195,390
	4,352,211			**1,780,695**

The following table is a summary of the Company's share options outstanding issued in US$ as at December 31, 2022:

Options outstanding			Options exercisable	
Exercise price	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable**
US$	**#**	**#**	**US$**	**#**
2.80	961,716	7.38	2.80	635,046
3.40	90,000	8.01	3.40	45,000
	1,051,716			**680,046**

DSUs

As a part of the 2021 Omnibus Equity Incentive Plan, the Company began issuing DSUs on November 10, 2021. The grants, settlement and surrender of the DSUs are subject to the terms and conditions of the 2021 Omnibus Equity Incentive Plan. The DSUs do not have an expiration date.

The DSUs are valued based on the fair market value of the Company's common shares at the date of grant, and the fair value of the awards is expensed over a vesting period of one-year.

The following table presents information concerning the number of DSUs granted by the Company:

	2023		2022	
	Number of options	Weighted Average Fair Value	Number of options	Weighted Average Fair Value
	#	C$	#	C$
Outstanding – January 1	**256,039**	**7.95**	25,151	23.00
Granted during the year	**147,567**	**3.42**	230,888	6.31
Forfeited during the year	**(26,510)**	**3.50**	—	—
Outstanding – December 31	**377,096**	**6.49**	256,039	7.95

Employee share-based compensation expense for DSUs, for the year ended December 31, 2023, was $745 (2022 – $944).

RSUs

As a part of the 2021 Omnibus Equity Incentive Plan, the Company began issuing RSUs on March 31, 2022. The grants, settlement and surrender of the RSUs are subject to the terms and conditions of the 2021 Omnibus Equity Incentive Plan. The RSUs do not have an expiration date.

The RSUs are valued based on the fair market value of the Company's common shares at the date of grant, and the fair value of the awards is expensed over the vesting period.

The following table presents information concerning the number of RSUs granted by the Company:

	2023		2022	
	Number of options	Weighted Average Fair Value	Number of options	Weighted Average Fair Value
	#	C$	#	C$
Outstanding– January 1	**358,902**	**10.92**	—	—
Granted during the year	**50,000**	**3.50**	426,757	11.28
Forfeited during the year	**(70,022)**	**11.80**	(67,855)	13.19
Vested during the year	**(109,491)**	**11.37**	—	—
Outstanding– December 31	**229,389**	**8.83**	358,902	10.92

Employee share-based compensation expense for RSUs, for the year ended December 31, 2023, was $779 (2022 – $1,258).

Employee share-based compensation expense for amounts related to transactions with key management personnel, with respect to the option to purchase common shares as described in Note 13 above, for the year ended December 31, 2023 was $263 (2022 – $nil).

16. Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary common shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is calculated by dividing the loss attributable to ordinary common

shareholders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Preferred shares were not considered as ordinary shares due to their liquidity preference over the common shares.

	2023	2022
Numerator for basic and diluted loss per share:		
Net loss attributable to common shareholders	**$45,914**	$52,272
Denominator for basic and diluted loss per share:		
Weighted average common shares outstanding	**56,191,751**	48,703,405
Basic and diluted loss per share	**($0.82)**	($1.07)

For all the periods presented, diluted loss per share equals basic loss per share due to the anti-dilutive effect of share options, preferred shares and warrants.

17. Segment information

Segmented information is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Company's CODM is its Chief Executive Officer ("CEO"), who is responsible for allocating resources to and assessing the performance of the Company. The segmentation reflects the way the CODM evaluates performance of, and allocates resources within, the business.

The Company operates substantially all of its activities in one reportable segment, which includes marketplace services, inventory retailing software and digital advertisement.

The Company currently operates in the US and Canada. The following table is a summary of revenues generated in US and Canada:

	2023	2022
	$	$
Canada	**68,938**	70,657
United States	**52,327**	39,403
Total	**121,265**	110,060

Non-current assets as at December 31, 2023:

	Canada	United States	Total
	$	$	$
Right-of-use assets	3,130	15,760	18,890
Property and equipment	1,250	2,028	3,278
Intangible assets	8,783	16,886	25,669
Goodwill	23,733	26,987	50,720
	36,896	**61,661**	**98,557**

Non-current assets as at December 31, 2022:

	Canada	United States	Total
		$	$
Right-of-use assets	3,639	7,984	11,623
Property and equipment	2,040	11,881	13,921
Intangible assets	7,125	17,197	24,322
Goodwill	23,176	24,284	47,460
	35,980	61,346	97,326

18. Revenue from contracts with customers

The Company derives its revenues from four main sources: auction fees, ancillary services, subscription fee, and advertising and other related revenue.

	2023	2022
	$	$
Auction fees	**65,346**	58,525
Ancillary services	**43,050**	38,873
Subscription fee	**8,111**	8,140
Advertising and other revenue	**4,758**	4,522
Total revenue	**121,265**	110,060

19. Cost of revenue

	2023	2022
	$	$
Wages and employee benefits	**20,956**	23,694
Marketplace and service costs	**42,137**	39,550
Subscription costs	**2,340**	1,556
Advertising and other direct costs	**4,377**	4,354
Total	**69,810**	69,154

20. Employee compensation

Total employee compensation comprises of salaries and benefits. Employee compensation costs were included in the following expenses:

	2023	2022
	$	$
Cost of revenue	**20,956**	23,694
Product, technology, and development	**8,024**	9,881
Selling, general and administrative	**39,326**	49,282
Net employee compensation costs	**68,306**	82,857

During the year ended December 31, 2021, the Company adopted a defined contribution savings plan for all eligible full-time employees in the US under Section 401(k) of the Internal Revenue Code and registered retirement savings program for all eligible full-time employees in Canada. From November 2021, the Company started providing matching contributions on a portion of the employees earnings. Total employer contributions made into these plans were $1,221 for the year ended December 31, 2023 (2022 - $1,329).

21. Other expense (income)

	2023	2022
	$	$
Mark to market impact in financial liability held at fair value through profit or loss	**715**	(2,115)
Foreign exchange loss / (gain)	**3,665**	(7,326)
Other miscellaneous expense / (income)	**1,635**	(402)
	6,015	(9,843)

22. Income taxes

The major components of income tax expense for the year ended December 31, 2023 are:

	2023	2022
	$	$
Current income tax	**423**	157
Deferred income tax recovery	**(310)**	(369)
Income tax expense reported in the statement of loss and comprehensive loss	**113**	(212)

The reconciliation of income tax expense for the years ended December 31, 2023 and 2022 consists of the following:

	2023	2022
	$	$
Loss before income taxes	**(45,801)**	(52,484)
Statutory tax rate	**26.5%**	26.5%
Expected income tax recovery	**(12,137)**	(13,908)
Adjustments for the following items:		
Non-deductible items	**2,283**	956
Change in estimates and others	**316**	(2,412)
Change in foreign tax rates	**(61)**	(1,380)
Changes in tax rates	**2,310**	(717)
Change in deferred tax assets not recognized	**7,402**	17,249
Net income tax expense	**113**	(212)
Income tax expense reported in the statement of loss and comprehensive loss	**113**	(212)

The following is a reconciliation of the deferred tax assets and liabilities recognized by the Company:

	December 31, 2022	Recognized in income	Effects of foreign exchange	December 31, 2023
	$	$	$	$
Non-capital loss carry-forwards	2,805	7	162	**2,974**
Share issuance costs	—	(27)	27	**—**
Capital assets	(89)	(413)	55	**(447)**
Intangible assets	(3,697)	462	(48)	**(3,283)**
Right of use assets	11	(188)	3	**(174)**
Other	(384)	243	(26)	**(167)**
	(1,354)	84	173	**(1,097)**

Deferred income tax assets in excess of deferred income tax liabilities have not been recognized in respect of the following attributes because it is not probable that future taxable profit will be available against which the Company can use the benefits.

	December 31, 2023	December 31, 2022
	$	$
Non-capital loss carry-forwards	**112,382**	78,254
Share issuance costs	**4,166**	5,218
Capital assets	**9,076**	7,935
Right-of-use assets	**411**	991
Reserves	**76**	177
SRED	**85**	22
Deferred tax asset not recognized	**126,196**	92,597

The Company has non-capital loss carry-forwards of approximately $112,382 (2022 – $78,254). Of this amount, $23,656 are losses for Canadian income tax purposes which may be carried forward to apply against future year Canadian income tax, subject to the final determination by taxation authorities, which expire between the years 2035 to 2043. The remaining amount of $88,726 are losses for US income tax purposes which may be carried forward indefinitely to apply against future year US income tax, subject to the final determination by taxation authorities.

23. Contingencies

In the ordinary course of business, from time to time, the Company is involved in various other claims related to operations, rights, commercial, employment or other claims. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to these claims to be material to these financial statements.

24. Related party transactions

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly including the CEO, Chief Technology Officer, Chief Financial Officer, President and General Counsel.

The following table provides the compensation expense for the Company's key management personnel and other transactions with related parties:

	2023	2022
	$	$
Short-term employee benefits	**3,132**	3,299
Share-based compensation	**1,796**	2,936
Total employee compensation	**4,928**	6,235
Revenue from auction fees	**1,013**	876
Expenses from purchases	**174**	136

Transactions with related parties were made at arm's length prices and no guarantees have been given or received. As at December 31, 2023, there were outstanding receivables and payables of $393 and $28 (2022 – $2,001 and $31), respectively, from these related parties.

On May 27, 2023, the Company completed a private placement (Note 13) of 5,714,285 common shares at a price of C$3.50 per share for aggregate gross proceeds of $14,814 (C$20,000) as well as closed the 2023 Sale-leaseback Transaction on December 28, 2023, with its controlling shareholder (Note 11).

On December 14, 2023, outstanding warrants were exercised and 1,225,488 common shares were issued to the Company's controlling shareholder for total proceeds of $1,844 (C$2,500).

Amounts related to transactions with key management personnel, with respect to the option to purchase common shares as described in Note 13 above, are as below:

	2023	2022
	$	$
Shares financed through cash	**377**	—
Shares financed through loans	**263**	—
Total value of shares issued to key management personnel	**640**	—

25. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic and acquisition growth and to provide returns to its shareholders. The Company defines capital as the aggregate of its share capital.

Total managed capital is as follows:

	December 31, 2023	December 31, 2022
	$	$
Share capital	**145,045**	234,812

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances. The Company is not subject to any externally imposed capital requirements.

26. Financial instruments and risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from deposits with banks and outstanding receivables. In general, the Company does not trade on credit terms and performs credit checks for certain groups of customers. As at December 31, 2023 and 2022, there were no customers that had outstanding balances representing greater than 10% of the outstanding receivable balance.

The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties, utilizing pre-authorized debits of customer accounts, and from withholding transfer of title until payment is received.

The aging of trade receivables is as follows:

	2023	2022
	$	$
Less than 30 days past due	**24,496**	40,930
31 – 60 days past due	**3,314**	5,179
61 – 90 days past due	**1,408**	2,225
Greater than 90 days past due	**4,430**	6,061
Gross trade receivables	**33,648**	54,395
Less: ECL allowance	**1,125**	708
Net trade receivables	**32,523**	53,687

The following table shows the movement in ECL allowance that has been recognized for trade receivables:

	2023	2022
	$	$
Beginning balance	**708**	11
Write-offs	**(1,863)**	(81)
Net remeasurement of ECL allowance	**2,280**	778
Ending balance	**1,125**	708

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and if desired, the issuance of debt. The Company's short-term cash requirements are primarily to fund working capital and invest in capital and intangible assets, and research and development for growth initiatives. Cash is used to finance other long-term strategic initiatives.

Refer to Note 2.2 for disclosures around the Company's liquidity considerations.

The Company is obligated to the following contractual maturities of undiscounted cash flows, consisting of future principal payments and interest repayments:

December 31, 2023	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	$	$	$	$	$	$	$
Trade and other payables	36,350	36,350	—	—	—	—	36,350
Lease obligations	19,999	5,448	4,494	3,732	2,726	16,546	32,946
Other current and non-current liabilities	4,590	3,087	1,620	—	—	—	4,707
	60,939	**44,885**	**6,114**	**3,732**	**2,726**	**16,546**	**74,003**

December 31, 2022	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5 and over	Total
	$	$	$	$	$	$	$
Trade and other payables	46,278	46,278	—	—	—	—	46,278
Lease obligations	12,795	4,536	3,597	2,538	1,914	1,882	14,467
Other current and non-current liabilities	5,199	3,897	1,346	—	—	—	5,243
	64,272	54,711	4,943	2,538	1,914	1,882	65,988

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company's primary exposure with respect to foreign currencies is from US dollar denominated cash, and trade and other payables in entities whose functional currency is other than US dollars. The net carrying value of these US denominated balances held in entities with Canadian dollars as their functional currency as at December 31, 2023 and 2022 is as follows:

	2023	2022
	$	$
Cash and cash equivalents	**41**	10,875
Trade and other payables	**(205)**	(164)
	(164)	10,711

If there was a 1% strengthening or weakening of the US dollar against the Canadian dollar, there would not be a material impact on these balances.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rate. The Company has determined that a 1% change in rates would not have a material impact on these financial statements.

Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any other price risk as at December 31, 2023.

Fair values

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

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels.

The Company determined that the estimated fair value of earn-out payments, should be classified within Level 3 due to significant unobservable inputs (see Note 5). No other instruments are considered Level 3. As observable inputs are not available, the Company used valuation techniques to derive the fair value. The estimated fair value of the earn-out payments is determined through a scenario-based models to independently assess individual earn-outs and calculate the fair value of the earn-outs based on probabilities of success attributable to each scenario.

The following table summarizes the valuation techniques and significant unobservable inputs used in the fair value measurement:

Financial liability	**Valuation techniques**	**Significant unobservable**	**Relationship of unobservable inputs to fair value**
Fair value of earn-out liability	Monte Carlo Simulation	Volatility	Increase or decrease in revenue volatility will result in an increase or decrease in fair value
		Risk-Adjusted Revenue and Growth Rate	Increase or decrease in the growth rate will result in an increase or decrease in fair value
		Discount Factor	Increase or decrease in the discount factor will result in an increase or decrease in fair value

As of December 31, 2023, the fair value of the earn-out payments was $1,385 determined using a Monte Carlo Simulation for the Digital Auctions Acquisition with the following assumptions: volatility, estimated based on historical asset volatility of comparable companies, of 20.0% (2022 – 20.0%), risk-adjusted revenue and bookings growth rate of (18)% (2022 – (18)%), a market risk factor of 1.3% (2022 – 1.3%), and a discount rate of 3.76% - 4.57% (2022 – 3.76% - 4.57%).

A sensitivity analysis for the Level 3 instrument was not presented as it was deemed that the impact of reasonable changes in inputs would not be significant.