Farmers Edge Inc.

Consolidated Financial Statements

December 31, 2021

Independent auditor's report

To the Shareholders of Farmers Edge Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Farmers Edge Inc. and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of operations and other comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity (deficiency) for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition − Variable consideration relating to Digital Ag and Fertility solutions subscriptions *Refer to note 3 – Significant accounting policies, note 4 – Significant accounting estimates and assumptions and note 7 – Revenue and deferred revenue to the consolidated financial statements.* The Company recognized revenue of $30 million from Digital Ag and Fertility solutions subscriptions for the year ended December 31, 2021. The amount of revenue recognized in both Digital Ag and Fertility solutions subscriptions reflects the expected consideration to be received for providing the services to the grower, which includes estimates for variable consideration. Changes to the original transaction price due to a change in estimated variable consideration are allocated to performance obligations in the contract on the same basis as at contract inception with any change in the amount of revenue recognized on a cumulative catch-up basis in the period of the change.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the variable consideration, which included the following: – Tested the appropriateness of the calculations used and the mathematical accuracy of the supporting calculations. – Tested a sample of contracts at contract inception and evaluated the reasonableness of the allocation of the variable consideration between Digital Ag and Fertility solutions subscriptions, where applicable. – Tested a sample of Digital Ag and Fertility solutions subscriptions revenue adjustments made subsequent to contract inception and evaluated the appropriateness of management's accounting for the subsequent adjustments to the transaction price. – Inquired of management to understand the status of certain contracts and of contract modifications or renegotiated terms.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated 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.

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

The engagement partner on the audit resulting in this independent auditor’s report is Hans Andersen.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
March 25, 2022

Farmers Edge Inc.

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

As at	December 31, 2021	December 31, 2020
Assets		
Cash	$ 54,720	$ 6,072
Accounts receivable	19,480	18,548
Inventories (note 6)	2,517	—
Prepaid expenses and other current assets	2,241	1,562
Current assets	78,958	26,182
Property and equipment (note 9)	31,608	31,321
Intangible assets (note 10)	18,882	20,866
Goodwill (note 10)	6,335	1,115
	56,825	53,302
Total assets	**$ 135,783**	**$ 79,484**
Liabilities		
Accounts payable and accrued liabilities	$ 17,464	$ 35,339
Deferred revenue (note 7)	5,805	7,405
Current portion of right-of-use obligation (note 14)	2,839	2,334
Current portion of long-term debt (note 15)	—	3,000
Current portion of convertible debentures and accrued interest (note 16)	—	318,049
Current portion of other long-term liabilities (note 5)	327	—
Current liabilities	26,435	366,127
Right-of-use obligation (note 14)	3,466	3,852
Long-term debt (note 15)	930	908
Other long-term liabilities (note 5)	918	—
	5,314	4,760
Total liabilities	**31,749**	**370,887**
Shareholders' equity (deficiency)		
Share capital (note 17)	613,773	129,701
Equity component of debentures (note 16)	—	23,411
Contributed surplus	5,156	5,325
Accumulated other comprehensive loss	(3,501)	(1,770)
Long-term incentive plan reserve	3,027	—
Deficit	(514,421)	(448,070)
Total shareholders' equity (deficiency)	**104,034**	**(291,403)**
Total liabilities and shareholders' equity	**$ 135,783**	**$ 79,484**

Commitments (note 21) and Contingencies (note 25)

Approved by the Board of Directors

R. William McFarland, Chair of the Board   *Steven Mills, Chair of Audit Committee*

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

Farmers Edge Inc.

Consolidated Statements of Operations and Comprehensive Loss

(expressed in thousands of Canadian dollars except per share figures)

For the years ended December 31		**2021**		**2020**
Revenues (note 7)	$	36,172	$	45,880
Operating expenses				
Cost of revenue (excluding depreciation, amortization and data and technology infrastructure expenses) (note 24)		34,872		31,335
Data and technology infrastructure expenses (note 4)		6,276		29,048
Selling and marketing expenses		15,263		11,654
Product research and development expenses		7,900		5,278
General and administrative expenses		21,723		15,536
Operating loss before foreign exchange, depreciation and amortization		(49,862)		(46,971)
Foreign exchange gain		(2,497)		(74)
Depreciation of property and equipment (note 9)		10,545		10,280
Amortization of intangible assets (note 10)		7,869		7,925
Operating loss		(65,779)		(65,102)
Finance costs (note 12)		7,707		35,636
Other income (note 8)		(7,135)		(16,105)
Loss before income tax expense		(66,351)		(84,633)
Income tax expense (note 13)		—		—
Net loss	**$**	**(66,351)**	**$**	**(84,633)**
Loss per share - basic and diluted (note 19)	**$**	**(1.81)**	**$**	**(8.01)**
Other comprehensive loss				
Net loss		(66,351)		(84,633)
Items that are or may be reclassified to profit or loss				
- Foreign currency translation differences of foreign operations, net of tax (nil)		(1,731)		(1,212)
Total comprehensive loss	**$**	**(68,082)**	**$**	**(85,845)**

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

Farmers Edge Inc.

Consolidated Statements of Cash Flows

(expressed in thousands of Canadian dollars)

For the years ended December 31	2021	2020
Operating activities		
Net loss for the year	$ (66,351)	$ (84,633)
Items not affecting cash and cash equivalents:		
Depreciation of property and equipment	10,545	10,280
Amortization of intangible assets	7,869	7,925
Accretion in convertible debentures	631	2,807
Accretion in long term debt	22	(92)
Accrued interest on convertible debentures	6,481	32,127
Unrealized foreign exchange (gain) loss	(1,448)	653
Gain on disposal of property and equipment	(340)	(131)
Accretion on other long-term liabilities	81	—
Gain on settlement of supply agreement (note 2)	(8,172)	—
Stock-based compensation (note 18)	3,627	830
	(47,055)	(30,234)
Changes in operating assets and liabilities:		
Accounts receivable	(918)	149
Prepaid expenses and other current assets	(642)	992
Inventories	(1,712)	—
Accounts payable and accrued liabilities	(10,274)	4,772
Deferred revenue	(1,600)	(1,905)
Net cash used in operating activities	**(62,201)**	**(26,226)**
Investing activities		
Additions to property and equipment	(7,975)	(9,102)
Additions to intangible assets	(4,201)	(9,859)
Acquisition, net of cash acquired (note 5)	(5,969)	—
Proceeds from disposal of property and equipment	368	171
Net cash used in investing activities	**(17,777)**	**(18,790)**
Financing activities		
Repayment of right-of-use obligation	(2,982)	(3,065)
Repayment of long-term debt	(14,000)	—
Proceeds long-term debt	11,000	1,000
Issuance of convertible debentures and debentures	—	48,500
Issuance of shares (note 17)	145,462	53
Share issuance costs (note 17)	(10,730)	—
Net cash provided from financing activities	**128,750**	**46,488**
Effect of foreign exchange rate on cash	(124)	(175)
Net increase in cash during the year	**48,648**	**1,297**
Cash - Beginning of year	6,072	4,775
Cash - End of year	**$ 54,720**	**$ 6,072**
Interest paid	$ 334	$ 316
Income taxes paid	—	—

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

Farmers Edge Inc.

Consolidated Statements of Changes in Shareholders' Equity (deficiency)

(expressed in thousands of Canadian dollars)

	Common share capital	Equity component of debentures	Contributed surplus	Accumulated other comprehensive loss	Long-term incentive plan reserve	Deficit	Total shareholders' equity (deficiency)
Balance as at December 31, 2019	$ 124,758	$ 24,343	$ 4,519	$ (558)	—	$ (363,437)	$ (210,375)
Total comprehensive loss	—	—	—	(1,212)	—	(84,633)	(85,845)
Exercise of stock options	77	—	(24)	—	—	—	53
Stock-based compensation	—	—	830	—	—	—	830
Issuance of convertible debentures	—	3,933	—	—	—	—	3,933
Exercise of warrants	4,866	(4,865)	—	—	—	—	1
Balance as at December 31, 2020	$ 129,701	$ 23,411	$ 5,325	$ (1,770)	—	$ (448,070)	$ (291,403)
Total comprehensive loss	—	—	—	(1,731)	—	(66,351)	(68,082)
Exercise of stock options (note 17)	2,041	—	(769)	—	—	—	1,272
Stock-based compensation (note 18)	—	—	600	—	3,027	—	3,627
Conversion of convertible debentures (note 16,17)	339,687	(14,527)	—	—	—	—	325,160
Exercise of warrants (note 17)	8,886	(8,884)	—	—	—	—	2
Issuance of shares (note 17)	144,188	—	—	—	—	—	144,188
Share issuance costs (note 17)	(10,730)	—	—	—	—	—	(10,730)
Balance as at December 31, 2021	**$ 613,773**	**$ —**	**$ 5,156**	**$ (3,501)**	**$ 3,027**	**$ (514,421)**	**104,034**

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

1. Corporate information

Farmers Edge Inc. ("the Company") was formed on August 21, 2014 under the Manitoba Corporations Act. The Company's registered offices are located at 242 Hargrave Street, Suite 1700, Winnipeg, Manitoba, Canada. The Company provides advanced digital tools to growers and other key participants in the agricultural value chain. The Company's technology platform, FarmCommand, integrates remote imagery from satellites with other data sources including equipment and field sensors, on-farm weather stations, and detailed soils data to provide growers with specific decision tools and insights on their fields. Growers may also access the Company's e-commerce platform to purchase the Company's suite of solution products and other crop inputs available through this online marketplace. The Company has recently launched new revenue streams using the same technology platform focusing on key participants in crop insurance and other financial services, carbon offset, and broader agriculture technology industries.

On March 3, 2021, the Company completed an initial public offering ("IPO") and its shares began trading on the Toronto Stock Exchange under the symbol "FDGE".

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")

On March 2, 2021, the Company consolidated all the outstanding common shares, warrants and stock options on a 7:1 basis (notes 16, 17 and 18). All references to common shares and per share data presented in these financial statements have been retrospectively adjusted to reflect the consolidation of common shares on a 7:1 basis unless otherwise noted.

These consolidated financial statements include the accounts of the Company and all of its subsidiaries as follows:

	Country of Incorporation	Ownership interest (directly and indirectly)
Farmers Edge (US), Inc.	United States	100%
CommoditAg, LLC	United States	100%
Smart Farm, LLC	United States	100%
DigiAg Risk Management (US), LLC	United States	100%
DigiAg Risk Management Inc.	Canada	100%
7050160 Manitoba Inc.	Canada	100%
Farmers Edge (Brasil) Consultoria Em Atividades Agricolas Ltda.	Brazil	100%
Farmers Edge Australia PTY Ltd.	Australia	100%
Farmers Edge LLC	Russia	100%
Farmers Edge Ukraine LLC	Ukraine	100%

These consolidated financial statements were approved by the Company's Board of Directors on March 25, 2022.

Operating loss before foreign exchange, depreciation and amortization

The Company presents, as an additional IFRS measure, operating loss before foreign exchange, depreciation and amortization in the consolidated statement of operations to assist users in assessing financial performance. The Company's management and the Board use this measure to evaluate consolidated operating results. In addition, this measure is used to make operating decisions as it is an indicator of the performance of the business and how much cash is being used by the Company and assists

in determining resource allocation decisions. Operating loss before foreign exchange, depreciation and amortization is referred to as an additional IFRS measure and may not be comparable to similar measures presented by other companies.

3. Significant accounting policies

Significant accounting policies applied consistently to all periods presented in these consolidated financial statements are summarized below.

Principals of consolidation

The consolidated financial statements include the accounts of the Company's subsidiaries, all of which are wholly-owned, and controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date on which control is obtained until the date that control ceases. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All intercompany balances and transactions, including any unrealized profits arising from inter-company transactions have been eliminated.

Revenue

With the exception of crop input sales, substantially all of the Company's revenue is derived from the Company's technology platform, FarmCommand. The Company's main source of revenue is from the sale of Digital Ag and Fertility Solution subscriptions and ancillary products and services to agricultural growers.

The amount of revenue recognized in both digital ag solutions and fertility solutions subscriptions reflects the expected consideration to be received for providing the services to the grower, which includes estimates for variable consideration. Variable consideration includes discounts, rebates, refunds, credits, incentives, or other similar items.

Estimates of variable consideration are determined at contract inception and reassessed at each reporting date, at a minimum, to reflect any changes in facts and circumstances. The changes to the original transaction price due to a change in estimated variable consideration is allocated to performance obligations in the contract on the same basis as at contract inception with any change in the amount of revenue recognized on a cumulative catch-up basis in the period of the change. Changes to variable consideration will be tracked and material changes disclosed.

Sales taxes collected from growers and remitted to government authorities is excluded from revenue.

The Company presents revenue (note 7) in the following categories:

Digital Ag Solutions subscription revenue

Digital Ag Solutions comprise a suite of bundled packages sold as a subscription service to growers. A basic Digital Ag Solutions package includes access to the Company's software platform and depending on the level of subscription service the grower has enrolled in, may include access to satellite imagery, the use of CanPlugs and localized weather stations, telematics and other field sensors, as well as initial set-up and maintenance services provided over the term of the contract.

The Company enters into a contract with a grower with the total transaction price over the life of the subscription being determined by the rate per acre for the selected solution multiplied by the total acres enrolled. Revenue from Digital Ag

subscription services are recognized over the life of the subscription on a straight-line basis as the grower obtains control of the relevant output from the service.

The Company's contracts with growers can include multiple services or performance obligations. When contracts involve various performance obligations, the Company evaluates whether each performance obligation is distinct and should be accounted for as a separate unit of accounting. In the case of Digital Ag Solutions subscriptions, the Company has determined that the service and performance obligations under the contract do not meet the criteria of a distinct performance obligation, but rather a series of performance obligations that are delivered over the term of the contract. Accordingly, revenue on its Digital Ag Solution service contracts is recognized on a subscription basis, with revenue recognized evenly over the life of the contract. Revenue recognition begins on the date that the Company's service is made available to the grower.

Certain subscription contracts have a transaction price that includes a variable component that is based on the estimated proceeds from the future sale of the related Carbon Offsets. In such cases, the Company recognizes revenue when it is highly probable that the revenue will be received.

Fertility Solution subscription revenue

Growers subscribed to a full-service Digital Ag Solution service can elect to include a fertility package as an add-on to their base subscription which provides for certain agronomic services. While bundled with the base subscription contract, these services are considered to be separate performance obligations and accordingly, are accounted for as distinct from the base subscription package.

The transaction price over the life of a contract for a Fertility Solution package is determined based on the rate per acre for the selected fertility service, multiplied by the total acres enrolled for each service.

Revenue from Fertility Solution subscription services are recognized as the services under contract are provided.

Commercial contract revenue and channel partner subsidies

The Company will at times have programs and commercial contracts in place with certain strategic partners. These partners market and sell Digital Ag Solutions to growers in various geographic markets. Certain contracts provide for partners ("Channel partners") to subsidize a portion of the value of a customer's contract and are included in Digital Ag and Fertility solutions subscriptions (note 7).

Additionally, some of the contracts may provide for guarantees ("Commercial contracts") from the partner to deliver a minimum number of contracted acres by certain performance dates. In the event these guarantees are not met, the contracts provide for a variable prescribed payment of cash compensation to the Company related to the amount of shortfall. In the event of such shortfall, the Company may provide price concessions or additional incentives to continue its strategic relationship. Revenue on such contracts is recognized to the extent that the variable consideration is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The Company may receive payments under the terms of these contracts in advance of satisfying their performance obligations in which case the payments are recorded in deferred revenue until the performance obligations are met.

Business analytics solutions

Business analytics solutions are built for farmers and corporate customers. The Company's initial solutions are focused on selling the crop insurance with the introduction of the Smart Claim product which delivers crop damage reporting to insurers. The Company also processes carbon credit offsets for growers and sells those offsets in both the regulatory and voluntary

markets. Revenues from business analytics solutions are recognized as the services under contract are provided and for carbon credits upon sales to third parties.

Agronomic services

For sales of other consulting services, revenue is recognized as the services are provided.

Crop input sales

As a result of the acquisition of CommoditAg, LLC (note 5) the Company has revenue from the sale of certain crop input products. This revenue is measured at the fair value of the consideration received or receivable and is recognized at a point in time when control has transferred to the customer. The timing of control transfer varies depending on the individual terms of the sales agreement. Generally, revenue recognition requirements are met when title to the products has transferred to the customer. Revenue from the sales of crop inputs is presented as crop input in Note 7.

Cost of revenue

Cost of revenue includes payroll and related expenses for employees involved in the initial customer setup and ongoing customer service needs and the cost of crop inputs that were sold. Cost of revenue also includes vehicle and travel, shipping and soil testing costs and other expenses necessary to support the customer service requirements. These expenses are expensed as incurred.

Data and technology infrastructure expenses

Data and technology infrastructure expense includes satellite imagery, cloud hosting services, network data for CanPlugs™ and weather stations and software licenses. These expenses are expensed as incurred.

Other income

Government grants are recorded in other income. Scientific research and experimental development investment tax credits are recorded as government grant and assistance revenue when there is reasonable assurance that the benefits of the credits will be realized prior to the expiration date.

The Company may receive a government loan that, if certain conditions are met, all or a portion of the loan will be forgiven. If there is reasonable assurance that the Company will meet the terms for the forgiveness of the loan, then the loan is treated as a government grant.

A government loan with below-market interest is initially recognized at its fair value plus or minus any transaction costs. The interest rate differential, measured as the difference between the initial carrying value of the loan and the proceeds received, is treated as a government grant.

The Company recognizes the government grant in profit or loss on a systematic basis over the same periods as the expenses the grant is intended to compensate are recognized. To determine the appropriate periods to recognize the government grant, the Company considers whether the grant compensates for expenses already incurred, or for current or future costs.

Commission assets

The Company records commission assets for selling commissions at the inception of a contract that are incremental costs of obtaining the contract, if the Company expects to recover those costs. Commission assets are subsequently amortized on a

straight-line basis over the expected life of the customer contract. Incremental selling commissions to obtain a renewal of a contract are capitalized and amortized on a straight-line basis over the renewal period of the contract. For certain contracts where the amortization period of the contract costs would have been one year or less, the Company uses the practical expedient that allows it to recognize the incremental costs of obtaining those contracts as an expense when incurred and not consider the time value of money. These expenses are presented in selling and marketing expenses in the consolidated statement of operations and comprehensive loss.

Deferred revenue

Deferred revenue mainly comprises fees collected or contractually due for services in which the applicable revenue recognition criteria have not been met. Deferred revenue is recognized as revenue as the services are performed, which is generally expected to occur over a period of up to a year.

Cash and cash equivalents

The Company considers all short term highly liquid investments purchased with original maturities at their acquisition date of three months or less to be cash equivalents.

Inventories

Inventories are measured at the lower of cost and net realizable value and consists primarily of crop inputs for resale. The cost of inventories is determined on a weighted average basis, and includes expenditures (net of supplier rebates) incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is provided over the assets' estimated useful lives at the following annual rates:

Buildings	4%	Declining Balance
Leasehold improvements	Term of the lease	Straight Line
Equipment	20% - 50%	Declining Balance
Furniture	20%	Declining Balance
Right-of-use vehicles	Term of the lease	Straight Line
Right-of-use facilities	Term of the lease	Straight Line

Property and equipment in progress are not depreciated until the related assets are ready for use.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use;

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at of before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received prior to the commencement date. Any costs related to the removal and restoration of leasehold improvements are assessed under IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of these assets. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using an incremental borrowing rate if the rate implicit in the lease arrangement is not readily determinable. Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, lease term, or if the Company changes its assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

Intangible assets

Intangible assets, which are considered to have finite lives, are initially recorded at cost and are amortized as follows:

Software	2- 5 years straight-line
Platform development software	33% declining balance
Patents	10 years straight-line
Customer relationships	20% declining balance
Non-compete agreements	3 years straight-line

Costs are reviewed by management while considering forecasts and business plans to assess whether the related costs meet the criteria for capitalization as an internally generated intangible asset, such as; future economic benefits attributable to the asset are probable and the costs can be reliably measured. The amount recognized as an internally generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria. If the recognition criteria are not met, expenditures are charged to expense in the period in which they are incurred. Subsequent to initial recognition, an internally generated intangible asset is reported at cost less accumulated amortization and impairment losses, on the same basis as an acquired intangible asset. The Company does not capitalize research costs.

Impairment of long-lived assets

The Company evaluates its property and equipment and definite-lived intangible assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets, known as cash-generating units ("CGUs").

Business combinations

The Company's business acquisitions have been accounted for using the acquisition method of accounting. Under the acquisition method, the acquiring company adds to its balance sheet the estimated fair values of the acquired company's assets and assumed liabilities. There are various assumptions made when determining the fair values of the acquired company's assets and assumed liabilities. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred and the liabilities incurred to the former owners of the subsidiary and the equity interests issued by the Company, if applicable.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability is generally recognized in profit or loss.

The initial recognition of intangible assets acquired that require accounting estimates were customer relationships, e-commerce platform and non-compete agreements. To determine the fair value of customer relationships and the non-compete agreements, the Company used the comparative income differential method. This valuation technique values the intangible asset by estimating the cash flows and value of the business without the intangible asset and comparing that calculated value to the value of business with the intangible asset. Significant assumptions include, among others, the determination of projected revenues and expenses, cash flows, customer retention rates, discount rates and anticipated average income tax rates. To determine the fair value of the e-commerce platform, the Company used the reproduction cost method. This valuation technique values the intangible asset by estimating all the costs a typical market participant would incur to generate an exact replica of the intangible asset in the context of the acquired business. This includes the cost of being

out of market while the intangible asset is being reproduced. Significant assumptions include, among others, the estimated hours and estimated hourly rate that would be incurred to reproduce the intangible asset to its exact state as of the date of acquisition, and the estimated time and reduction in cash flow while being out of market.

The Company's liabilities for contingent consideration associated with the earn out portion of its acquisitions is reassessed each period end subsequent to the related acquisition. The carrying value of the liability is based on an estimate of both the amount of the potential payment and the probability that the earn out will be paid.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the consideration of the acquisition over the Company's interest in the net fair value of the identifiable assets of the entity recognized at the date of the acquisition. On an annual basis, or more frequently if there are indicators of impairment, the carrying value of a CGU inclusive of its allocated goodwill is compared to its recoverable amount, with any goodwill impairment measured as the excess of the carrying amount over the recoverable amount.

Management has determined that for purposes of this evaluation the Company has two CGUs: digital agronomy operations and e-commerce operations. Management has determined goodwill is entirely attributable to the single operating segment of the Company, as it represents the lowest level at which management internally monitors goodwill.

Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party.

Subsequent measurement depends on the classification of a financial instrument. Except in very limited circumstances, the classification is not changed subsequent to initial recognition.

Financial assets

Initial recognition and measurement

The Company's financial assets comprise cash and accounts receivable. All financial assets are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases and sales of financial assets are recognized on the settlement date being the date that the Company receives or delivers the asset. Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the reporting period.

Subsequent measurement and impairment

Cash and cash equivalents are carried at fair value with gains and losses recognized in the consolidated statement of loss and comprehensive loss. Accounts receivable are carried at amortized cost using the effective interest rate method.

Impairment of financial assets

The Company assesses at each reporting date whether there is any evidence that its accounts receivable are impaired. The Company uses the simplified approach for measuring impairment for its accounts receivable as these financial assets do not have a significant financing component. Therefore, the Company does not determine if the credit risk for these instruments has increased significantly since initial recognition. Instead, a loss allowance is recognized based on lifetime expected credit

losses ("ECL") at each reporting date. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received. The shortfall is then discounted at an approximation to the asset's original effective interest rate. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The Company has established a provision matrix that is based on its historical credit loss experiences, adjusted for forward-looking factors specific to the debtors and the economic environment. Impairment losses and subsequent reversals are recognized in profit or loss and are the amounts required to adjust the loss allowance at the reporting date to the amount that is required to be recognized based on the aforementioned policy.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired.

Financial liabilities

Initial recognition and measurement

The Company's financial liabilities comprise bank indebtedness, accounts payable and accrued liabilities, long-term debt and debentures. All financial liabilities are recognized initially at fair value adjusted for transaction costs. The debt and equity components of a convertible debenture are separate financial instruments and the proceeds are bifurcated into a liability and an equity component, with the fair value and transaction costs allocated to each component on the date of issuance. The Company assesses whether embedded derivative financial instruments are required to be separated from host contracts when the Company first becomes a party to the contract.

Subsequent measurements

After initial recognition, bank indebtedness, accounts payable and accrued liabilities, long-term debt and debentures are subsequently measured at amortized cost using the effective interest method. The effective interest method amortization is included in finance costs in the consolidated statement of operations and comprehensive loss. Gains and losses are recognized in the consolidated statement of operations and comprehensive loss when the liabilities are derecognized. Amounts are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Financial liabilities continue to be measured at amortized cost using the effective interest rate method however when a financial liability is modified but not extinguished the modification will be accounted for by discounting the revised cash flows at the original effective interest rate. If the financial liability was determined to be settled or extinguished, then a gain or loss on extinguishment is recognized.

Derecognition

Financial liabilities are derecognized when the obligation is discharged, cancelled, or expires.

Research costs and investment tax credits

Research costs are expensed as incurred. The Company's research costs consist primarily of salaries. Scientific research and experimental development investment tax credits are recorded as other income when there is reasonable assurance that the benefits of the credits will be realized prior to the expiration date.

Stock-based compensation

The Company has a stock option plan for issuance of options to directors and employees of the Company to purchase common shares, subject to certain terms and conditions.

The Company records all stock-based payments, including grants of stock options, at their respective fair values. The fair value of stock options granted is estimated at the date of grant using the Black-Scholes option pricing model. The Company recognizes stock-based compensation expense over the vesting period using the graded vesting approach. The Company also estimates forfeitures at the time of grant and revises its estimate, if necessary, in subsequent periods if actual forfeitures differ from these estimates. Any consideration paid by employees on exercising stock options and the corresponding portion previously credited to additional paid-in capital are credited to share capital. The Black-Scholes option pricing model requires assumptions, including expected option life, volatility, risk-free interest rate and dividend yield, which affect the calculated values.

Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") were awarded in March 2021 and will be settled with common shares of the Company. The RSUs vest at the end of 36 months. The PSUs vest at the end of 48 months and upon the achievement of certain non-market financial performance conditions. As well, during August 2021 the Company awarded additional RSUs to certain employees, which will vest by one third each year over the next three years.

The grant date fair values equals the share price on the grant date of the RSUs and PSUs and are recognized as an expense, with a corresponding increase in equity (Long-term incentive plan reserve), over the vesting period. The amount recognized as an expense is based on the estimate of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures or the achievement of performance conditions are likely to differ from the estimate. No related tax benefit has been recorded in these financial statements.

Employee contribution matching plan

The Company has a matching contribution plan for its employees under which the company pays fixed contribution based on what the employee contributes to a retirement savings plan. Contributions are expensed in the period in which the employment services qualifying for the benefits are provided. The expense for the year is $1,082 (2020 - $1,331).

Foreign currency translation

<u>Functional and presentation currency</u>

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing exchange rate at the date of the statement of financial position, and income and expenses – at the average exchange rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

If the Company disposes of its entire interest in a foreign operation, or, has lost control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation that

remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in foreign exchange gain (loss).

Income taxes

The provision or recovery for income taxes comprises current and deferred income tax. Income taxes are recognized in the consolidated statement of operations, except when related to items recognized in other comprehensive income or directly in equity. In those cases, the income taxes are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generate taxable income.

Deferred income tax is calculated under the liability method whereby deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases at current substantively enacted tax rates. With the exception of initial recognition of deferred income tax arising from business combinations, changes in deferred income tax associated with components of other comprehensive income are recognized in other comprehensive income while all other changes in deferred income tax are included in the provision or recovery for income taxes in the consolidated statement of operations.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right of offset.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the year, plus the effect of dilutive potential common shares outstanding during the year. This method requires that diluted loss per share be calculated as if all dilutive potential common shares had been exercised at the later of the beginning of the year or on the date of issuance, as the case may be, and that the funds obtained thereby be used to purchase common shares of the Company at the average fair value of the common shares during the year. Prior to closing of the IPO, the Company consolidated all the outstanding common shares and stock options on a 7:1 basis.

Segmented Information

The Company's Chief Operating Decision-Maker (CODM) is the group comprising the Chief Executive Officer, the Chief Financial Officer and the President. The CODM is responsible for assessing the Company's overall performance, making operational decisions such as resource allocations related to operations, service priorities, and delegations of authority. As the results for the current year are not significant, Management has determined that the acquired CommoditAg, LLC is assessed as part of the Company's existing single operating segment as both businesses share a similar customer base. Future growth at CommoditAg, LLC may result in changes as to how performance for this portion of the business is assessed

4. Significant accounting estimates and assumptions

Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenses during the reporting period. The Company bases its assumptions on a number of factors including historical experience, current events, actions that the Company may take in the future, and other assumptions it believes are reasonable under the circumstances. Actual results could differ from those estimates under different conditions or assumptions. Key estimates and assumptions are discussed below.

Revenue recognition

The amount of revenue recognized in digital ag and fertility solutions subscriptions and commercial contracts reflects the expected consideration to be received which includes estimates for variable consideration (note 3). Revenue on such contracts is recognized to an extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved and there are no modifications to the original contract which would change the performance obligations originally agreed upon. A change in the estimated amount of variable consideration could significantly impact the revenue recognized by the Company.

Management assessed the criteria for the recognition of revenue related to arrangements that have multiple components as set out in IFRS 15. Also, judgment is necessary to determine when components can be recognized separately and the allocation of the related consideration allocated to each component.

Useful lives of property and equipment and intangible assets

The Company's property and equipment and intangible assets are recorded at cost and depreciated/amortized over their estimated useful lives. The Company determines depreciation/amortization rates based on management's best estimate of each asset's useful life. Management will periodically review the appropriateness of the useful lives based on changes in economic circumstances and other factors. Changes in these estimates would result in a change in future depreciation/amortization expense.

Valuation of debentures

Where warrants or other convertible rights are issued together with debentures, the carrying value of the two financial instruments must equal the proceeds received. The carrying value of the debentures is determined by estimating their fair value using an industry accepted discounted cash flow model that incorporates the Company's credit spread, assuming no warrants or conversion options existed in such instruments. The difference between the fair value of the debentures and the proceeds of the issuance is considered to be the carrying value of the equity component of the debentures.

Valuation of stock options and PSU's

Compensation expense relating to stock-based awards granted by the Company to directors, consultants, and employees in exchange for services rendered is based on the fair value of the option granted. The stock option's fair value is determined using the Black-Scholes option valuation model which requires the use of assumptions and is, by its nature, subject to measurement uncertainty. The PSU's fair value uses the fair market value of the stock at the date of issue. Refer to note 17 for additional disclosures related to stock-based compensation.

Satellite Imagery Contract Settlement and Renewal

During the second quarter of 2021, the Company entered an agreement with a satellite imagery provider to provide the Company with satellite imagery services up to the first quarter of 2024. In conjunction with this agreement, the Company settled an amount owing of $18,066 recorded within accounts payable and accrued liabilities at December 31, 2020 which related to a prior agreement with the same satellite imagery provider. Judgement was necessary in determining the appropriate allocation of the combined cash flows to the settlement of the existing liability under the prior agreement and the cost of the future imagery services to be provided under the new agreement.

Management determined the fair value of the services to be provided under the new agreement by using comparable market values on an annual per acre basis. The estimated fair value of the services to be provided under the new agreement was used to allocate a portion of the combined cash flows to the cost of the future imagery services to be provided, with the residual of the combined cash flows being allocated to the settlement of the prior agreement. This allocation resulted in the Company recording a gain on settlement relating to the prior agreement of $8,172 in the second quarter of 2021 in data and technology infrastructure expenses in the Company's Statement of Operations. A change in the estimated fair value of the future services that are to be provided would have resulted in a change to the settlement gain recorded in the current period as well as future data and technology infrastructure expenses.

5. Acquisitions

Acquisition of CommoditAg, LLC

On August 12, 2021 ("date of acquisition"), the Company acquired 100% of the outstanding units of CommoditAg, LLC. ("CommoditAg"). CommoditAg partners with local retailers to offer farmers a differentiated, comprehensive, and convenient online marketplace with access to various products and technologies. The CommoditAg acquisition also gives the Company access to the customer base of CommoditAg to facilitate additional sales of its core FarmCommand software platform and other ancillary services.

The components of the consideration paid to acquire CommoditAg are outlined in the table below.

Consideration given:		
Cash	$	6,041
Working capital		1
Contingent consideration		1,151
Total purchase consideration	**$**	**7,193**

The purchase price included an initial payment of cash to the vendors, plus a multi-year earn-out if certain sales growth performance targets are met in the e-commerce business for the years ending August 31, 2022, 2023 and 2024. The maximum earn-out that can be achieved by the vendors is U.S. $7,200. The contingent consideration recorded by the Company reflects the estimated discounted liability related to the performance targets, which was assessed as of the date of acquisition,

translated into Canadian dollars. The Company has recorded a total liability related to the contingent consideration as at December 31, 2021 of $1,245, of which $327 is presented as a current liability and included in accounts payable and accrued liabilities and $918 is recorded as other long-term liabilities. The total carrying value included accretion on other long-term liabilities of $81 during the year ended December 31, 2021.

The purchase price allocation is summarized in the table below.

Fair value of assets acquired:		
Cash	$	72
Accounts receivable		14
Inventory		805
Prepaid expenses and deposits		36
Intangible assets		1,615
		2,542
Less fair value of liabilities assumed:		
Accounts payable and accrued liabilities		500
Deferred revenue		69
Fair value of identifiable net assets acquired		1,973
Goodwill		5,220
Total purchase consideration	**$**	**7,193**

Of the $1,615 acquired intangible assets, $541 was assigned to the value of customer relationships, $871 was assigned to the software related to the e-commerce platform and $203 was assigned to the value of the non-compete agreements. The customer relationships, e-commerce platform, and non-compete agreements are subject to amortization in accordance with the accounting policy outlined in note 3. The goodwill is attributable to the expected ability of the Company to generate FarmCommand and other ancillary sales within the existing CommoditAg market and customer base, the skilled workforce, expansion capabilities into other geographies, and the synergies of the combined business.

6. Inventories

		December 31, 2021		December 31, 2020
Raw Materials	$	240	$	-
Work in Progress		67		—
Goods available for resale		2,210		—
	$	2,517	$	-

Cost of inventories recognized as expense and included in cost of revenue during the year ended December 31, 2021 was $1,205 (2020 - $nil).

7. Revenue and Deferred Revenue

The disaggregation of the Company's revenue from contracts with customers was as follows:

	2021	2020
Digital Ag and Fertility solutions revenue	$ 27,144	$ 28,434
Add: channel partner subsidies	2,923	7,115
Digital Ag and Fertility solutions subscriptions	30,067	35,549
Commercial contract revenue	—	6,516
Business analytics solutions	3,439	2,607
Agronomic services	1,268	1,208
Crop input sales	1,398	—
Total revenue	$ 36,172	$ 45,880

The Company discloses revenue by geographic area in note 23.

Performance obligations

The Company discloses its policies for how it identifies, satisfies, and recognizes its performance obligations associated with its contracts with customers in note 3. The Company generally expects to recognize the deferred revenue within a year.

Deferred revenue

Digital Ag and Fertility solutions subscriptions and subsidies, Commercial contract revenue and Business analytics solutions are initially recorded as deferred revenue and then recognized as revenue as the services are performed.

	2021	2020
Balance, beginning of the year	$ 7,405	$ 9,310
Deferral of revenue	31,906	42,767
Recognition of deferred revenue	(33,506)	(44,672)
Balance, end of year	$ 5,805	$ 7,405

8. Other Income

	2021	2020
Government subsidies and financial assistance	$ 6,386	$ 15,654
Gain on disposal of property and equipment	340	131
Other	409	320
	$ 7,135	$ 16,105

The Company has fulfilled all conditions set out in the terms of the government funding and no related contingencies exist.

9. Property and equipment

	Buildings	Leasehold improvements	Equipment	Furniture	Vehicles	Right of use vehicles	Right of use equipment	Right of use facilities	Total
Cost									
As at January 1, 2021	$ 32	$ 1,879	$ 50,469	$ 483	2,397	$ 10,726	437	6,386	$ 72,809
Additions	—	17	7,803	—	155	2,502	110	489	11,076
Disposals	—	—	(35)	—	(929)	(385)	—	(632)	(1,981)
Transfers	—	—	—	—	1,269	(1,269)	—	—	—
As at December 31, 2021	32	1,896	58,237	483	2,892	11,574	547	6,243	81,904
Accumulated depreciation									
As at January 1, 2021	7	545	25,267	212	2,047	7,427	216	3,427	39,148
Depreciation	1	134	7,237	34	150	1,729	68	1,192	10,545
Disposals	—	—	(35)	—	(929)	(357)	—	(632)	(1,953)
Transfers	—	—	—	—	1,269	(1,269)	—	—	—
As at December 31, 2021	8	679	32,469	246	2,537	7,530	284	3,987	47,740
Exchange differences	—	(25)	(2,433)	(53)	(1)	(25)	(4)	(15)	(2,556)
Net book value - December 31, 2021	$ 24	$ 1,192	$ 23,335	$ 184	$ 354	$ 4,019	$ 259	$ 2,241	$ 31,608

	Buildings	Leasehold improvements	Equipment	Furniture	Vehicles	Right of use vehicles	Right of use equipment	Right of use facilities	Total
Cost									
As at January 1, 2020	$ 32	$ 1,879	$ 42,346	$ 483	$ —	$ 11,417	$ —	$ 6,509	$ 62,666
Additions	—	—	8,757	—	345	1,658	277	893	11,930
Disposals	—	—	—	—	(612)	—	—	(1,016)	(1,628)
Transfers	—	—	(634)	—	2,664	(2,349)	160	—	(159)
As at December 31, 2020	32	1,879	50,469	483	2,397	10,726	437	6,386	72,809
Accumulated depreciation									
As at January 1, 2020	6	397	18,684	172	—	8,077	—	3,182	30,518
Depreciation	1	148	6,877	40	147	1,743	63	1,261	10,280
Disposals	—	—	—	—	(576)	—	—	(1,016)	(1,592)
Transfers	—	—	(294)	—	2,476	(2,393)	153	—	(58)
As at December 31, 2020	7	545	25,267	212	2,047	7,427	216	3,427	39,148
Exchange differences		(34)	(2,149)	(60)	12	(60)	(8)	(41)	(2,340)
Net book value - December 31, 2020	$ 25	$ 1,300	$ 23,053	$ 211	$ 362	$ 3,239	$ 213	$ 2,918	$ 31,321

10. Intangible assets and goodwill

	Platform development software	Software	Patents	Customer relationships	Non-compete agreements	Total
Cost						
As at January 1, 2021	$ 42,826	$ 1,167	$ 1,184	$ —	$ —	$ 45,177
Additions	4,702	7	363	541	203	5,816
As at December 31, 2021	47,528	1,174	1,547	541	203	50,993
Accumulated amortization						
As at January 1, 2021	22,640	854	667	—	—	24,161
Amortization	7,460	235	115	48	11	7,869
As at December 31, 2021	30,100	1,089	782	48	11	32,030
Exchange Differences	(75)	—	(3)	(2)	(1)	(81)
Net book value as at December 31, 2021	$ 17,353	$ 85	$ 762	$ 491	$ 191	$ 18,882

	Platform development software	Software	Patents	Customer relationships	Non-compete agreements	Total
Cost						
As at January 1, 2020	$ 33,033	$ 1,167	$ 1,118	$ —	$ —	$ 35,318
Additions	9,793	—	66	—	—	9,859
As at December 31, 2020	42,826	1,167	1,184	—	—	45,177
Accumulated amortization						
As at January 1, 2020	15,051	621	564	—	—	16,236
Amortization	7,589	233	103	—	—	7,925
As at December 31, 2020	22,640	854	667	—	—	24,161
Exchange Differences	(144)	(2)	(4)	—	—	(150)
Net book value as at December 31, 2020	$ 20,042	$ 311	$ 513	$ —	$ —	$ 20,866

Platform development software includes internally generated software and related costs provided by suppliers.

The goodwill balance of $6,335 as at December 31, 2021 has increased $5,220 during the year as a result of the acquisition of CommoditAg, LLC (note5).

Impairment analysis

Goodwill is entirely attributable to the single operating segment of the Company, as it represents the lowest level at which management internally monitors goodwill.

The recoverable amount of the Company's goodwill CGU is determined based on value-in-use using a discounted cash flow model. Management believes that any reasonable change in the key assumptions used to determine the recoverable amounts would not cause the carrying amounts of the goodwill CGU to exceed its recoverable amount. As a result of the assessment, the Company concluded that no impairment charge was required.

In light of the significant decline in the market capitalization of the Company, management used the value in use using a discounted cash flow model to assess the recoverability of the long - lived assets of the Company's CGUs. Sensitivity testing is conducted as part of the impairment tests, which may include alternative models and assumptions. Management believes that any reasonable change in the key assumptions used to determine the recoverable amounts would not cause the carrying amounts of the goodwill CGUs to exceed its recoverable amount. As a result of the assessment, the Company concluded that no impairment charge was required.

These calculations use estimated cash flow projections based on financial plans covering four-year periods and discount rates based on weighted average cost of capital at the assessment date of 19%. Management has determined planned cash flows based past performance and expectations of market development. The discount rates used reflect specific risks relating to the CGUs. For the assessments above, management has prepared cash flow estimated for a four-year period which are extrapolated using estimated terminal growth rate of 3.2%.

The factors used in the impairment analysis are inherently subject to uncertainty. Management believes that it has made reasonable estimates and assumptions to determine the fair value of the CGUs. If actual results are not consistent with these estimates and assumptions, goodwill and long-lived assets may be overstated, which could trigger an impairment charge to the consolidated financial statements.

11. Bank indebtedness

The Company has a facility in the amount of $650 repayable on demand, for the purpose of supporting its corporate credit card program. As at December 31, 2021 the Company had not drawn on this facility (December 31, 2020 - $nil). For collateral, the Company has pledged $400 of the Company's cash deposits.

12. Finance costs

	2021	2020
Interest on bank indebtedness	$ 163	$ 210
Interest on long-term debt	60	360
Interest on right-of-use obligation	172	123
Interest on convertible debenture	6,578	32,127
Accretion in other long-term liabilities (note 5)	81	—
Accretion in carrying value of debentures	631	2,807
Accretion in carrying value of long-term debt	22	9
	$ 7,707	$ 35,636

13. Income taxes

Provision for income taxes

The income tax provision recorded differs from the income tax obtained by applying a consolidated statutory income tax rate of 26.14% (2020 - 26.14%) to the Company's net loss and is reconciled as follows:

	2021	2020
Net loss before income taxes	$ (66,351)	$ (84,633)
Statutory income tax rates	26.14%	26.14%
Income tax recovery at statutory rates	(17,344)	(22,123)
Increase resulting from:		
Non-deductible expenses	1,975	5,358
Effects of subsidiary tax rates differing from statutory rates	631	428
Change in unrecognized deferred income tax assets	14,738	16,337
Provision for income taxes	$ -	$ -

The Company's statutory rate is the Canadian combined tax rate in the applicable jurisdictions in which it operates.

Deferred Income Tax Balances

The Company has deferred tax assets which have not been recognized within the December 31, 2021 and December 31, 2020 financial statements as follows:

	December 31, 2021	December 31, 2020
Total deductible temporary differences	$ 448,174	$ 429,409
Total taxable temporary differences	(30,508)	(31,704)
Net deductible temporary differences	417,665	397,705
Unrecognized deductible temporary differences	(417,665)	(397,705)
Net deferred income tax assets	$ -	$ -

The Company has accumulated non-capital losses of approximately $405,000 (2020 - $362,200) which may be available to be used to offset future taxable income. These losses expire between 2030 and 2041. In addition, the Company has undeducted Scientific Research and Experimental Development expenditures of $39,022 (2020 - $39,022) which may be carried forward indefinitely and unused investment tax credits of $2,920 (2020 - $3,018) which expire between 2034 and 2039. The potential benefit of these losses, investment tax credits and undeducted expenditures have not been recorded in these consolidated financial statements.

14. Right-of-use obligation

The Company has entered into leases for vehicles, buildings and equipment, with a weighted average interest rate of 2.20% based on individual lease rates ranging between 0.80% and 6.84%, expiring between 2022 and 2025. Related interest expense for 2021 was $172 (2020 - $123).

Minimum lease payments due in the next 5 years are as follows:

2022	$	3,241
2023		1,929
2024		1,416
2025		413
2026 and subsequent years		—
Total minimum lease payments		6,999
Less: amounts representing interest		(694)
		6,305
Less: current portion		(2,839)
Right-of-use obligation - long-term portion	$	3,466

The change in the right-of use-liability is as follows:

December 31, 2019	$	6,442
Additions to right of lease liabilities		2,809
Principal payments on right of use lease liabilities		(3,065)
December 31, 2020		6,186
Additions to right of lease liabilities		3,101
Principal payments on right of use lease liabilities		(2,982)
December 31, 2021	$	6,305

15. Long-term debt

		December 31, 2021		**December 31, 2020**
Loan - Western Economic Diversification Canada	$	930	$	908.00
Promissory note		—		3,000
		930		3,908
Less: current portion		—		(3,000)
	$	930	$	908

During 2020, the Company received loan proceeds of $1,000 from the Government of Canada's department of Western Economic Diversification Canada. The loan is repayable in monthly instalment payments of $28 commencing January 31, 2023 and ending December 31, 2025 ("maturity date"). No interest will be charged if the loan is repaid by the maturity date.

The Company discounted the forecasted cash flow by a market rate of interest on setting up the liability and recorded government assistance of $101. Interest accretion for the period ending December 31, 2021 was $22 (2020 – 9).

The Company's promissory note of $3,000, held by Fairfax Shareholders, bore interest at 12% per year and had a maturity of June 30, 2021 and was repaid using the Company's net proceeds from its IPO on March 3, 2021.

On January 5, 2021, the Company entered into a short-term debenture financing agreement with the Fairfax Shareholders which provided the Company with up to $11,000 of financing to cover estimated operational cash flow requirements for the first quarter of 2021. In January 2021, $5,000 was drawn from this debenture with another $6,000 drawn in February 2021. This debenture bore an 8% interest rate per annum. The principal and accrued interest related to the debenture was repaid on March 3, 2021 with the proceeds of the IPO.

16. Convertible Debentures

On March 2, 2021, all of the principal and accrued interest relating to the outstanding convertible debentures, in the amount of $326,483 was converted to 136,034,435 common shares at a $2.40 conversion price on a pre-share consolidation basis.

The carrying value of the convertible debentures, immediately prior to conversion was $325,160, which included $1,323 of unaccreted debenture value. The carrying value of the convertible debentures as of March 2, 2021, combined with the equity component of debentures of $14,527 totalled $339,687, which was reallocated to common shares as a result of the conversion of the convertible debentures. The conversion of debentures to common shares had no impact on the consolidated statements of operations and comprehensive loss.

As a result of the conversion of debentures, the Company was required to remit withholding taxes of $4,920 relating to the settlement of the accrued interest. The full amount of withholding taxes was reimbursed by the Fairfax Shareholders.

17. Share capital

The Company has unlimited authorized share capital without par value. Authorized share capital consists of (i) an unlimited number of Common Shares and (ii) an unlimited number of preferred shares, issuable in series. Common shares rank equally with regard to the Company's residual assets and are entitled to one vote per share at general meetings of the Company.

	Common shares		
	Number of shares		Carrying value
As at December 31, 2020	11,239,959	$	129,701
Exercise of options	151,794		2,041
Exercise of warrants	2,601,198		8,886
Conversion of debentures	19,433,491		339,687
Issuance of shares	8,481,683		144,188
Share issuance costs, net of tax (nil)	—		(10,730)
As at December 31, 2021	41,908,125	$	613,773

On March 2, 2021, the Company converted all of the outstanding convertible debentures principal and accrued interest into common shares. As well, the total outstanding warrants of 18,208,384, were exercised by Fairfax Shareholders into common shares at the price of $0.0001 per common share on a pre-share consolidation basis. The equity component of debentures that related to the warrants of $8,884 was credited to common shares upon exercise of the warrants.

On March 3, 2021, the Company completed its IPO by issuing 7,353,000 common shares from treasury at $17.00 per common share for gross proceeds of $125,001. Concurrent with the IPO, the Company closed a private placement of 25,733 common shares to certain directors, officers and employees of the Company residing or located outside of Canada for gross proceeds of $437. As well, the Company issued an additional 1,102,950 common shares at $17.00 per common share for gross proceeds of $18,750 as part of the over-allotment option granted to the underwriters. The Company incurred $10,730 of direct costs associated with the issuance of shares and recorded these costs against share capital, net of tax (nil).

18. Stock-based compensation

The Company has two stock option plans which authorizes the issue of common shares to certain directors and employees. All options on the old plan have a maximum term ending on March 8, 2023. All outstanding stock options vested immediately upon the completion of the IPO.

	Number of options		Weighted average exercise price ($)
Outstanding, December 31, 2020	**766,199**	**$**	**11.02**
Granted	55,000		4.19
Forfeited	(51,660)		(9.89)
Exercised	(151,794)		(8.38)
Outstanding, December 31, 2021	**617,745**	**$**	**11.16**

On March 2, 2021, the Company consolidated all the outstanding common shares and stock options on a 7:1 basis and as such the above table and all amounts in these financial statements have been adjusted retrospectively unless otherwise indicated.

The following stock options were outstanding as at December 31, 2021:

	Options outstanding				Options exercisable			
Exercise price ($)	**Number of options**	**Weighted average remaining life (years)**		**Weighted average exercise price**	**Number of options**	**Weighted average remaining life (years)**		**Weighted average exercise price**
3.33 to 3.71	30,000	2	$	3.33	—	2	$	-
3.72 to 7.29	34,643	0		5.79	9,643	0		7.28
7.30 to 12.88	239,334	2		10.12	239,334	2		10.12
12.89 to 13.30	313,768	2		13.30	313,768	2		13.30
	617,745	1.89	$	11.16	562,745	1.97	$	11.84

The following stock options were outstanding as at December 31, 2020:

	Options outstanding				Options exercisable			
Exercise price ($)	**Number of options**	**Weighted average remaining life (years)**		**Weighted average exercise price**	**Number of options**	**Weighted average remaining life (years)**		**Weighted average exercise price**
3.33 to 3.71	49,957	3	$	3.71	49,957	3	$	3.71
3.72 to 7.29	37,789	0		7.28	37,789	0		7.28
7.30 to 12.88	348,048	3		10.29	172,084	3		11.90
12.89 to 13.30	330,405	3		13.30	252,030	3		13.30
	766,199	2.4	$	10.99	511,860	2.6	$	11.48

The fair value of stock options granted is estimated on the date of grant using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility for a market index of listed companies with similar characteristics. The inputs used in the measurement of the fair values of the stock options granted are as follows:

	2021	2020
Number of options granted	55,000	155,429
Weighted average share price ($)	$ 4.19	$ 8.75
Average term to exercise (years)	1.5	4
Share price volatility (%)	118%	61%
Weighted average expected annual dividend ($)		—
Risk-free interest rate (%)	0.75%	1.13%

On March 3, 2021, the Company adopted a new long-term incentive plan ("LTIP"), under which the Company granted 90,000 RSUs to certain board of director members and 747,500 PSUs to certain senior management. As well, during August 2021, the Company granted an additional 178,000 RSUs to certain key management, that will vest equally over the next three years.

Type of grant	RSU	PSU	RSU	Total
Date of grant	March 2021	March 2021	August 2021	
Vesting term	at end of 36 months	at end 48 months	1/3 per year	
Outstanding, December 31, 2020	—	—	—	—
Granted	90,000	747,500	178,000	1,015,500
Forfeited	—	(60,000)	(7,000)	(67,000)
Exercised	—	—	—	—
Outstanding, December 31, 2021	**90,000**	**687,500**	**171,000**	**948,500**

The total stock-based compensation expense for the year ended December 31, 2021 was $3,627 (2020 - $830). The stock-based compensation that relates to the new LTIP for the year ended December 31, 2021 was $3,027 (2020 - $nil) while the remainder of the total stock based compensation expense relates to stock options. Stock-based compensation expense is included in general and administrative expense in the consolidated statement of operations and comprehensive loss.

19. Loss Per Share

Diluted loss per share excludes all dilutive potential shares if their effect is anti-dilutive. As a result of net losses incurred in these reported periods, all potentially dilutive securities have been excluded from the calculation of diluted loss per share because including them would be anti-dilutive. No tax benefit has been recorded related to the losses incurred to date.

Prior to the closing of the IPO, the Company consolidated the common shares on a 7:1 basis.

The loss per share – basic and diluted for the years ended December 31, 2021 and 2020 have been retrospectively adjusted to reflect the consolidation of common shares on a 7:1 basis.

Basic and diluted loss per share are as follows:

For the periods ended December 31	**2021**	**2020**
Net loss	$ (66,351)	$ (84,633)
Basic weighted average number of common shares outstanding	36,602,325	10,562,362
Effect of dilutive securities:		
RSUs, PSUs, stock options, convertible debentures, warrants	—	—
Diluted basis weight average number of shares	36,602,325	10,562,362
Loss per share (retrospectively adjusted) - basic and diluted	$ (1.81)	$ (8.01)

20. Related Party Transactions

The Fairfax Shareholders, directly or indirectly, have an approximate 61.37% interest in the Company through ownership of, or control or direction over 25,718,393 Common Shares. Interest expense for the year ended December 31, 2021 was $5,617 (2020 - $27,121) related to Fairfax's portion of the convertible debentures and accrued interest that were converted to common shares on March 2, 2021 and the $14,000 of long-term debt that was repaid on March 3, 2021.

Revenue for the year ended December 31, 2021 of $2,212 (2020 - $1,973) related to business analytics solutions provided to this same shareholder.

Compensation of Directors and Key Management

Remuneration to the Company's Board of Directors and key management personnel was as follows for the years ended December 31:

	2021	**2020**
Salaries, bonuses and benefits	$ 2,876	$ 2,843
Stock-based compensation	2,888	846
	$ 5,764	$ 3,689

21. Commitments

Contractual obligation related to service agreements, not recognized as a liability as at December 31, 2021:

2022	$ 14,278
2023	17,444
2024	7,935
2025	9,952
2026	—
	$ 49,609

22. Financial instruments

Fair value

The Company measures the fair value of its financial assets and financial liabilities using a fair value hierarchy. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value. The different levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The Company estimated the fair value of its financial instruments as described below.

The fair value of cash, accounts receivable, accounts payable and accrued liabilities, long-term debt are considered to be equal to their respective carrying values due to their short-term maturities.

Fair value of the debentures were valued using level 3 inputs, based on the present value of estimated cash flows. The discount rate was determined by using a risk-free benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considered market conditions and other indicators of the Company's credit worthiness. The carrying amount of the debentures was a reasonable approximation of their fair value. During the year there were no transfers of financial instruments between the levels within the fair value hierarchy.

Capital risk management objectives and policies

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objective of the Company's risk management process is to ensure that risks are properly identified and that the capital base is adequate in relation to these risks. The Company manages capital to ensure an appropriate balance between debt and equity. The Company's capital structure was impacted upon completion of the IPO.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and lease obligations. The Company manages its liquidity risk by forecasting cash flows from operations and seeking additional financing for growth and operations. Concurrently with the IPO, all the convertible debentures and accrued interest were converted into common shares and the long-term debt owing to shareholders plus accrued interest was repaid

The maturity profile of the Company's financial liabilities at December 31, 2021 was as follows:

	<1 Year	1 to 3 Years	4 to 5 Years	>5 Years	Total
Accounts payable and accrued liabilities	$ 17,464	$ —	$ —	$ —	$ 17,464
Long-term debt	—	334	666	—	1,000
Right-of-use obligations	3,241	3,758	—	—	6,999

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's main credit risk relates to its accounts receivable. The Company provides credit to its customers in the normal course of its operations.

The Company maintains a provision for doubtful accounts receivable. The Company estimates expected losses from doubtful accounts based upon the collectability of all accounts receivable, which considers the number of days past due, collection history, identification of specific customer exposure, and current economic trends.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

The loss allowance of $1,222 as at December 31, 2021 (December 31, 2020 - $1,632) was determined as follows for trade receivables:

	<90 days	91 - 365 days	>365 days	Total
Expected loss rate	4%	11%	100%	
Gross carrying value of trade receivables	$ 7,049	$ 902	$ 896	$ 8,847

Changes in loss allowance were as follows:

	December 31, 2021	December 31, 2020
Balance, beginning of the year	$ 1,632	$ 1,800
Increase in loss allowance recognized in net loss in the statement of operations	1,331	333
Receivables written off during the year	(1,741)	(501)
Balance, end of the year	$ 1,222	$ 1,632

Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Foreign currency risk

The Canadian dollar is the Company's functional and presentation currency. Fluctuations in the exchange rate between the Canadian dollar ("CAD") and United States dollar ("USD") will affect the Company's reported results.

At December 31, 2021, if CAD had strengthened by 10% against USD with all other variables held constant, net loss for the year would have been lower by approximately $143 respectively. Conversely, if CAD had weakened by 10% against USD with all other variables held constant, net loss for the year would have been higher by approximately $143.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowings are at fixed rates which minimizes interest rate cash flow risk exposures on financing. The exposure to interest rates for the Company's short-term deposits are considered immaterial.

23. Geographic information

The geographic segmentation of the Company's assets are as follows:

	December 31, 2021		
	Property and equipment	**Intangible assets**	**Goodwill**
Canada	$ 15,806	$ 15,127	$ 1,115
United States	10,557	3,554	5,220
Brazil	4,167	201	—
Australia	874	—	—
Russia and Ukraine	204	—	—
	$ 31,608	$ 18,882	$ 6,335

	December 31, 2020		
	Property and equipment	**Intangible assets**	**Goodwill**
Canada	$ 15,903	$ 18,581	$ 1,115
United States	10,744	2,075	—
Brazil	3,512	210	—
Australia	899	—	—
Russia and Ukraine	263	—	—
	$ 31,321	$ 20,866	$ 1,115

Geographic revenue based on the allocation of customer and commercial partner contracts are detailed as follows:

	2021	**2020**
Canada	$ 17,579	$ 28,425
United States	10,785	11,488
Brazil	6,274	4,335
Australia	1,320	1,171
Russia and Ukraine	214	461
Total revenue	$ 36,172	$ 45,880

Geographic revenue based on the allocation of customer and commercial partner contracts less channel partner subsidies of $2,923 (2020 - $7,115) are detailed as follows:

	2021	**2020**
Canada	$ 14,656	$ 21,310
United States	10,785	11,488
Brazil	6,274	4,335
Australia	1,320	1,171
Russia and Ukraine	214	461
Total revenue	$ 33,249	$ 38,765

24. Supplemental Expense information

		2021		2020
Employee compensation and benefits	$	22,931	$	21,632
Vehicles and travel		4,296		4,420
Shipping and soil testing costs		2,790		2,706
Other		4,855		2,577
Total costs of revenue	$	34,872	$	31,335

		2021		2020
Total employee compensation and benefits incurred in product development	$	10,063	$	11,282
Less: employee compensation capitalized as part of platform development software		(3,267)		(7,111)
Employee compensation and benefits in product development expenses		6,796		4,171
Employee compensation and benefits in cost of revenue		22,931		21,632
Employee compensation and benefits in selling and marketing expenses		8,918		7,830
Employee compensation and benefits in general and administrative expenses		10,424		5,799
Total employee compensation and benefit expense	$	49,069	$	39,432

25. Contingencies

The Company is defending various legal claims, including a patent infringement claim and breach of contract counterclaim, filed against the Company. The Company believes that it has a meritorious defense with respect to the patent infringement claim and breach of contract counterclaim and is vigorously pursuing such defense.

Litigation outcomes are inherently unpredictable, and it is therefore not possible at this time to predict with certainty the outcome of the proceedings described above. No provisions have been recorded in the financial statements relating to these claims.

26. Supplementary Cash Flow information

Information on the change in liabilities for which cash flows have been classified as financing activities in the consolidated statement of cash flows is presented below.

		Cash flows		**Non-Cash Changes**						
	January 1, 2021	Proceeds	Repayments	New lease obligations	Accrued interest	Conversion of debentures	Accretion in carrying value	Foreign exchange translation	New long term liabilities	**December 31, 2021**
Convertible debentures	$ 318,049	$ —	$ —	$ —	6,481	(325,161)	631	$ —	$ —	$ —
Long-term debt	3,908	11,000	(14,000)	—	—	—	22	—	—	930
Other long-term liabilities	—	—	—	—	—	—	81	13	1,151	1,245
Right-of-use obligations	6,186	—	(2,982)	3,101	—	—	—	—	—	6,305
Total liabilities from financing activities	$ 328,143	$ 11,000	$ (16,982)	$ 3,101	$ 6,481	$ (325,161)	$ 734	$ 13	$ 1,151	$ 8,480

		Cash Flows		Non-Cash Changes					
	January 1, 2020	Borrowings	Repayments	New lease obligations	Accrued interest	Equity portion of debentures	Accretion in carrying value	Portion classified as Government Grant	**December 31, 2020**
Convertible debentures	$ 238,548	$ 48,500	$ —	$ —	$ 32,127	(3,933)	$ 2,807	$ —	$ 318,049
Long-term debt	3,000	1,000	—	—	—	—	9	(101)	3,908
Right-of-use obligations	6,442	—	(3,065)	2,809	—	—	—	—	6,186
Total liabilities from financing activities	$ 247,990	$ 49,500	$ (3,065)	$ 2,809	$ 32,127	$ (3,933)	$ 2,816	$ (101)	$ 328,143

27. Comparative Figures

Certain comparative figures have been restated where necessary to conform with current period presentation.

28. Subsequent Events

On March 25, 2022, the Company announced it has agreed to enter into a $75 million secured credit facility with Fairfax and/or certain affiliates of Fairfax (the ‘‘Facility”), which Facility will bear interest at a rate of 6% per annum and will mature January 31, 2025. The net proceeds of the Facility will be used for working capital and general corporate purposes. The company will pay an annual commitment fee of 1% of the total undrawn amount of the Facility. The closing of the Facility is subject to the acceptance of the Toronto Stock Exchange.