genifi inc.
(formerly Prodigy Ventures Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Genifi Inc. (form. Prodigy Ventures Inc.):

Opinion

We have audited the consolidated financial statements of Genifi Inc. (form. Prodigy Ventures Inc.) and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss fom continuing operations during the year ended December 31, 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 of the current period. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Variable Consideration Receivable

Key Audit Matter Description

As described in Note 17 to the consolidated financial statements, the Company sold its wholly owned subsidiary, TCB Corporation ("TCB"), for consideration in the form of cash and an earn-out payment. The earn-out payment was determined based on TCB's revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") over the 18-month period following the date of the disposal and, as at December 31, 2023, the Company recognized $983,661 as variable consideration receivable in relation to the earn-out payment. We considered the variable consideration receivable to be a key audit matter due to the significant estimation involved in forecasting the future revenues and EBITDA of TCB over the earn-out period.

Audit Response

We responded to this matter by performing procedures in relation to the variable consideration receivable. Our audit work in relation to this included, but was not restricted to, the following:

- We obtained the executed sale agreement and analyzed the key terms and conditions of the earn-out payment.
- We tested the mathematical accuracy of management's calculation of the earn-out payment, including the forecast of future revenues and EBITDA of TCB over the earn-out period.
- We assessed the reasonableness of management's forecast of revenue and EBITDA of TCB over the earn-out period, through:
  - Testing the historical revenue and EBITDA of TCB on a sample basis;
  - Assessing whether the forecasted revenue and EBITDA of TCB aligned with historical results; and,
  - Assessing the reasonableness of the effective discount rate applied.

Other Information

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

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 audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards, 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Andrew Kevin Spidle.

MNP LLP

Mississauga, Ontario — Chartered Professional Accountants

April 19, 2024 — Licensed Public Accountants

genifi inc. (formerly Prodigy Ventures Inc.)
Consolidated Statements of Financial Position as at December 31, 2023 and December 31, 2022
(Expressed in Canadian dollars)

	December 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash	$ 1,576,857	$ 1,780,918
Accounts receivable (Note 10)	352,925	274,796
Variable consideration receivable (Note 17)	983,661	-
Income taxes recoverable	322,359	-
Prepaid expenses	343,585	437,109
Assets held for sale (note 17)	-	2,104,323
	3,579,387	4,597,146
Non-current assets:		
Property and equipment (Note 4)	6,121	7,303
Deferred tax asset (note 14)	77,020	-
Right of use assets (Note 5)	-	11,967
Total assets	$ 3,662,528	$ 4,616,416
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	$ 650,952	$ 1,257,279
Lease liability (Note 7)	-	11,676
Income taxes payable (note 14)	-	71,862
Contract liability	27,340	89,000
Liabilities held for sale (note 17)	-	433,638
	678,292	1,863,455
Non-current liabilities:		
Deferred tax liability (note 14)	-	31,193
	-	31,193
Total liabilities	678,292	1,894,648
Shareholders' Equity		
Share capital (Note 8 (b))	5,785,432	5,785,432
Contributed surplus	654,730	666,792
Deficit	(3,455,926)	(3,730,456)
	2,984,236	2,721,768
Total liabilities and shareholders' equity	$ 3,662,528	$ 4,616,416

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

Going Concern (Note 1)
Discontinued Operations (Note 17)
Subsequent Events (Note 18)

On behalf of the Board:
/s/ "Thomas Beckerman", Director
/s/ "Stephen Moore", Director

genifi inc. (formerly Prodigy Ventures Inc.)
Consolidated Statements of Operations and Comprehensive Income (loss)
Years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
Revenue (Note 12)	$ 2,009,770	$ 1,733,296
Direct costs	604,040	582,386
Gross profit	1,405,730	1,150,910
Expenses:		
Compensation	2,881,334	2,446,473
Computer	355,462	601,452
Depreciation and amortization (Notes 4 and 5)	14,266	916,726
Finance costs	6,163	9,621
Impairment loss (Note 3)	-	4,040,441
Office and general	33,595	90,048
Professional fees	442,548	472,217
Share-based compensation (Note 8(c))	(12,062)	14,617
Interest income	(161,588)	-
	3,559,718	8,591,595
Loss from operations before income tax and discontinued operations	(2,153,988)	(7,440,685)
Income tax expense (recovery) (Note 14)	(773,351)	(537,589)
Net loss from continuing operations	(1,380,637)	(6,903,096)
Income from discontinued operations, net of tax (Note 17)	7,585,823	1,468,465
Net income (loss) and comprehensive income (loss) for the year	$ 6,205,186	$ (5,434,631)
Net income (loss) per share (Note 15)		
Basic and diluted – continuing operations	$ (0.01)	$ (0.05)
Basis and diluted – discontinued operations	$ 0.05	$ 0.01

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

genifi inc. (formerly Prodigy Ventures Inc.)
Consolidated Statements of Changes in Shareholders' Equity
Years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	Common shares	Share capital (Note 8)	Contributed surplus	Retained earnings (Deficit)	Total shareholders' equity
Balance, December 31, 2021	143,214,903	$ 5,640,645	$ 772,920	$ 1,704,175	$ 8,117,740
Shares issued for services (Note 8)	1,072,500	144,787	(144,787)	–	-
Share-based compensation (Note 8(c))	–	–	38,659	–	38,659
Net loss from continuing operations	–	–	–	(6,903,096)	(6,903,096)
Net income from discontinued operations	–	–	–	1,468,465	1,468,465
Balance, December 31, 2022	144,287,403	$ 5,785,432	$ 666,792	$ (3,730,456)	$ 2,721,768

	Common shares	Share capital (Note 8)	Contributed surplus	Retained earnings (Deficit)	Total shareholders' equity
Balance, December 31, 2022	144,287,403	$ 5,785,432	$ 666,792	$ (3,730,456)	$ 2,721,768
Share-based compensation (Note 8(c))	–	–	(12,062)	–	(12,062)
Dividends declared (Note 8 (f))	–	–	–	(5,930,656)	(5,930,656)
Net loss from continuing operations	–	–	–	(1,380,637)	(1,380,637)
Net income from discontinued operations	–	–	–	7,585,823	7,585,823
Balance, December 31, 2023	144,287,403	$ 5,785,432	$ 654,730	$ (3,455,926)	$ 2,984,236

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

genifi inc. (formerly Prodigy Ventures Inc.)
Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
Cash flows from operating activities		
Net (loss) from continuing operations for the year	$ (1,380,637)	$ (6,903,096)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization (Notes 4 and 5)	14,266	916,726
Impairment loss (Note 3)	-	4,040,441
(Gain) on sale of equipment	-	(133)
Share-based compensation (Note 8(c))	(12,062)	14,617
Finance costs	158	644
Income tax expense (recovery)	(773,351)	(537,589)
Income taxes received (paid)	28,449	61,941
Change in non-cash operating working capital:		
Accounts receivable	(79,568)	(239,292)
Prepaid expenses	62,775	(100,957)
Accounts payable and accrued liabilities	(244,221)	(823)
Contract liability	(61,660)	62,974
Cash flows (used in) operating activities	(2,445,851)	(2,684,547)
Cash flows from investing activities		
Proceeds from sale of TCB Corporation (Note 17)	9,111,742	-
Cash disposed on sale of TCB Corporation (Note 17)	(120,483)	-
Investment in intangibles	-	(307,399)
Sale of property and equipment	633	1,500
Purchase of property and equipment (Note 4)	(1,748)	(7,705)
Net cash from (used in) investing activities	8,990,144	(313,604)
Cash flows from financing activities		
Repayment of lease liabilities	(11,676)	(13,848)
Dividends paid (Note 8 (f))	(5,930,656)	-
Finance costs paid	(158)	(644)
Net cash (used in) financing activities	(5,942,490)	(14,492)
Net cash from discontinued operations (note 17)	(805,864)	2,060,739
(Decrease) in cash	(204,061)	(951,904)
Cash, beginning of year	1,780,918	2,732,822
Cash, end of year	$ 1,576,857	$ 1,780,918

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Genifi Inc. (formerly Prodigy Ventures Inc.) ("genifi" or the Company") was incorporated as 71 Capital Corp. under the Canada Business Corporations Act on February 6, 2008 and was classified as a Capital Pool Company, as defined by the TSX Venture Exchange ("TSXV"). On July 1, 2023 the Company changed its name from Prodigy Ventures Inc. to genifi inc. This name change was completed in connection with a vertical amalgamation of the Company with two of its wholly-owned subsidiaries, Ficanex Technology Inc. and IDVerifiact Inc.

Genifi delivers Fintech innovation, with its cutting-edge platforms: IDVerifact™ for digital identity verification, and tunl.chat™ for generative AI chat.

The Company's registered office is as follows: c/o Fogler, Rubinoff LLP, Suite 3000, 77 King Street West, Toronto, ON M5K 1G8. The Company's common shares are listed on the TSXV under the symbol GNFI.

On December 31, 2022, the Board of Directors passed a resolution to proceed with the disposition by the Company of all of the issued and outstanding shares of TCB Corporation ("TCB") (Note 17).

During the year ended December 31, 2023, the Company incurred a net loss from continuing operations of $1,380,637 (2022 - $6,903,096). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient and sustained cash flows from its continuing operating activities comprising its IDVerifact and tunl.chat technologies. It is not possible to predict whether these technologies will ultimately be successful which represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are carried at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on April 19, 2024.

As a result of the sale of TCB (note 17), the financial results of TCB have been presented as discontinued operations on the consolidated statements of (loss) income and comprehensive (loss) income, the consolidated statements of cash flows and the corresponding notes.

Material accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the period.

Management continuously evaluates the estimates and underlying assumptions based on management's experience and knowledge of facts and circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods if affected.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

Material accounting judgments and estimates - continued

Significant estimates made by management include the following:

Contingent consideration receivable

A portion of the proceeds on the disposition of TCB is based on the future performance of TCB. Management estimated the fair value of consideration using cash flow forecasts and credit risk assumptions (see note 17).

Share-based compensation:

The Company uses estimates in the calculation of the expenses of its share-based incentive plans including, but not limited to, share price volatility, dividends, expected life of the award, and risk-free interest rates. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the carrying value of contributed surplus, net income, and comprehensive income in future periods.

Goodwill:

Goodwill arising on an acquisition of a business is carried at cost, as established on the date of acquisition, less impairment losses, if any. For purposes of impairment testing, goodwill is allocated to each of the Company’s cash-generating units (“CGUs”) (or groups of CGUs) that is expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the CGU may be impaired. The Company assesses impairment by comparing the recoverable amount of a long-lived asset, a CGU, or a CGU group to its carrying value. The recoverable amount is defined as the higher of: (i) value in use; or (ii) fair value less cost to sell. The determination of the recoverable amount involves significant estimates and assumptions. While management uses their best estimate and assumptions to assess goodwill impairment, there are inherent uncertainties in projecting future cash flows, discount rates and other assumptions. Changes in the conditions for these judgments and estimates can significantly affect the assessed recoverable amount of the CGU.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiary company, 13165078 Canada Inc. and TCB (prior to its disposition). All significant intercompany balances and transactions have been eliminated upon consolidation. Former wholly owned subsidiaries IDVerifact Inc. and FICANEX Technology Inc. amalgamated with the Company on July 1, 2023. The financial statements of these entities are also included in the consolidated financial statements prior to the amalgamation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and investment dealers, and short-term deposits with original maturities of less than three months at date of acquisition and are initially recorded at fair value. As at December 31, 2023, the Company held $900,000 in short-term deposits (December 31, 2022 - $nil).

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses recorded. Cost includes expenses that are directly attributable to the acquisition of the asset. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment and depreciated accordingly. The carrying amount of any replaced component or a component no longer in use is derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item of property and equipment will flow to the Company and the costs of the item can be reliably measured. All other expenses are charged to operating expenses as incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

Property and equipment

Depreciation is based on the cost of an asset less its estimated residual value. Depreciation is charged to profit or loss over the estimated useful life of an asset. Depreciation is provided on a declining-balance basis using the following rates:

Computer hardware – 30% declining balance
Computer software – 30% declining balance
Furniture – 30% declining balance

Depreciation methods, rates and residual values are reviewed annually and revised if the current method, estimated useful life or residual value is different from that estimated previously. The effect of such a change is recognized on a prospective basis in the consolidated financial statements.

Revenue recognition

The Company uses a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgement thresholds have been introduced which may affect the timing of revenue recognized.

The Company records revenue from contracts with customers in accordance with the five steps in IFRS 15 as follows:
1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price, which is the total consideration provided by the customer;
4. Allocate the transaction price among the performance obligations in the contract based on their relative fair values; and
5. Recognize revenue when the relevant criteria are met for each unit (at a point in time or over time).

The Company derives its revenues from software and professional service contracts. Revenue comprises the fair value of consideration received or receivable from the provision of services in the ordinary course of business.

Revenue from contracts with customers is recognized for each performance obligation as control is transferred to the customer over time as progress is made towards completion of the performance obligation. The transaction price is generally the amount stated in the contract.

The Company recognizes professional services revenues based on time and material incurred. If a loss on a contract is considered probable, the loss is recognized when it is determinable.

Amounts are generally billable on reaching certain performance milestones, as defined by individual contracts. Revenue earned in excess of contract billings is recorded as contract asset. Cash proceeds received in advance of performance under contracts are recorded as contract liability. Contract liability is classified as long-term if it relates to performance obligations that are expected to be fulfilled after 12 months from period end.

Contract costs, such as commissions or incremental costs of obtaining a contract with a customer, are recognized as an asset if the period of benefit for those costs is expected to be longer than one year and those costs are expected to be recoverable under the expected term of the contract. As all contracts are for a period of less than one year, no contract costs have been recorded.

Non-refundable platform onboarding and integration fees are recognized only after there is persuasive evidence of an executed agreement, the price is fixed or determinable and there are no further performance obligations to be satisfied with respect to the contract.

Platform subscription fees are recognized on a monthly straight-line basis over the subscription term. The unamortized amount at the end of the reporting period with respect to these fees are presented as part of deferred revenue.

Aggregate conversation fees from the tunl. chatbot are accumulated and recognized on a monthly basis.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

Revenue recognition - continued

Management fees are recognized rateably over the performance period in which management's services have been contracted.

Research and development costs and investment tax credits

All costs relating to research are expensed as incurred. Investment tax credits are recognized in the period in which the credits are earned and realization is considered more likely than not. Assistance received or receivable is accounted for using the cost reduction approach.

Income tax and deferred taxes

The tax expense recognized in net income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in shareholders' equity.

The tax currently payable is based on the taxable income or loss for the period. The taxable income or loss may differ from the income or loss for the period as reported in the accompanying consolidated statements of operations and comprehensive income (loss) due to the exclusion, if any, of revenue or expense items that are taxable or deductible in other periods, as well as items that are not taxable or deductible. The Company's liability for current income taxes is calculated using income tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that have been enacted or substantively enacted by the end of the reporting period and applicable in the period in which the liability is expected to be settled or the asset realized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of all or part of the asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Changes in deferred tax assets or liabilities are recognized as a component of taxable revenue or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income or directly in equity, in which case, the related deferred tax is also recognized in other comprehensive income (loss) or shareholders' equity, respectively.

Share-based payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in contributed surplus, over the vesting period of the award. The amount recognized is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that vest. Upon the exercising of options, the fair value of the options exercised that has been added to contributed surplus is reclassified to common shares and reflected in the consolidated statements of changes in shareholders' equity.

Equity settled transactions with non-employees are generally measured at the fair value of the goods or services received and are measured with reference to the fair value of the equity instruments granted if the fair value of the goods or services received cannot be measured reliably.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

Impairment testing of goodwill and long-lived assets

Property and equipment and finite intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill or intangible assets not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all, or a portion of, a reporting unit.

For purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"s). An impairment loss is recognized for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset or CGU's fair value less costs to sell and value-in-use.

To determine the value-in-use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. As a result, some assets are tested individually for impairment and some are tested at the CGU level.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (or group of CGUs) on a pro rata basis. Long-lived assets that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. For such assets, an impairment charge is reversed if the CGUs or individual asset's recoverable amount exceeds its carrying amount.

Provisions

Provisions are recognized when the Company has a present legal obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and this amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

Financial instruments – assets and liabilities

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

At initial recognition, the Company classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

Cash is measured at amortized cost.

Accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable are comprised of trade receivables and are included in current assets due to their short-term nature. Accounts receivable are initially measured at fair value and, subsequently, are measured at amortized cost.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES - CONTINUED

Financial instruments – assets and liabilities - continued

Contingent consideration receivable is measured at fair value (note 17).

Accounts payable and those accrued liabilities which are financial instruments are initially recognized at fair value and, subsequently, they are measured at amortized cost, which generally corresponds to cost. These instruments are included in current liabilities due to their short-term nature.

Impairment of financial assets

The Company determined its expected credit loss ("ECL") on trade receivables using a provision matrix based on historical credit loss experiences adjusted to reflect information about current economic conditions and forecasts of future economic conditions to estimate lifetime ECL.

Impairment losses, if any, are recorded in general and administrative expenses with the carrying amount of the financial asset or contract asset reduced through the use of impairment allowance accounts.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

Comprehensive income (loss)

Basic comprehensive income (loss) comprises net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) represents changes in shareholders' equity and would be presented as accumulated other comprehensive income (loss). However, the Company has not had material income or losses relating to other comprehensive income (loss) and, accordingly, has made no adjustments to the accompanying consolidated financial statements.

Income (loss) per share

The Company calculates basic income (loss) per share by dividing the net income (loss) attributable to shareholders by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares are exercised or converted. Diluted income (loss) per share would be equal to basic income (loss) per share when the effect of dilutive securities is anti-dilutive.

Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognized as a right-of-use asset and corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of the future payments over the lease term, less any lease incentives receivable, discounted using the lessee's incremental borrowing rate, unless the implicit interest rate in the lease can be easily determined. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

The right-of-use assets include the initial measurement of the corresponding lease liabilities, lease payments at or before the commencement date, any initial direct costs, less any lease incentives received before the commencement date. The right-of-use assets are subsequently measured at cost and are depreciated on a straight-line basis from the date the underlying asset is available for use over the lease term.

(Expressed in Canadian dollars)

3. IMPAIRMENT OF INTANGIBLES AND GOODWILL

During the year ended December 31, 2022, the Company performed impairment tests for intangible assets and goodwill and management determined impairment charges of $1,330,935 on the intangible assets and $1,980,262 on goodwill, as the carrying value of the Ficanex CGU exceeded its recoverable amount. Additionally, the Company recorded impairment of $729,244 on its IDVerifact intangible assets.

4. PROPERTY AND EQUIPMENT

	Computer hardware	Computer software	Furniture	Total
Cost				
Balance, December 31, 2021	$ 230,502	$ 5,994	$ 12,072	$ 248,568
Additions	7,705	–	–	7,705
Disposals	(2,725)	–	–	(2,725)
Reclassification to assets held for sale	(227,895)	(5,994)	(12,072)	(245,961)
Balance, December 31, 2022	$ 7,587	$ -	$ -	$ 7,587
Additions	1,748	–	–	1,748
Disposals	(633)	–	–	(633)
Balance, December 31, 2023	$ 8,702	$ -	$ -	$ 8,702
Accumulated depreciation				
Balance, December 31, 2021	$ 141,410	$ 5,945	$ 8,065	$155,420
Depreciation	27,424	15	1,203	28,642
Disposals	(1,357)	-	-	(1,357)
Reclassification to assets held for sale	(167,193)	(5,960)	(9,268)	(182,421)
Balance, December 31, 2022	$ 284	$ -	$ -	$ 284
Depreciation	2,297	-	-	2,297
Balance, December 31, 2023	$ 2,581	$ -	$ -	$ 2,581
Carrying amounts				
Balance, December 31, 2022	$ 7,303	$ -	$ -	$ 7,303
Balance, December 31, 2023	$ 6,121	$ -	$ -	$ 6,121

5. RIGHT OF USE ASSETS

	Premises
Cost	
Balance, December 31, 2021, 2022, and 2023	$ 27,525
Accumulated amortization	
Balance, December 31, 2021	$ 1,197
Amortization	14,361
Balance, December 31, 2022	$ 15,558
Amortization	11,967
Balance, December 31, 2023	$ 27,525
Carrying amounts	
Balance, December 31, 2022	$ 11,967
Balance, December 31, 2023	$ -

(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities included the following as at December 31, 2023 and December 31, 2022:

	December 31, 2023	December 31, 2022
Salaries	$ -	$ 222,438
Trade payables	271,011	464,171
Accrued liabilities	379,941	570,670
Total	$ 650,952	$ 1,257,279

7. LEASE LIABILITY

	December 31, 2023	December 31, 2022
Current	$ -	$ 11,676
Non-current	-	-
Total lease liabilities	$ -	$ 11,676

The Company's leases are for office premises. When measuring these liabilities, lease payments were discounted using an incremental borrowing rate of 5.1%. The following table summarizes lease-related cash flows for the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Repayment of lease liabilities	$ 11,834	$ 14,492
Total cash outflows	$ 11,834	$ 14,492

8. SHARE CAPITAL

a) Authorized

Unlimited common shares: voting, without par value, participating

b) Shares issued and outstanding

	Number of shares	Amount
Common shares		
Balance, December 31, 2021	143,214,903	$ 5,640,645
Shares issued for services (i)	1,072,500	144,787
Balance, December 31, 2022 and 2023	144,287,403	$ 5,785,432

(i) On February 13, 2020, the Company completed the acquisition of ZoftNow Inc. ("ZoftNow"), a boutique consulting firm. Pursuant to the terms of the share purchase agreement, on closing the Company paid the vendors an aggregate cash payment of $384,084 (being the $450,000 cash portion of the purchase price reduced for certain closing adjustments) and issued to the vendors an aggregate of 1,072,500 common shares in the capital of genifi in exchange for all of the issued and outstanding shares of ZoftNow. Upon closing of the transaction, key management of ZoftNow became employees of the Company. As per the terms of the agreement, the Company issued an additional 1,072,500 common shares in February, 2022, the second anniversary of the closing date. This additional share issuance has been deemed compensation for post-combination services and was excluded from the purchase consideration.

c) Stock options outstanding

The Company has adopted a Stock Option Plan (the "Option Plan") to provide an incentive to the Company's directors, senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. The Option Plan is a "rolling" stock option plan, whereby options may be granted equal in number to up to 3% of the issued common shares of the Company at the time of the grant of the stock option.

(Expressed in Canadian dollars)

8. SHARE CAPITAL - CONTINUED

c) Stock options outstanding - continued

The following table reflects the continuity of stock options for the years ended December 31, 2023 and 2022:

	December 31, 2023			December 31, 2022		
Expiry date	**Number of options**	**Exercise price**	**Weighted average exercise price**	**Number of options**	**Exercise price**	**Weighted average exercise price**
Outstanding, beginning of period	916,667		$ 0.128	2,148,334		$ 0.131
Granted	-	-	-	-	-	-
Cancelled/Expired	(250,000)	$ 0.110	$ 0.110	(416,667)	$ 0.155	$ 0.155
Cancelled/Expired	(416,667)	$ 0.155	$ 0.155	(575,000)	$ 0.095	$ 0.095
Cancelled/Expired	(250,000)	$ 0.100	$ 0.110	(240,000)	$ 0.185	$ 0.185
Outstanding, end of period	-		$ -	916,667		$ 0.128
Exercisable, end of period	-		$ -	666,667		$ 0.134

The weighted average remaining contractual life and weighted average exercise price of options outstanding and of options exercisable as at December 31, 2023 are as follows:

	Options Outstanding			Options Exercisable	
Exercise price	**Number outstanding**	**Weighted average exercise price**	**Average remaining contractual life (years)**	**Number exercisable**	**Weighted average exercise price**
n/a	-	-	-	-	n/a
Total	-	-	-	-	n/a

The table below summarizes the Company's stock-based compensation expense recorded in connection with the expected vesting of the above stock options issued:

	December 31, 2023	December 31, 2022
Continuing operations	$ (12,062)	$ 14,617
Discontinued operations	-	24,042
Total	**$ (12,062)**	**$ 38,659**

d) Warrants outstanding

The following table reflects the continuity of common share purchase warrants for the years ended December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
Expiry date	**Number of warrants**	**Exercise price**	**Number of warrants**	**Exercise price**
Outstanding, beginning of year	4,000,000	$ 0.25	4,000,000	$ 0.25
Cancelled/Expired	(4,000,000)	$ 0.25	-	-
Outstanding, end of year	-	n/a	4,000,000	$ 0.25

8. SHARE CAPITAL - CONTINUED

d) Warrants outstanding - continued

Pursuant to the acquisition of Ficanex in July, 2021, the Company issued the vendors an aggregate of 26,666,667 units in the capital of genifi, prior to applicable closing adjustments. Each genifi unit consisted of one common share of the Company and 0.15 of a common share purchase warrant. Each warrant was exercisable to acquire one common share at a price of 25 cents until July 30, 2023, provided that if, at any time prior to July 30, 2023, the volume-weighted average trading price of the common shares on the TSX Venture Exchange, or other principal exchange on which the common shares are listed, was greater than 35 cents for 20 consecutive trading days, the Company could have, within 15 days of the occurrence of such event, delivered a notice to the holders of warrants accelerating the expiry date of the warrants to the date that was 45 days following the date of such notice. Any unexercised warrants would have automatically expired at the end of the accelerated exercise period.

e) Restricted Share Unit Plan

The Company has also adopted a Restricted Share Unit Plan (the "RSU Plan"). The RSU Plan is a complimentary mechanism to the Company’s Option Plan. Its purpose is to provide an incentive to the Company's senior officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf. Under the RSU Plan, the aggregate number of common shares which may be issued will not exceed 2,568,823 at the time of grant of any restricted share unit (“RSU”). As of December 31, 2023, the Company has not granted any RSU’s under the RSU Plan.

f) Dividends

On March 8, 2023, following the disposition of TCB, the Company announced that the Board of Directors approved a one-time return of capital of 4.1103 cents per share for holders of record of common shares of the Company on March 16, 2023, and payable in cash on March 22, 2023. The Company's Board of Directors will continue to review the dividend quarterly.

9. CAPITAL MANAGEMENT

The Company defines capital as the aggregate of shareholders' equity and debt. The Company's equity comprises the common shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the years ended December 31, 2023 and 2022. As at December 31, 2023, the Company was not subject to any externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise of cash, accounts receivable, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes approximates those of similar instruments in the current market. Except as otherwise noted, the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the Company's risk, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, policies and processes in the management of its financial instruments from that of the prior reporting period.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Credit risk

Concentration of credit risk relates primarily to contingent consideration receivable (see note 17) and accounts receivable. As at December 31, 2023, one customer represented 55% (December 31, 2022 – 53%) of the accounts receivable balance. 100% of the Company's revenue was received from customers currently located in Canada (2022 – 87%). As at December 31, 2023, approximately 2% (December 31, 2022 – 40%) of the Company's accounts receivable are greater than 30 days past due.

As at the following dates, the aging of gross trade and other receivables were as follows:

	December 31, 2023	December 31, 2022
Current	$ 340,369	$ 273,983
1 - 30 days	6,959	1,264
31 - 60 days	6,114	-
61 - 90 days	-	-
Greater than 90 days	-	-
Subtotal	353,442	275,247
Less: Expected credit loss	(517)	(451)
Total	$ 352,925	$ 274,796

The expected credit loss was $517 at December 31, 2023 (December 31, 2022 - $451). There is no indication, as at these dates, that the debtors will not meet their obligations. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible.

The provision matrix below shows the expected credit loss rate for each category of accounts receivable as at December 31, 2023.

			Aging (days outstanding)			
	Current	1 to 30	31 to 60	61 to 90	>90	Total
Gross accounts receivable ($)	340,369	6,959	6,114	-	-	353,442
Expected loss rate (%)	0.15	0.79	1.27	2.75	6.41	0.15
Expected loss provision ($)	385	55	77	-	-	517

The provision matrix below shows the expected credit loss rate for each category of accounts receivable as at December 31, 2022.

			Aging (days outstanding)			
	Current	1 to 30	31 to 60	61 to 90	>90	Total
Gross accounts receivable ($)	273,983	1,264	-	-	-	275,247
Expected loss rate (%)	0.30	0.79	1.27	2.75	6.41	0.81
Expected loss provision ($)	441	10	-	-	-	451

The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company's customers are generally large financially established organizations, which limits the credit risk relating to the customer.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - CONTINUED

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and third-party financing to sustain ongoing operations. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations.

Foreign currency risk

The Company may earn a portion of its revenue in US dollars and is therefore subject to risk from changes in foreign currency rates. The Company does not utilize any financial instruments to mitigate the risks arising from changes in foreign currency rates. For the year ended December 31, 2023, a 10% increase in the value of the US dollar would have increased income by approximately $4,780 (2022 - $42,239) and a 10% decrease in the US dollar would have the opposite effect.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. As at December 31, 2023 and December 31, 2022, the Company did not have any active debt and was therefore not subject to interest rate risk.

Fair value hierarchy

The following summarizes the Company's financial instruments that are carried at fair values according to the fair value hierarchy, which comprises the following levels. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers of financial assets between any of the levels during the years ended December 31, 2023 and 2022. Contingent consideration receivable is classified within Level 3 of the fair value hierarchy (see note 17).

11. ECONOMIC DEPENDENCE

For the years ended December 31, 2023, approximately 40% (2022 – 45%) of the Company's revenue related to transactions entered into with one customer. As at December 31, 2023, approximately 55% (December 31, 2022 – 53%) of the accounts receivable balance related to one customer. This contract was terminated during the year ended December 31, 2023.

(Expressed in Canadian dollars)

12. REVENUE

Revenue from continuing operations comprises:

	Year ended December 31, 2023	Year ended December 31, 2022
Time and materials contracts	$ 70,151	$ 2,460
Fixed price contracts	-	18,783
Management fees	1,125,000	825,000
Platform fees	814,619	887,053
Total	$ 2,009,770	$ 1,733,296

13. RELATED PARTY TRANSACTIONS

Compensation to key management personnel

Compensation earned for the years ended December 31, 2023 and 2022 due to persons in charge of the planning, direction and control of the Company, including executive and non-executive directors is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Salaries, fees, and benefits	$ 1,700,713	$ 1,172,076
Share-based compensation	-	29,859
Total	$ 1,700,713	$ 1,201,935

14. INCOME TAXES

a) The components of the current and deferred tax expense were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Current income tax expense (recovery)	$ (665,138)	$ (237,639)
Deferred income tax expense (recovery)	(108,213)	(299,950)
	$ (773,351)	$ (537,589)

b) A reconciliation of the Company's income taxes at statutory rates with reported taxes is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Loss before income taxes – continuing operations	$(2,153,988)	$(7,440,685)
Statutory tax rate	26.5%	26.5%
Income tax expense (recovery)	(570,807)	(1,971,782)
Increase (decrease) in taxes resulting from:		
Permanent differences	(80,036)	(212,200)
Other items	-	1,646,393
Change in tax benefits not recognized	(122,508)	-
Income tax expense (recovery)	$ (773,351)	$ (537,589)

(Expressed in Canadian dollars)

14. INCOME TAXES - CONTINUED

c) Unrecognized deferred tax asset:

The Company had a non-capital loss carried forward of $3,146,000 at December 31, 2023.

d) Temporary differences:

Temporary differences comprising the deferred tax asset (liability) and the amounts of deferred income tax expense recognized in the consolidated statement of operations and comprehensive income (loss) for each temporary difference are estimated as follows:

	December 31, 2022	Recognized in net income	December 31, 2023
Property and equipment	$ (14,156)	$ 91,176	$ 77,020
Non-capital losses carried forward	-	65,010	65,010
Right of use assets	(6,977)	6,977	-
Lease liability	6,977	(6,977)	-
Intangible assets	(21,459)	21,459	-
Reserves	-	(65,010)	(65,010)
Deferred financing costs	4,422	(4,422)	-
	$ (31,193)	$ (99,142)	$ 77,020

15. NET INCOME (LOSS) PER SHARE

The computations for basic and diluted net income (loss) per share are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Net (loss) from continuing operations for the year	$(1,380,637)	$(6,903,096)
Weighted average number of common shares outstanding, basic	144,287,403	144,166,930
Effect of dilutive securities – share-based payments	-	-
Weighted average number of common shares outstanding, Diluted	144,287,403	144,166,930
Net (loss) from continuing operations per share, basic	$ (0.01)	$ (0.05)
Net (loss) from continuing operations per share, diluted	$ (0.01)	$ (0.05)

16. OPERATING SEGMENT INFORMATION

The Company's Chief Executive Officer, who is also the Chief Operating Decision Maker reviews the performance of and makes resource allocation decisions based on the results of the Company as a whole. As a result, the Company has determined that it comprises a single operating segment and therefore a single reportable segment.

Geographical segments

All of the Company's continuing operations are located in Canada.

(Expressed in Canadian dollars)

17. DISCONTINUED OPERATIONS

On January 18, 2023, the Company completed the disposition of all of the issued and outstanding shares of TCB, the Company's wholly owned subsidiary, doing business as Prodigy Labs. The sale was made to UST Global (Canada) Inc. (the "Buyer"), a party that is at arm's length to genifi. Pursuant to the terms of the transaction, genifi was entitled to receive cash consideration of up to $12.5 million, $8.5 million of which was paid on closing and up to $4 million of which is payable upon achieving certain EBITDA and revenue targets. The earn-out payment of up to $4 million is anticipated to be paid within sixty (60) days following the expiry of the earn-out period ending on June 30, 2024. In addition, genifi was entitled to a payment in respect of TCB's working capital on closing of $611,742. There were no finders' fees payable in connection with the transaction.

As at December 31, 2023, management has estimated the expected pre-tax earn-out payment to be $983,661, resulting in an after-tax gain of $853,326 which was recognized in the consolidated statement of operations and comprehensive income (loss). The values assigned represents management's assessment of reported and expected results until the end of the earn out period on June 30, 2024.

As a result of the disposition, the financial results of TCB have been presented as discontinued operations on the consolidated statements of (loss) income and comprehensive (loss) income and the consolidated statements of cash flows.

Net income from discontinued operations	**December 31 2023**	**December 31 2022**
Proceeds from sale	$ 9,111,742	$ -
Net assets sold	(1,245,012)	-
Fair value of expected earn-out payment (i)	983,661	-
Gain on sale	**$ 8,850,391**	**$ -**
Revenue	$ 477,029	$ 11,557,703
Direct Costs	(346,100)	(8,411,149)
Expenses	(60,338)	(1,148,643)
Income from discontinued operations before tax	8,920,982	1,997,911
Income tax	(1,335,159)	(529,446)
Net income from discontinued operations	$ 7,585,823	$ 1,468,465

Cash flows from discontinued operations	**December 31 2023**	**December 31 2022**
Net income from discontinued operations	$ 7,585,823	$ 1,468,465
Income tax	1,335,159	529,446
Depreciation	910	38,786
Stock-based compensation	-	24,042
Gain on sale	(8,850,391)	-
Change in non-cash working capital balances	(877,365)	-
	$ (805,864)	$ 2,060,739

(i) The fair value of the earn-out payment has been estimated by management using TCB's financial information for the year ended December 31, 2023, and a forecast for the remaining 6 months of the earn-out period ending June 30, 2024. A discount rate of 6.91% was applied to the estimated earn-out payment which is expected to be received in August 2024.

- A 10% improvement in the forecasted revenue and EBITDA of TCB would increase the fair value of the expected earnout payment at December 31, 2023 by $28,000.
- A 1% change in the discount rate would impact the fair value of the earn out payment by $6,500.

(Expressed in Canadian dollars)

17. DISCONTINUED OPERATIONS - CONTINUED

Assets held for sale	**December 31 2023**	**December 31 2022**
Accounts receivable	$ -	$ 1,495,905
Property and equipment	-	63,630
Goodwill	-	544,788
	$ -	**$ 2,104,323**

Liabilities held for sale	**December 31 2023**	**December 31 2022**
Accounts payable	$ -	$ 433,638
	$ -	**$ 433,638**

18. SUBSEQUENT EVENTS

On February 23, 2024, the Company entered into an agreement (the “Agreement”) with Tom Beckerman, the current President and CEO of the Company, to privatize the Company (the “Transaction”). Pursuant to the Agreement, the Company proposes to complete a 78,000,000-to-1 share consolidation and compulsorily purchase of all common shares, other than the common shares held by Mr. Beckerman, for cash consideration of $0.01 per pre-consolidation common share. Upon completion of the Transaction, Mr. Beckerman is expected to be the sole shareholder of the Company, which will then be delisted from the TSXV.

Mr. Beckerman, currently owns 78,774,781 common shares representing approximately 54.6% of the Company’s outstanding common shares. The Company had 144,287,403 common shares issued and outstanding as at February 23, 2024, of which 65,512,622 common shares representing approximately 45.4% of the Company’s outstanding common shares are not owned by Mr. Beckerman.

The completion of the Transaction remains subject to a number of conditions including, but not limited to, receipt of all regulatory and shareholder approvals and final determination of the consideration. The completion of the Transaction is subject to the satisfaction of certain other closing conditions customary in a transaction of this nature. If and when these conditions are satisfied, it is expected that the completion of the Transaction will be completed following the shareholders’ meeting. If the Transaction is completed, the common shares of the Company will be delisted from the TSXV and the Company will also apply to the applicable Canadian securities regulatory authorities to cease to be a reporting issuer in each province in which it is a reporting issuer.