Financial Statements
(Expressed in Canadian dollars)

NEXJ SYSTEMS INC.

And Independent Auditors' Report thereon

Years ended December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of NexJ Systems Inc.

Opinion

We have audited the financial statements of NexJ Systems Inc. (the Entity), which comprise:

- the statements of financial position as at December 31, 2019 and 2018
- the statements of comprehensive loss for the years then ended
- the statements of changes in shareholders' equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

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

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

Emphasis of Matter

We draw attention to Notes 3 to the financial statements which indicates that the Entity has changed its accounting policy for leases, as a result of the adoption of IFRS 16, Leases, and has applied that change using the modified retrospective method.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

- 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.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Brendan Gerard Maher.

Vaughan, Canada

March 26, 2020

NEXJ SYSTEMS INC.

Statements of Financial Position
(Expressed in thousands of Canadian dollars)

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (note 5)	$ 5,123	$ 10,951
Accounts receivable (note 6)	5,475	4,876
Prepaid expenses and other assets (note 7)	1,757	1,688
Total current assets	12,355	17,515
Non-current assets:		
Property and equipment (note 8)	969	1,181
Right-of-use assets (note 3)	1,747	–
Goodwill (note 9)	1,753	1,753
Investments (note 10)	260	–
Contract costs (note 11)	136	227
Other assets (note 12)	663	260
Total non-current assets	5,528	3,421
Total assets	$ 17,883	$ 20,936
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 13)	$ 1,969	$ 2,689
Deferred revenue	6,550	4,786
Provisions (note 14)	–	51
Lease liability (note 15)	715	12
Total current liabilities	9,234	7,538
Non-current liabilities:		
Accrued liabilities (note 13)	117	–
Provisions (note 14)	–	13
Lease liability (note 15)	2,045	–
Deferred revenue	281	–
Total non-current liabilities	2,443	13
Total liabilities	11,677	7,551
Shareholders' equity:		
Share capital (note 16)	82,915	82,905
Share purchase loans (note 16)	(3,598)	(3,598)
Contributed surplus (note 17)	8,874	8,366
Accumulated other comprehensive loss	(9)	–
Deficit	(81,976)	(74,288)
Total shareholders' equity	6,206	13,385
Related party transactions (note 21)		
Contractual obligations (note 26)		
Total liabilities and shareholders' equity	$ 17,883	$ 20,936

See accompanying notes to financial statements.

On behalf of the Board:

"David Yach" Director "William M. Tatham" Director

NEXJ SYSTEMS INC.

Statements of Comprehensive Loss
(Expressed in thousands of Canadian dollars, except per share amounts)

Years ended December 31, 2019 and 2018

	2019	2018
Revenue:		
License and subscription fees	$ 1,452	$ 3,329
Professional services	6,500	10,161
Maintenance and support	9,276	8,944
	17,228	22,434
Cost of revenue	6,281	7,773
Gross profit	10,947	14,661
Expenses:		
Research and development, net	9,171	9,269
Sales and marketing	3,188	3,627
General and administrative, net	5,341	6,066
Restructuring costs (note 23)	614	402
	18,314	19,364
Loss from operations	(7,367)	(4,703)
Foreign exchange gain (loss)	(296)	667
Finance income (note 22)	120	145
Finance expense (note 3)	(145)	–
	(321)	812
Loss before income taxes	(7,688)	(3,891)
Income taxes (note 18)	–	–
Loss for the year	(7,688)	(3,891)
Other comprehensive loss		
Items that will not be reclassified to profit or loss:		
Unrealized loss on equity securities	(9)	–
Loss for the year and comprehensive loss	$ (7,697)	$ (3,891)
Loss per share (note 24):		
Basic and diluted	(0.37)	(0.19)
Weighted average number of common shares outstanding, in thousands (note 24):		
Basic and diluted	20,575	20,546

See accompanying notes to financial statements.

NEXJ SYSTEMS INC.

Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars and thousands of common shares)

Years ended December 31, 2019 and 2018

2019	Common shares Number*	Common shares Amount	Share purchase loans*	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total share-holders' equity
Balance, January 1, 2019	20,168	$ 82,905	$ (3,598)	$ 8,366	$ –	$ (74,288)	$ 13,385
Comprehensive loss	–	–	–	–	(9)	(7,688)	(7,697)
Share-based payment expense (note 17(a)(ii))	–	–	–	412	–	–	412
Deferred share unit expense (note 17(b))	–	–	–	118	–	–	118
Exercise of employee stock options (note 17(a)(ii))	4	20	–	(22)	–	–	(2)
Repurchase of common shares (note 16(c))	(8)	(10)	–	–	–	–	(10)
Balance, December 31, 2019	20,164	$ 82,915	$ (3,598)	$ 8,874	$ (9)	$ (81,976)	$ 6,206

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances. At December 31, 2019, 942 common shares were legally issued to employees in connection with these agreements and included in the total outstanding common shares of 21,106.

2018	Common shares Number*	Common shares Amount	Share purchase loans*	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total share-holders' equity
Balance, January 1, 2018	20,082	$ 82,445	$ (3,622)	$ 8,663	$ –	$ (70,571)	$ 16,915
Impact of IFRS 15	–	–	–	–	–	174	174
Comprehensive loss	–	–	–	–	–	(3,891)	(3,891)
Share-based payment expense (note 17(a)(ii))	–	–	–	286	–	–	286
Deferred share unit expense (note 17(b))	–	–	–	225	–	–	225
Exercise of employee stock options (note 17(a)(ii))	33	63	–	(89)	–	–	(26)
Exercise of deferred share units (note 17(b))	87	514	–	(719)	–	–	(205)
Repayment of share purchase loans by employees (note 16(b))	8	–	24	–	–	–	24
Repurchase of common shares (note 16(c))	(42)	(117)	–	–	–	–	(117)
Balance, December 31, 2018	20,168	$ 82,905	$ (3,598)	$ 8,366	$ –	$ (74,288)	$ 13,385

*For accounting purposes, common shares issued pursuant to the share purchase loan and pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances. At December 31, 2018, 942 common shares were legally issued to employees in connection with these agreements and included in the total outstanding common shares of 21,110.

See accompanying notes to financial statements.

NEXJ SYSTEMS INC.

Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2019 and 2018

	2019	2018
Cash flows from (used in) operating activities:		
Loss for the year	$ (7,688)	$ (3,891)
Adjustments for:		
Depreciation and amortization of property, equipment and right-of-use assets	948	373
Amortization of contract costs (note 11)	211	104
Share-based payment expense	412	286
Equity-settled deferred share unit expense (note 17(b))	118	225
Finance income	(120)	(145)
Finance expense	145	–
Foreign exchange gain	(100)	(177)
Change in non-cash operating working capital:		
Accounts receivable	(599)	152
Prepaid expenses and other assets	149	213
Accounts payable and accrued liabilities and provisions	(349)	(760)
Deferred revenue	2,045	117
Net cash flows used in operating activities	(4,828)	(3,503)
Cash flows from (used in) financing activities:		
Proceeds from repayment of share purchase loans	–	24
Repurchase of common shares	(10)	(117)
Costs of exercise of stock options	(2)	(26)
Costs of exercise of deferred share units	–	(205)
Payment of lease liability (completed contract)	(12)	(148)
Payment of lease liability (ongoing contract)	(805)	–
Net cash flows used in financing activities	(829)	(472)
Cash flows from (used in) investing activities:		
Purchase of property and equipment	(122)	(180)
Purchase of equity investments	(269)	–
Interest received	120	145
Net cash flows used in investing activities	(271)	(35)
Effects of exchange rates on cash and cash equivalents	100	177
Decrease in cash and cash equivalents	(5,828)	(3,833)
Cash and cash equivalents, beginning of year	10,951	14,784
Cash and cash equivalents, end of year	$ 5,123	$ 10,951

See accompanying notes to financial statements.

1. Reporting entity:

NexJ Systems Inc. (the "Company") is incorporated in Canada with its corporate headquarters located at 10 York Mills Road, Suite 700, Toronto, Ontario M2P 2G4.

The Company is a provider of intelligent customer management solutions to the financial services industry.

2. Basis of preparation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, as issued by the International Accounting Standards Board ("IASB").

These are the first set of financial statements where IFRS 16, Leases ("IFRS 16") has been applied. Changes to significant accounting policies are described in note 3.

The accounting policies applied in these financial statements are based on IFRS issued as at March 26, 2020, the date the Board of Directors approved the financial statements.

(b) Basis of measurement:

These financial statements have been prepared principally under the historical cost basis. Other measurement bases used are described in the applicable notes.

Presentation of the statements of financial position differentiates between current and non-current assets and liabilities. The statements of comprehensive loss are presented using the function classification for expenses.

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. Basis of preparation (continued):

(d) Use of estimates and judgments:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. Actual results could differ from these estimates and assumptions.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Key areas of estimation uncertainties and assumptions that contain significant risk as a result of matters that are inherently uncertain and judgments include:

(i) Impairment of goodwill:

- Critical judgments in applying accounting policies:

  Assessment of impairment is based on management's judgment of whether there are sufficient internal and external factors that would indicate that an asset or cash generating unit ("CGU") holding goodwill is impaired. The determination of a CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company's operations.

- Key sources of estimation uncertainty:

  Impairment tests are completed using the higher of fair value less costs to sell, where available, and value-in-use calculations, determined using management's best estimates of future cash flows, long-term growth rates and appropriate discount rates. These valuations are based on management's best estimates of future performance and periods over which value will be derived (note 4(h) and (i)).

2. Basis of preparation (continued):

(ii) Estimation of useful lives of property and equipment:

- Key sources of estimation uncertainty:

  Useful lives over which assets are depreciated or amortized are based on management's judgment of future use and performance. Expected useful lives and residual values are reviewed annually for any change to estimates and assumptions (note 4(d)).

(iii) Fair value of share-based payments:

- Key sources of estimation uncertainty:

  Fair value of stock options is determined using the Black-Scholes option pricing model. Inputs to the model are subject to various estimates related to volatility, interest rates, dividend yields and expected life of the stock options issued. Fair value inputs are subject to market factors, as well as internal estimates. Separate from the fair value calculation, the Company estimates the expected forfeiture rate of equity-settled share-based payments based on the historical experience (note 17).

(iv) Revenue recognition:

- Key sources of estimation uncertainty:

  In its determination of the amount and timing of revenue to be recognized, management relies on assumptions and estimates supporting its revenue recognition policy (note 4(a)). Estimates of the percentage of completion for applicable customer projects are based upon current actual and forecasted information and contractual terms.

2. Basis of preparation (continued):

- Critical judgments in applying accounting policies:

  A significant portion of the Company's revenue is generated from large, complex customer contracts and these contracts with customers often include commitments to deliver multiple products and services. Management's judgment is applied in determining whether such bundled products and services are considered to be distinct performance obligations that should be separately recognized; or non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting.

  The determination of the standalone selling price ("SSP") for distinct performance obligations can also require judgment and estimates. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for maintenance and support is established as a percentage of the software license fee as supported by internal analysis of similar vendor contracts. SSP for licenses as well as for professional services is established based on observable prices for the same or similar services when sold separately. Management exercises judgement in determining whether a contract's outcome can be estimated reliably. Management also applies estimates in the calculation of future contract costs and related profitability as it relates to labour hours and other considerations, which are used in determining the value of amounts recoverable on contracts and timing of revenue recognition. Estimates are continually and routinely revised based on changes in the facts relating to each contract. Judgement is also needed in assessing the ability to collect the corresponding receivables.

(v) Valuation of accounts receivable:

- Key sources of estimation uncertainty:

  The Company reviews the accounts receivable balances on a regular basis and estimates the likelihood of collection and records allowance for estimated losses. Management bases its estimates on historical experience and other relevant factors (note 19(b)).

2. Basis of preparation (continued):

(vi) Provisions:

- Key sources of estimation uncertainty:

  The measurement of provisions requires management to make estimates based only on the best information available at the reporting date. As additional information becomes available, the Company will reassess the potential liability and, if necessary, revise the provision amounts (note 14), using management's best estimate at that reporting date.

- Critical judgments in applying accounting policies:

  Management's judgment is required to assess whether provisions should be recognized or disclosed. A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant changes in the assumptions, including those with respect to future business plans and estimated cash flows, could materially change the recorded carrying amounts and amounts recognized in the statements of comprehensive loss. Refer to significant accounting policies below for further information with respect to these significant estimates and assumptions.

3. Changes in significant accounting policies:

IFRS 16, Leases:

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single accounting model, requiring the recognition of assets and liabilities for all major leases, previously classified as "operational leases" under the principles of International Accounting Standard ("IAS") 17, Leases ("IAS 17"), and related interpretations.

The Company's accounting policy under IFRS 16 is as follows:

(a) Definition of a lease:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has elected to apply the practical expedient to grandfather the lease definition for existing contracts on transition. It applied the definition of a lease under IFRS 16 to existing contracts as of January 1, 2019.

The Company has also elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

(b) As a lessee:

The Company leases its office space, based on a lease agreement having a fixed duration until December 31, 2022.

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, based on the initial amount of the lease liability. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically adjusted for certain remeasurements of the lease liability.

3. Changes in significant accounting policies (continued):

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

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, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, 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 to apply the practical expedient not to recognize right-of-use assets and lease liabilities for (i) short-term leases, that have a lease term of 12 months or less, as well as for (ii) leases of low value assets. The lease payments associated with these leases are recognized as expenses on a straight-line basis over the lease term.

(c) Sub-lease:

When the Company is an intermediate lessor, it determines at lease inception date whether each sub-lease is a finance lease or an operating lease based on whether the contract transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the sub-lease is a financial lease; if not, then it is an operational lease.

For financial leases, and when the Company acts as intermediate lessor, it recognizes a sublease receivable and derecognizes the right-of-use assets relating to the head lease that it transfers to the sub lessees. Right-of-use assets and lease receivables relating to the subleases are measured in the same way as the right-of-use assets and lease liabilities for the head lease, using the same discount rate for the actualization of future payments to be received.

The Company presents accretion expense in the head lease net of accretion income from the sub-leases.

3. Changes in significant accounting policies (continued):

(d) Impact of transition to IFRS 16:

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. The cumulative effect of initial application is recognized in deficit at January 1, 2019. Comparative amounts for 2018 remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease receivables and/or lease liabilities. Lease receivables and liabilities have been measured by discounting future lease payments at the incremental borrowing rate at January 1, 2019. The incremental borrowing rate applied was 5.5% per annum and represents the Company's best estimate of the rate of interest that it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment. As of the initial date of application of IFRS 16, the remaining non-cancelable period of the head lease was four years, while non-cancelable periods for the subleases were 4 years and 15 months respectively. In December 2019, the 15 month sublease was modified, extending the duration by thirty three months to become coterminous with the head lease.

The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases.

The Company has elected to apply the practical expedient for (i) excluding the initial direct costs for the measurement of right-of-use assets at the date of initial application, as well as for (ii) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(Expressed in thousands of Canadian dollars, except per share amounts)

3. Changes in significant accounting policies (continued):

The following table reconciles the Company's operating lease obligation at December 31, 2018 as previously disclosed in the Company's Financial Statements to the IFRS 16 lease liability recognized on January 1, 2019. The weighted average discount rate applied at January 1, 2019 was 5.5%

Financial lease liability commitments, December 31, 2018	$	12
Less short-term lease		(12)
		–
Operating lease commitments, December 31, 2018		8,907
Less non-lease components		(5,090)
Undiscounted lease obligation at January 1, 2019	$	3,817
Balance, lease liability, discounted using the incremental borrowing rate at January 1, 2019	$	3,394
Effect of prior period provision for lease-exit charges and rent inducement accrual liability		(319)
Effect of subleases		(540)
Balance, right-of-use assets January 1, 2019	$	2,535

(Expressed in thousands of Canadian dollars, except per share amounts)

3. Changes in significant accounting policies (continued):

The following table summarizes the impacts of adopting IFRS 16 at January 1, 2019:

	January 1, 2019 prior to adoption of IFRS 16	Adjustments	January 1, 2019 after adoption of IFRS 16
Current assets:			
Prepaid expenses and other assets	$ 1,688	$ 138	$ 1,826
Non-current assets:			
Right-of-use assets	$ –	$ 2,535	$ 2,535
Other assets	260	402	662
Current liabilities:			
Accounts payable and accrued liabilities	$ 2,689	$ (255)	$ 2,434
Provisions	51	(51)	–
Lease liability	–	578	578
Non-current liabilities:			
Provisions	$ 13	$ (13)	$ –
Lease liability	–	2,816	2,816

The application of IFRS 16 to leases, previously classified as operating leases under IAS 17, resulted in the recognition of right-of-use assets, finance lease liabilities and finance lease receivables. Right-of-use assets and lease obligations of $3,394, relating to the lease of the Company's office space (head lease), were recorded as of January 1, 2019, with no net impact on deficit. Also, the Company derecognized right-of-use assets relating to the head lease that it transfers to sublessees (for the sublease of a part of its office space) and recognizes receivables from the subleases for a total amount of $540, with no net impact on deficit. On initial application of the standard, the Company reversed, against right-of-use asset, provisions for lease-exit charges amounting to $64 and rent inducement accrued liabilities amounting to $255, previously recorded as per IAS 17.

In the statements of financial position, lease liabilities relating to leases previously classified as financial leases under IAS 17 and previously presented within current portion of finance lease liabilities, are now presented within lease liabilities. There has been no change in the liabilities recognized.

(Expressed in thousands of Canadian dollars, except per share amounts)

3. Changes in significant accounting policies (continued):

(e) Impact for the period:

The following table summarizes the impacts of adopting IFRS 16 on the Company's financial statements for the year ended December 31, 2019:

	December 31, 2019 as reported	Adjustments	December 31, 2019 without adoption of IFRS 16
Current assets:			
Prepaid expenses and other assets	$ 1,757	$ (174)	$ 1,583
Non-current assets:			
Right-of-use assets	$ 1,747	$ (1,747)	$ –
Other assets	663	(403)	260
Current liabilities:			
Accounts payable and accrued liabilities	$ 1,969	$ 340	$ 2,309
Provisions	–	13	13
Lease liability	715	(715)	–
Non-current liabilities:			
Lease liability	$ 2,045	$ (2,045)	$ –
Shareholders' equity:			
Deficit	$ (81,976)	$ 83	$ (81,893)
Expenses:			
General and administrative, net	$ 5,341	$ 62	$ 5,403
Finance expense:			
Accretion expense	$ 145	$ (145)	$ –
Net cash flows used in operating activities	$ (4,828)	$ (805)	$ (5,633)
Net cash flows used in financing activities	$ (829)	$ 805	$ (24)

(Expressed in thousands of Canadian dollars, except per share amounts)

3. Changes in significant accounting policies (continued):

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

	Head lease	Offices subleases	Total right-of-use assets
Balance, January 1, 2019	$ 3,075	$ (540)	$ 2,535
Depreciation	(769)	155	(614)
Modification of sub-lease terms	–	(174)	(174)
Balance, December 31, 2019	$ 2,306	$ (559)	$ 1,747

As a result of applying IFRS 16, the Company has recognized depreciation and net accretion expenses, instead of lease expense. During the year ended December 31, 2019, the Company recognized $614 of depreciation expense and $145 of net accretion expense from these leases.

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in the financial statements, unless otherwise indicated:

(a) Revenue recognition:

Revenue represents the amount that reflects the consideration the Company expects to receive upon transfer of control of products and services in its contracts with customers, net of discounts and sales taxes. The Company's revenue is derived primarily from licensing of software products under non-cancellable license agreements and the provision of related professional services, including installation, integration and post-contract customer support ("PCS").

4. Significant accounting policies (continued):

The Company's contracts with customers often include multiple products and services and the Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement and accounted for as a separate performance obligation. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer.

Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their relative estimated SSP.

Revenue from the license of software arrangements involving significant implementation or customization that includes sale of software that is not distinct is recognized as a combined performance obligation using the percentage-of-completion method to measure the progress to completion. The Company uses the ratio of incurred labour hours to estimated total labour hours as the measure of its progress to completion on each such combined performance obligation. Revisions in estimates are included in the statements of comprehensive loss in the year in which changes occur in the circumstances on which the estimates were based or as a result of new information. Revenue from the license of software that is distinct is recognized upfront at the point in time when the software has been delivered to the customer and the right to use the software has commenced.

Professional services revenue involving significant implementation and customization of software, is recognized by the stage of completion of the performance obligation determined using the percentage-of-completion method noted above. Installation and integration services revenue, when considered distinct is recognized over time as the services are performed. Revenue related to the customer reimbursement of travel related expenses incurred during a project implementation where the Company is the principal in the arrangement is included in the professional services revenue category. Revenue is recognized as costs are incurred.

PCS revenue is recognized rateably over the term of the support agreement based on the price charged for the same or similar PCS when sold on a stand-alone basis.

4. Significant accounting policies (continued):

The Company recognizes an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable, and has determined that such costs meet the requirements to be capitalized. Capitalized contract acquisition costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The amortization period includes specifically identifiable contract renewals where there is no substantive renewal commission paid on renewals. The expected customer renewal period is estimated based over the life of the intellectual property including expected software upgrades by the customer, which the Company has determined to be approximately three years.

The Company applies the practical expedient available under IFRS 15, Revenue from Contracts with Customers ("IFRS 15") and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Revenue from the license of software and subscription-based arrangements involving significant implementation or customization essential to the functionality of the software is recognized under contract accounting using the percentage-of-completion method to measure the progress to completion, with consideration for customer acceptance provisions, the timing of payments and the Company's history with similar arrangements. The Company uses the ratio of incurred labour hours to estimated total labour hours as the measure of its progress to completion on each contract.

Revisions in estimates are included in the statements of comprehensive loss in the year in which changes occur in the circumstances on which the estimates were based or as a result of new information.

License revenue, when services are not deemed essential to the functionality of the software, is recognized when the Company has an executed agreement, the software has been delivered, acceptance is probable, the amount of the fee to be paid by the customer can be reliably measured, and the collection of the related receivable is deemed probable from the outset of the arrangement.

4. Significant accounting policies (continued):

Professional services revenue, including implementation and customization of software, is recognized by the stage of completion of the customer arrangement at the statements of financial position dates determined using the percentage-of-completion method noted above. Installation and integration services revenue, when deemed not essential to the functionality of the software, is recognized as delivered to the customer, based on the prices charged when these services are sold separately to customers. Out-of-pocket expenditures that are contractually reimbursable from customers are recorded as gross revenue and expenditures.

PCS revenue is recognized ratably over the term of the support agreement based on the price charged for the same or similar PCS when sold in stand-alone PCS renewals with customers, as substantiated by contractual renewal rates and the Company's PCS renewal experience. Revenue not recognized in the statements of comprehensive loss under this policy is classified as deferred revenue in the statements of financial position when amounts have been billed in advance.

The Company also derives software license revenue from subscription-based arrangements where professional services are not essential. In such arrangements, professional services are recognized as delivered to the customer and the subscription revenue is recognized ratably over the applicable customer contract term when delivery has occurred, the sales price is fixed and determinable and collection is reasonably assured.

Revenue from sales through reseller arrangements is recognized when the software license is sold to the end-user customer, and when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. These customers generally do not have rights of return. Sales of software licenses in which the Company acts as an agent are presented on a net basis in the statements of comprehensive loss as net license reseller revenue.

Amounts are generally billable upon reaching certain performance milestones, as defined by individual contracts. Billings rendered in advance of performance under contracts are recorded as deferred revenue.

4. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and highly liquid instruments with original maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(c) Allowance for doubtful accounts:

The recoverability of the accounts receivable balance is assessed at each reporting date and an allowance for doubtful accounts is deducted from the asset's carrying value if the amount is not considered fully recoverable. Any change in the allowance is recognized within general and administrative costs in the statements of comprehensive loss.

(d) Property and equipment:

Property and equipment are recorded at cost less accumulated depreciation and amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Depreciation and amortization are recognized over the estimated useful lives of the assets using the following bases and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer hardware	Declining balance	30%
Office equipment	Declining balance	30%
Computer software	Declining balance	100%
Leasehold improvements	Straight line	Over shorter of estimated useful life and lease term

Upon disposition, the cost and related accumulated depreciation and amortization and accumulated impairment losses, if any, are removed from the accounts and the resulting gain or loss is reflected in the statements of comprehensive loss. Expenditures for maintenance and repairs are charged to expense as incurred.

4. Significant accounting policies (continued):

(e) Research and development:

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statements of comprehensive loss as an expense in the year in which they are incurred. Development costs that are expected to provide future benefits with reasonable certainty and meet all the criteria for deferral are capitalized. No development costs have been capitalized at December 31, 2019 or 2018.

(f) Investment tax credits:

The Company is entitled to certain refundable and non-refundable Canadian investment tax credits ("ITCs") for qualifying research and development activities performed in Canada. The ITCs are accounted for as a reduction of the related expenditures for items expensed in the statements of comprehensive loss or as a reduction of the related asset's cost for items capitalized in the statements of financial position when the amount is reliably estimable and realization is reasonably assured.

(g) Goodwill:

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of the tangible and intangible assets acquired. Goodwill is not amortized and is measured at cost less any subsequent impairment in value.

The acquisition method of accounting is used to account for the business acquisitions as follows:

(i) consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, and acquisition transaction costs are expensed as incurred;

(ii) identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date;

4. Significant accounting policies (continued):

(iii) the excess of the fair value of consideration transferred, including the recognized amount of any non-controlling interest of the acquiree over the fair value of the identifiable net assets acquired, is recorded as goodwill; and

(iv) if the fair value of the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized directly in the statements of comprehensive loss as a bargain purchase gain.

(h) Impairment:

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at December 31.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates largely independent cash flows. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of a CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses are recognized in the statements of comprehensive loss.

4. Significant accounting policies (continued):

An impairment loss in respect of goodwill cannot be reversed. In respect of other non-financial assets, impairment losses recognized in prior years are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset or CGU's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Employee benefits:

(i) Termination benefits:

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy; it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(ii) Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as the related service is provided.

4. Significant accounting policies (continued):

(j) Share-based payment transactions:

(i) Share-based payment plan:

The Company has a share-based payment plan under which the Company issues stock options. Stock options generally vest, either over a three-year or four-year vesting periods with 25% of the options vested and exercisable after the first year and the remainder vested and exercisable in equal quarterly instalments over the remaining two years or three years, respectively; or over a two-year vesting period with options vested and exercisable in eight equal quarterly instalments. The Company applies a fair value method of accounting to each instalment of stock options granted to employees.

The grant date fair value of stock options granted to employees is recognized as share-based compensation expense, with a corresponding increase to contributed surplus, over the period that the employees become unconditionally entitled to the stock options. The expense is adjusted to reflect the estimated number of options expected to vest at the end of the vesting period. Compensation cost is recognized so that each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. No compensation expense is recognized for options that are forfeited and have not met the service requirement for vesting. When options are exercised, the proceeds, as well as the related amount in contributed surplus, are credited to share capital. The Company uses the Black-Scholes option pricing model to determine fair value of stock options at the grant date. Measurement inputs include the price of shares on the measurement date, exercise price of the option, expected volatility, weighted average expected life of the option (based on historical experience and option holder behaviour), expected dividends and the risk-free interest rate.

4. Significant accounting policies (continued):

(ii) Deferred share unit ("DSU") plan:

The Company has a DSU plan under which the Company issues DSUs for directors' annual remuneration. These DSUs are awarded as equity-settled or cash-settled. For cash-settled awards, the Company has recorded the changes in the fair value of the award in the statements of comprehensive loss using the Company's share price as of the reporting date. Equity-settled awards, are recorded as contributed surplus in the statements of changes in shareholders' equity. The measurement of the compensation costs for these awards is based on the fair value of the award at the date of the grant. These DSUs are fully vested, do not have an exercise price or expiry date and are only settled when the board member is no longer rendering service to the Company.

(k) Loss per share:

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated by dividing the loss for the year by the sum of the weighted average number of common shares outstanding and the dilutive common share equivalents outstanding during the year. Common share equivalents consist of the shares issuable upon exercise of stock options calculated using the treasury stock method. Common share equivalents are not included in the calculation of the weighted average number of shares outstanding for diluted loss per share when the effect would be anti-dilutive.

(l) Income taxes:

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in the statements of comprehensive loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income (loss).

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the year using income tax rates enacted or substantively enacted at the reporting date, and any adjustments to income tax payable in respect of previous years.

4. Significant accounting policies (continued):

Deferred income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered and settled. The effect on deferred income tax assets and liabilities of a change in income tax rates is recognized in the statements of comprehensive loss in the year that includes the enactment or substantive enactment date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred taxes, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its tax liabilities for uncertain tax positions are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4. Significant accounting policies (continued):

(m) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies at the reporting dates are translated into the functional currency at the exchange rates at those dates. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated at rates of exchange at each transaction date. Revenue and expenses are translated at rates of exchange in effect at the time of the transactions, except to the extent that they relate to items translated at historical rates; in which case, historical rates are applied. Foreign exchange gains or losses on translation are recognized in the statements of comprehensive loss.

The assets and liabilities of the Company's foreign operations are translated to Canadian dollars at the rate of exchange in effect at the statements of financial position dates. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in the statements of comprehensive loss.

(n) Lease payments:

Minimum lease payments made under leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

4. Significant accounting policies (continued):

(o) Financial instruments:

(i) Recognition, classification and measurement:

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9, Financial Instruments ("IFRS 9") contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its cash equivalents, accounts receivable, accounts payable and accrued liabilities as financial assets and financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4. Significant accounting policies (continued):

(ii) Impairment of financial instruments:

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables and contracts assets are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

(iii) Share capital:

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from shareholders' equity, net of any tax effects.

4. Significant accounting policies (continued):

(p) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions also include onerous contracts, which are recognized when the expected benefits to be derived by the Company from a contract are lower than unavoidable cost of meeting its obligations under the contract.

Provisions are measured at the estimated future cash flows required to settle the present obligation, based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount is recognized as finance expense.

(q) Finance income and finance expense:

Finance income comprises interest income on cash equivalents recognized in the statements of comprehensive loss as it accrues, using the effective interest method. Finance expense comprise interest expense on borrowings that are recognized in the statements of comprehensive loss.

5. Cash and cash equivalents:

	2019	2018
Cash and cash equivalents:		
Bank balances	$ 3,925	$ 1,142
Call deposits	1,198	9,809
	$ 5,123	$ 10,951

The Company's exposure to interest rate risk is discussed in note 19(b).

(Expressed in thousands of Canadian dollars, except per share amounts)

6. Accounts receivable:

	2019	2018
Accounts receivable, gross	$ 5,475	$ 4,876

The aging of the gross accounts receivable at each reporting date was as follows:

	2019	2018
Current	$ 3,953	$ 4,476
Past due 1 - 90 days	1,522	400
	$ 5,475	$ 4,876

The Company's exposure to credit risk is discussed in note 19(b).

7. Prepaid expenses and other assets:

	2019	2018
Prepaid expenses	$ 491	$ 535
Indirect taxes receivable	38	210
Ontario investment tax credits receivable	240	480
Ontario co-op credits receivable	52	130
Short-term sub-lease receivable	174	–
Other	762	333
	$ 1,757	$ 1,688

(Expressed in thousands of Canadian dollars, except per share amounts)

8. Property and equipment:

(a) Cost:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2017	$ 1,115	$ 3,530	$ 292	$ 677	$ 2,446	$ 8,060
Additions	–	134	8	13	25	180
Balance, December 31, 2018	1,115	3,664	300	690	2,471	8,240
Additions	–	67	18	30	7	122
Balance, December 31, 2019	$ 1,115	$ 3,731	$ 318	$ 720	$ 2,478	$ 8,362

(b) Accumulated depreciation and amortization:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2017	$ 790	$ 2,566	$ 212	$ 672	$ 2,446	$ 6,686
Depreciation and amortization	60	278	23	11	1	373
Balance, December 31, 2018	850	2,844	235	683	2,447	7,059
Depreciation and amortization	49	234	20	23	8	334
Balance, December 31, 2019	$ 899	$ 3,078	$ 255	$ 706	$ 2,455	$ 7,393

(c) Carrying amounts:

	Furniture and fixtures	Computer hardware	Office equipment	Computer software	Leasehold improvements	Total
Balance, December 31, 2018	$ 265	$ 820	$ 65	$ 7	$ 24	$ 1,181
Balance, December 31, 2019	216	653	63	14	23	969

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Goodwill:

(a) Cost:

Balance, December 31, 2018 and 2019	$	3,640

(b) Impairment losses:

Balance, December 31, 2017	$	1,887
Impairment		–
Balance, December 31, 2018		1,887
Impairment		–
Balance, December 31, 2019	$	1,887

(c) Carrying amounts:

Balance, December 31, 2018 and 2019	$	1,753

(d) Impairment:

The Company has concluded that it has one single operating CGU. The Company tested goodwill for impairment as at December 31, 2019. The recoverable amount of the CGU was determined based on value-in-use calculations, using management's discounted estimated future cash flows over a period of five years along with a terminal value. The terminal value is the value attributed to the CGU's operations beyond the projected time period. The terminal value for the CGU was determined using an estimated long-term growth rate of 3%, which is based on the Company's estimates of expected future operating results after considering future business plans, economic conditions and a general outlook for the industry in which the CGU operates.

In calculating the recoverable amount of the CGU, a pre-tax discount rate is used. The pre-tax discount rate range applied was 18% to 20%, which was set considering the weighted average cost of capital of the CGU and certain risk premiums, based on management's past experience.

(Expressed in thousands of Canadian dollars, except per share amounts)

9. Goodwill (continued):

These assumptions are subjective judgments and estimates based on the Company's experience and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections, long-term growth rates or pre-tax discount rates are different to those used, the outcome of future impairment tests could result in a different outcome with the CGU's goodwill being impaired. Based on the sensitivity analysis performed, the Company has concluded that no reasonably possible changes in key assumptions on which the recoverable amount is based would cause the carrying amount of the CGU to exceed its recoverable amount as at December 31, 2019.

10. Investments

Under IFRS 9, for equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in other comprehensive income ("OCI"), while dividends are recognized in profit or loss. On disposal of the investment the cumulative change in fair value is not recycled to profit or loss, rather transferred to deficit. The Company has elected to account for equity securities within this manner.

In May 2019, the Company acquired 470,589 voting common shares of Gradient Boosted Investments Inc. ("GBI"), a privately held entity incorporated in Canada, representing 2.42% of the issued and outstanding voting common shares of BGI for a total purchase consideration of U.S. $200. The Company has irrevocably elected to present subsequent changes in the fair value of the investment in GBI through OCI.

11. Contract costs:

	2019	2018
Balance, January 1	$ 227	$ 331
Contract costs incurred	120	302
Amortization	(211)	(406)
Balance, December 31	$ 136	$ 227

(Expressed in thousands of Canadian dollars, except per share amounts)

11. Contract costs (continued):

Contract assets are costs incurred to obtain contracts, which primarily relate to incremental commission fees paid to certain sales and marketing employees as a result of obtaining client contracts.

These costs are amortized consistent with the pattern of transfer to the customer for the goods and services to which the asset relates. The amortization period includes specifically identifiable contract renewals where there is no substantive renewal commission paid on renewals. The expected customer renewal period is estimated based over the life of the intellectual property including expected software upgrades by the customer, which the Company has determined to be approximately three years. In 2019, amortization amounting to $211 (2018 - $406) was recognized as part sales and marketing in the statements of comprehensive loss.

12. Other non-current assets:

Other non-current assets represents rental deposits of $260 (2018 - $260) for the leased office premises, which are released at specified dates during the lease term and expire in 2022, and long-term sub-lease receivables of $403 (2018 - nil), which will be received over the lease term.

13. Accounts payable and accrued liabilities:

	2019	2018
Trade payables	$ 841	$ 890
Employee and director compensation payable	309	253
Accrued expenses	936	1,546
	$ 2,086	$ 2,689

The employee and director compensation payable includes $117 (2018 - nil) which has been classified under non-current liabilities on the statements of financial position.

(Expressed in thousands of Canadian dollars, except per share amounts)

14. Provisions:

Lease-exit charges	2019	2018
Balance, January 1	$ 64	$ –
Provisions made	–	103
Provisions used	–	(39)
IFRS 16 reversal	(64)	–
Balance, December 31	$ –	$ 64

Lease-exit charges	2019	2018
Short term	$ –	$ 51
Long term	–	13
Balance, December 31	$ –	$ 64

In April, 2018, the Company vacated a portion of its leased office premises and secured a sub-tenant for the vacated space. During the year ended December 31, 2018, the Company recognized a provision of $103 and the charge was recognized as a general and administrative expense in the statements of comprehensive loss, for the discounted future lease payments to which the Company is committed; less the expected future sub-lease income per the sub-lease agreement as the vacated office facility no longer had any operating business activities.

Effective January 1, 2019, the Company adopted IFRS 16. On initial application of the standard, the Company reversed, against right-of-use asset, provisions for lease-exit charges amounting to $64 (note 3(a)).

(Expressed in thousands of Canadian dollars, except per share amounts)

15. Lease liability:

The Company's leases are for office space and purchase of computer hardware. These leases contain no renewal options.

The following table is a summary of the changes in the lease liability during the year:

Lease liability, beginning of period	$ 12
Transition impact of IFRS 16 (note 3)	3,394
Interest on lease liabilities	171
Lease payments	(817)
	2,760
Less current portion	715
	$ 2,045

A maturity analysis of these leases is set out in the below table:

	2020	2021	2022	Thereafter	Total
Undiscounted cash flows	$ 850	$ 1,054	$ 1,109	$ –	$ 3,013

16. Share capital:

(a) Authorized:

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. No preferred shares have been issued.

Each common share of the Company entitles its holder to one vote at all meetings of shareholders subject to certain restrictions with respect to the voting rights.

Each common share of the Company is also entitled to receive dividends if, as and when declared by the Board of Directors. Holders of common shares will participate in any distribution of net assets of the Company upon liquidation, dissolution or winding up of the Company on an equal basis per share, but subject to the rights of the holders of the preferred shares.

16. Share capital (continued):

(b) Issued:

As at December 31, 2019, 21,106,117 common shares were issued (2018 - 21,110,693).

(i) On March 28, 2011, in preparation of its initial public offering ("IPO"), the Company entered into loan and share pledge agreements with certain employees and officers ("Exercise Persons") in order to reduce the amount of the Company's outstanding option pool. The participating employees were issued an interest-free share purchase loan to exercise all of their granted and outstanding options as at March 28, 2011, which were originally scheduled to vest on or prior to December 31, 2011. The Company provided $3,745 in share purchase loans to facilitate the issuance of 970,898 common shares as a result of the acceleration involving the exercise of the applicable employee stock options. On May 2, 2011, as part of the March 28, 2011 loan and share pledge agreements, the Company provided an additional $97 in share purchase loans to facilitate the issuance of 28,123 common shares as a result of the acceleration involving the exercise of the applicable employee stock options.

These shares acquired upon exercise of the employee stock options are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid. The share purchase loans are immediately due and payable to the Company upon the sale of the common shares or upon the termination of employment, subject to certain conditions being met. Despite their legal form, the share purchase loans are accounted for on the same basis as a grant of a stock option under IFRS. As such, for accounting purposes, the common shares issued and the share purchase loans granted under the loan and share pledge agreements are not recognized as outstanding until such time as payments are received on the loan balances.

At December 31, 2019, 941,835 common shares (2018 - 941,835) for proceeds of $3,598 (2018 - $3,598) based on the grant-date value of the loans were held as security by the Company with respect to the share purchase loan and pledge agreements.

16. Share capital (continued):

(c) The Company has had a Normal Course Issuer Bid ("NCIB") in place in 2018 and 2019 and has repurchased its common shares through the NCIB. For each of the NCIB in 2018 and 2019 approved by the Toronto Stock Exchange ("TSX") in the prior August of each respective year, the Company can purchase its common shares through all available markets and/or alternative trading systems, including the facilities of the TSX. Each NCIB is valid for one year and the maximum number of common shares which can be purchased, pursuant to each NCIB, aggregated to 1,000,000 common shares per NCIB, representing approximately 4.7% of the number of common shares issued and outstanding.

During the year ended December 31, 2019, the Company repurchased and cancelled 8,808 (2018 - 41,628) of its common shares through trades on the TSX for an aggregate purchase price of $10 (2018 - $117), which was recorded as a reduction of share capital.

17. Share-based payment arrangements:

At December 31, 2019, the Company had the following share-based payment arrangements:

(a) Stock option plan:

(i) On April 21, 2011, the Board of Directors approved an amended stock option plan (the "2011 Option Plan"), effective upon closing of the IPO, for the purpose of recognizing contributions made by employees, officers and others by granting to them options to purchase common shares of the Company. All options granted under the previous option plan and all new options granted under the 2011 Option Plan are now governed by the 2011 Option Plan. The 2011 Option Plan reduces the contractual life of the options to 7 years for new options issued; the options issued prior to the 2011 Option Plan will continue to have a contractual life of 10 years. The 2011 Option Plan also mandates that the maximum aggregate number of outstanding options shall not exceed 10% of the outstanding common shares at the relevant grant date.

17. Share-based payment arrangements (continued):

The fair value of each option granted has been estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions at the measurement date:

	2019	2018
Risk-free interest rate	1.6%	2.1%
Expected life (years)	4.4	4.4
Volatility	64%	65%
Forfeiture rate	14%	15%

The weighted average grant date fair value of options granted during the year was $0.64 (2018 - $1.22). The grant date fair value of the options granted during the year ended December 31, 2019, net of forfeitures, was $187 (2018 - $639), which will be recognized over the three-year or four-year vesting period with 25% of the options vested after the first year and the remainder vesting in equal quarterly instalments over the remaining two-year or three-year vesting period, respectively.

(ii) The total share-based payment expense and the amount credited to contributed surplus for the year ended December 31, 2019 was $412 (2018 - $286).

The following table outlines the activity for stock options for the years ended December 31, 2019 and 2018:

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	(000s)		(000s)	
Outstanding, beginning of year	1,951	$ 1.87	1,475	$ 1.78
Granted	375	1.24	693	2.11
Exercised	(20)	1.35	(110)	1.47
Cancelled	(259)	1.83	(95)	2.61
Expired	–	–	(12)	2.50
Outstanding, end of year	2,047	1.76	1,951	1.87
Exercisable	1,370	$ 1.80	1,248	$ 1.71

17. Share-based payment arrangements (continued):

In the second quarter of 2017, the Company amended its stock option plan and received the required regulatory approvals to include a cashless settlement alternative whereby option holders can either (i) elect to receive shares by delivering cash to the Company in the amount of the options exercised and associated income taxes in connection with such exercise, or (ii) elect to receive a number of whole common shares of the Company equivalent to the market price of the options over the exercise price net of associated income taxes in connection with the exercise. For the year ended December 31, 2019, of the 20,000 (2018 - 110,344) options exercised, 20,000 (2018 - 110,344) options were exercised on a cashless settlement basis resulting in issuance of 3,864 (2018 - 33,409) common shares of the Company. The Company remitted $2 (2018 - $26) to Canada Revenue Agency ("CRA") in employment taxes associated with options exercised on a cashless settlement basis for the year ended December 31, 2019.

At December 31, 2019, the following table provides the outstanding options at their respective exercise prices and the related weighted average remaining contractual life:

Exercise price	Number outstanding	Weighted average remaining contractual life (years)
	(000s)	
$1.00 - $2.00	1,685	4.16
$2.01 - $3.00	285	3.34
$3.01 - $4.00	67	0.19
$4.01 - $4.50	10	4.23
	2,047	3.92

17. Share-based payment arrangements (continued):

(b) Deferred share units:

The Company grants DSUs to the members of the Board of Directors as their annual remuneration for the services rendered as directors on the Company's board. These DSUs are awarded as equity-settled or cash-settled, vest immediately and are settled when the board member is no longer rendering service to the Company. For cash-settled awards, the Company has recorded the changes in the fair value of the award in the statements of comprehensive loss using the Company's share price as of the reporting date. The amount of the award payable is based on the number of units outstanding multiplied by the share price of the Company at the date of the payout. For the DSUs to be equity-settled, the Company had a reserve, as approved by the shareholders and TSX of 600,000 common shares.

On August 8, 2018, 192,823 DSUs were exercised on a cashless settlement basis resulting in the issuance of 86,925 common shares of the Company. The Company remitted $205 to CRA in associated employment taxes.

On September 12, 2019, the Company issued 151,363 equity-settled DSUs to the directors and recorded a DSU expense of $118 with an offsetting credit to contributed surplus in the statements of financial position for the year ended December 31, 2019. The equity-settled DSUs issued and outstanding as at December 31, 2019 aggregated to 513,075. Previously, on August 8, 2018, the Company had issued 86,925 common shares on the exercise of certain DSUs issued to the former directors of the Company. As a result, the Company exhausted its reserve of 600,000 common shares for issuance of equity-settled DSUs.

On September 12, 2019, the Company also issued 137,100 cash-settled DSUs to the directors and recorded a DSU expense of $107 with an offsetting credit to non-current accrued liabilities on the statements of financial position.

17. Share-based payment arrangements (continued):

The following table outlines the activity for the DSUs for the year ended December 31, 2019 and 2018:

	2019		2018	
	Number (000s)	Amount	Number (000s)	Amount
Outstanding, beginning of year	362	$ 1,167	446	$ 1,661
Granted	288	225	109	225
Exercised	–	–	(193)	(719)
Changes in fair value of cash-settled award	–	10	–	–
Outstanding, end of year	650	$ 1,402	362	$ 1,167
Comprising:				
Equity-settled award	513	$ 1,285	362	$ 1,167
Cash-settled award	137	117	–	–

18. Income taxes:

(a) Deferred income tax expense (recovery):

	2019	2018
Deferred income tax expense (recovery):		
Origination and reversal of temporary differences	$ (66)	$ 183
Change in unrecognized losses and deductible temporary differences	66	(183)
	$ –	$ –

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Income taxes (continued):

(b) Income tax rate reconciliation:

The effective income tax rate differs from the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to loss before income taxes. These differences result from the following items:

	2019	2018
Loss before income taxes	$ (7,688)	$ (3,891)
Combined basic federal and provincial income tax rates	26.5%	26.5%
Computed expected tax recovery	$ (2,037)	$ (1,031)
Increase resulting from:		
Current year's losses and other differences not recognized	1,727	1,066
Recognition of previously unrecognized losses	66	(183)
Non-deductible items	244	148
Income tax expense	$ –	$ –

The statutory income tax rate was 26.5% for 2019 (2018 - 26.5%) as there was no change in the federal and provincial Canadian income tax rates.

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Income taxes (continued):

(c) Recognized and unrecognized deferred income taxes:

Deferred income taxes reflect the net income tax effects of temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and the amounts used for income tax purposes.

The movements of deferred income tax assets and liabilities for the years indicated are as follows:

	Losses	Total
Deferred income tax asset balance, January 1, 2018	$ –	$ –
Recognized in profit or loss	183	183
Deferred income tax asset balance, December 31, 2018	183	183
Recognized in profit or loss	(66)	(66)
Deferred income tax asset balance, December 31, 2019	$ 117	$ 117

	Property and equipment	Reserves	Total
Deferred income tax liability balance, January 1, 2018	$ –	$ –	$ –
Recognized in profit or loss	(123)	(60)	(183)
Deferred income tax liability balance, December 31, 2018	(123)	(60)	(183)
Recognized in profit or loss	42	24	66
Deferred income tax liability balance, December 31, 2019	$ (81)	$ (36)	$ (117)
Net deferred tax asset reported on the statement of financial position	$ –	$ –	$ –

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Income taxes (continued):

The amount of deductible temporary differences and unused tax losses and Scientific Research and Experimental Development ("SR&ED") expenditures for which no deferred income tax assets have been recognized are as follows:

	2019	2018
Non-capital losses	$ 17,027	$ 10,159
Undeducted SR&ED expenditures	44,736	46,549
Other deductible temporary differences	8,274	4,882
	$ 70,037	$ 61,590

Non-capital loss carry forwards will expire between the years 2033 and 2039, while SR&ED pool carry forward and other temporary deductible differences have an unlimited carry forward period pursuant to current tax laws.

In assessing deferred income tax assets, management considers whether it is probable that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the years in which those temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, the character of the deferred income tax assets and available tax planning strategies in making this assessment.

(d) Investment tax credits:

The Company claims research and development deductions and related refundable and non-refundable ITCs for income tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act (Canada). These claims are subject to a technical and expenditure review by CRA. Although the Company has used its best judgment and understanding of the related income tax legislation in determining the amounts, it is possible that the amounts could change by a material amount in the near term depending on review and audit by CRA. The total amount of ITCs recognized were $240 (2018 - $240), which were recorded as a reduction of research and development expenses.

(Expressed in thousands of Canadian dollars, except per share amounts)

18. Income taxes (continued):

The Company has $12,783 (2018 - $13,279) of federal non-refundable ITCs and $2,776 (2018 - $2,896) of Ontario non-refundable ITCs that can be carried forward to reduce federal and Ontario income tax otherwise payable, respectively. Those credits expire between 2029 and 2039 and have not been recognized in these financial statements.

19. Financial instruments and capital management:

(a) Classification and fair values of financial instruments:

The following table sets out the Company's classification and carrying amount, together with the fair value, for each type of financial asset and financial liability as at December 31, 2019 and 2018:

	2019		2018	
Classification	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Amortized cost:				
Cash equivalents	$ 1,198	$ 1,198	$ 9,809	$ 9,809
Accounts receivable	5,475	5,475	4,876	4,876
FVTOCI:				
Investments	260	260	–	–
Financial liabilities:				
Amortized cost:				
Accounts payable and accrued liabilities	1,969	1,969	2,689	2,689
Provisions	–	–	64	64
Lease liability	2,760	2,760	12	12

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, provisions and finance lease liability approximate their fair values due to the short-term nature of these financial instruments.

(Expressed in thousands of Canadian dollars, except per share amounts)

19. Financial instruments and capital management (continued):

Fair value measurements:

The Company provides disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. The three levels of fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - inputs are quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs are based on observable market data, either directly or indirectly other than quoted prices; and
- Level 3 - inputs are not based on observable market data.

In the tables below, the Company has segregated all financial assets and financial liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy, based on the inputs used to determine the fair value at the measurement date. Financial assets and financial liabilities measured at fair value as at December 31, 2019 and 2018 in the financial statements are summarized below:

2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 1,198	$ –	$ –	$ 1,198
Investments	–	–	260	260

2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash equivalents	$ 9,809	$ –	$ –	$ 9,809

There were no transfers of financial assets during the years between any of the levels.

(Expressed in thousands of Canadian dollars, except per share amounts)

19. Financial instruments and capital management (continued):

(b) Market risk:

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of these risks as at December 31, 2019:

(i) Credit risk:

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty, failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company.

The Company's credit risk is primarily attributable to its accounts receivable. 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 customers. In addition, credit reviews by the Company take into account the counterparty's financial position, past experience and other factors.

The following tables summarize the number of customers that individually comprises greater than 10% of total accounts receivable or total revenue and their aggregate percentage of the Company's total revenue and accounts receivable:

	Accounts receivable	
	Number of customers	% of total
As at December 31, 2019	3	85
As at December 31, 2018	1	84

	Revenue	
	Number of customers	% of total
Year ended December 31, 2019	4	71
Year ended December 31, 2018	4	70

19. Financial instruments and capital management (continued):

(ii) Liquidity risk:

Liquidity risk is the risk that the Company may not be able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and the issuance of equity. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that the Company has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's financial liabilities comprise accounts payable and accrued liabilities. Given the Company's available cash and other liquid resources as compared to its liabilities, management assesses the Company's liquidity risk to be low.

(iii) Foreign exchange risk:

The Company transacts business in multiple currencies, the most significant of which are the U.S. dollar and Australian dollar. Currently, the Company does not enter into foreign exchange contracts to manage this exposure, but may do so in the future. The Company has foreign currency exposure with respect to cash equivalents, accounts receivable and accounts payable denominated in U.S. dollars and Australian dollars. It is also exposed to foreign currency risk on revenue and expenses where it invoices or procures in U.S. dollars and Australian dollars. During the year ended December 31, 2019, the Company recorded a foreign exchange gain of $296 (2018 - $667). At December 31, 2019, U.S. dollar-denominated net monetary assets totalled approximately U.S. $6,886 (2018 - U.S. $4,038). At December 31, 2019, Australian dollar-denominated net monetary assets totalled approximately AUD $236 (2018 - AUD $897).

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $916 due to the fluctuation and this would be recorded in the statements of comprehensive loss.

19. Financial instruments and capital management (continued):

(iv) Interest rate risk:

Interest rate risk arises because of the fluctuation in interest rates. The Company is subject to interest rate risk on its cash equivalents. The impact of change in interest rates is not expected to be significant.

(c) Capital management:

The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus and deficit.

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its growth strategy, fund research and development to enhance existing product offerings, as well as develop new ones, undertake selective acquisitions and provide sufficient resources to meet day-to-day operating requirements, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

In managing its capital structure, the Company takes into consideration various factors, including the growth of its business and related infrastructure and the up-front cost of taking on new customers.

The Company's officers and senior management are responsible for managing the Company's capital and do so through quarterly meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process. The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the cash flows from operations and shareholders' equity. The Company does not have any externally imposed capital requirements.

(Expressed in thousands of Canadian dollars, except per share amounts)

20. Segment reporting:

The Company has determined that it operates as a single reportable operating segment for purposes of making operating decisions and assessing performance. The Company's Chief Executive Officer, the chief operating decision maker, evaluates performance, makes operating decisions and allocates resources based on financial data consistent with the segmented reporting in these financial statements.

The following information provides the required enterprise-wide disclosures:

The Company's revenue by geographic areas is as follows:

	2019	2018
United States of America	$ 12,801	$ 15,400
Canada	453	786
Asia Pacific	1,309	1,356
EMEA	2,665	4,892
	$ 17,228	$ 22,434

All of the Company's assets are located in Canada and virtually all of the Company's expenses are incurred in Canada.

21. Related party transactions:

(a) Key management personnel compensation:

The key management personnel are defined as executive officers of the Company, as well as the Board of Directors, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Company. The following table outlines the total compensation for key management personnel for the year:

	2019	2018
Salaries and other short-term employee benefits	$ 1,451	$ 1,618
Share-based payments	272	198
Long-term incentive and retention plans	67	348
	$ 1,790	$ 2,164

21. Related party transactions (continued):

The Company has arrangements with certain executive officers for termination and change of control benefits. Upon termination without cause by the Company, these officers are entitled to termination benefits of up to 18 months' base salary, annual bonus and lump sum cash payment in respect of any unvested stock options. All of the foregoing payments are subject to applicable statutory deductions.

(b) Loan and share pledge agreements:

In 2011, the Company issued interest-free share purchase loans to its executive officers to exercise all of the stock options that were originally scheduled to vest on or prior to December 31, 2011. As at December 31, 2019, executive officers and non-independent director, held 203,125 (2018 - 240,625) common shares under the loan and share pledge agreement. During the year ended December 31, 2019, nil (2018 - nil) was repaid relating to common shares. These shares are pledged as security against the share purchase loans and are held as security by the Company until such time as the individual loans are repaid.

(c) Interim loan agreement:

Pursuant to the arrangement, the Company entered into an interim loan agreement with NexJ Health Inc. that provides that the Company will advance funds to NexJ Health Inc. as required from time to time up to a maximum of $1,000; the loan bears annual interest at prime rate, as published by the Royal Bank of Canada. The loan receivable is repayable on the date of the closing of a rights offering or other such financing by NexJ Health Inc., or such later date as agreed to by the parties. Management evaluated the recoverability of the loan, including the financial position of NexJ Health Inc. as at December 31, 2016 and concluded that it is impaired and recorded a provision of $994 in the statements of comprehensive loss for the year ended December 31, 2016. During the year ended December 31, 2019, no further advances were made to NexJ Health Inc. and the loan continues to be impaired as at December 31, 2019.

(Expressed in thousands of Canadian dollars, except per share amounts)

21. Related party transactions (continued):

(d) Shared services agreement:

Pursuant to the completed plan of arrangement in 2016 between the Company, NexJ Health Inc. and NexJ Health Holdings Inc., the Company also entered into a shared services agreement with NexJ Health Inc. under which the Company was to provide services and support functions relating to facilities, human resources, finance and IT services for a monthly fee agreed upon between the parties. The Company charged $636 for these services for the year ended December 31, 2016. Management evaluated the recoverability of these charges, including the financial position of NexJ Health Inc. as at December 31, 2016 and concluded that it was impaired and recorded a provision of $636 in the statements of comprehensive loss for the year ended December 31, 2016. These amounts continue to be impaired as at December 31, 2019.

Commencing January 1, 2017, as agreed to between the parties, the Company will only charge for facilities and any third party costs paid on behalf of NexJ Health Inc. and, accordingly, the Company charged $419 (2018 - $442) for the year ended December 31, 2019. Outstanding receivables amounting to $613 (2018 - $141) have been recorded under prepaid expenses and other assets in the statements of financial.

The terms of the agreements in (c) and (d) above and the related amounts being charged were agreed upon by the parties.

22. Finance income:

	2019	2018
Interest on cash and cash equivalents	$ 120	$ 145

23. Restructuring costs:

In June 2019 and 2018, the Company executed a restructuring plan whereby certain employees of the Company were severed. For year ended December 31, 2019, a total of $614 (2018 - $402), was recorded as restructuring costs, which relates primarily to employee severance costs. During the year ended December 31, 2019, the Company paid $644 (2018 - $222), in restructuring costs. The remaining amount of $150 recorded under accounts payable and accrued liabilities on the statements of financial position as at December 31, 2019, will be paid out within a one-year period.

24. Loss per share:

The following table sets forth the calculation of basic and diluted loss per share:

	2019	2018
Numerator:		
Loss for the year	$ (7,697)	$ (3,891)
Denominator:		
Weighted average number of common shares (in thousands):		
Basic and diluted	20,575	20,546
Loss per share:		
Basic and diluted	$ (0.37)	$ (0.19)

During the year ended December 31, 2019, there were nil (2018 - 435) weighted average outstanding stock options excluded from the computation of diluted loss per share as they were anti-dilutive.

(Expressed in thousands of Canadian dollars, except per share amounts)

25. Expenses by nature:

The components of the Company's expenses include the following:

	2019	2018
Salaries and other short-term employee benefits	$ 17,561	$ 19,148
Equity-settled share-based payments	530	512
Cash-settled share-based payments (note 17(b))	117	–
Total personnel costs	18,208	19,660
Sales and marketing expense	530	531
Office rent expense	909	1,539
Professional, consulting and recruiting costs	1,485	1,883
Technology and communication expenses	990	1,241
Depreciation and amortization expense	948	373
Restructuring costs	614	402
Other*	911	1,508
Total operating expenses	$ 24,595	$ 27,137

*Includes office expenses, travel and entertainment expenses and other general and administrative costs.

26. Contractual obligations:

The Company has contractual obligations with respect to leases for office premises.

The lease for office premises has a duration of five years ending on December 31, 2022.

Total approximate future minimum lease payments for the leased office premises as at December 31, 2019 are as follows:

Less than 1 year	$ 850
Between 1 and 5 years	2,163
	$ 3,013

In addition, the Company is responsible for additional taxes, maintenance and other direct charges with respect to its leased office premises. The additional amount is expected to be approximately $1,255 for 2020.

27. Guarantees:

The Company has provided routine indemnifications to its customers against liability if the Company's products infringe on a third party's intellectual property rights. The maximum exposure from these indemnifications cannot be reasonably estimated but is typically limited to the proceeds from sales contracts. Historically, the Company has made no payments relating to these indemnifications, and the Company is not subject to any pending litigation related to such guarantees.