INTOUCH INSIGHT

2023 Annual Report

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Intouch Insight Ltd.

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About Intouch Insight

Our mission is simple. We create value by providing multi-location brands with tech-enabled solutions that improve system-wide performance, collect actionable data, and drive positive business outcomes.

Intouch Insight, a leading Customer Experience solutions provider, helps brands achieve operational excellence so they can earn customers for life. Our role is to facilitate the collection and centralization of data from diverse customer touchpoints, providing brands with actionable, real-time insights in an advanced analytics platform.

Central to our distinctive offering is our focus on capturing and consolidating crucial business data through our extensive field resources and the ability to efficiently reach a large number of geographically dispersed locations. Paired with the Intouch Insight platform, featuring a comprehensive suite of managed software applications and advanced analytics tools, our solution offers brands a comprehensive overview of their operations for informed decision-making.

Software & Services

Intouch's services and software solutions allow its clients to measure, monitor, and improve the delivery of their brand promise across multiple locations or large geographical spread.

We offer:

- Customer Experience Platform
- Mystery Shopping Services
- Operational and Compliance Audit Services
- Survey Software
- Mobile Forms, Checklists & Inspection Software
- Event Marketing Automation Software
- Physical Retail Services (e.g. merchandising, sampling, installations and remodels, promotional material installation and refresh)

Letter from the President & CEO

Dear Shareholders,

When we started the year, we knew that 2023 was not going to be easy. Coming off a strong 2022, which included securing two million dollars in non-recurring revenue that needed to be replaced, and uncertain economic conditions, we had a large task ahead of us. As such, I am very pleased to report that we were able to achieve all our goals announced for the year.

Highlights for 2023 include:

- Total revenue growth of 8%
- Recurring services revenue growth of 5%
- SaaS revenue growth of 15%
- EBITDA of $1.5M
- Completed the acquisition of Alta360 and Ardent with no dilution to shareholders
- 78% of revenues from the United States

In addition to delivering on expected business results, we were also able to make significant strides with initiatives to position the company for the future. I would like to take this opportunity to share some insights into three key areas of focus for the company, our **thought leadership**, our **focus on technology**, and the **breadth of our product lines**.

Thought Leadership

As part of our strategy to make Intouch Insight a household name to businesses in two key target markets, quick-serve restaurants (QSR) and gas & convenience, we have expanded our investment in producing industry-recognized research, as well as focused on building our media partnerships.

In the QSR space, we have established partnerships with three of the leading trade media outlets, QSR Magazine (WTWH Media LLC), Restaurant Business, and Nation's Restaurant News (both Informa Connect), and we are excited to continue reinforcing our position as an industry thought-leader through our upcoming studies and speaking events.

- 2nd Annual: Intouch Insight's **Emerging Experiences Study**
- 1st Annual: Intouch Insight's **Third-party Delivery Study**
- 24th Annual: Intouch Insight **Annual Drive-Thru Study**
- Featured speaking engagement at **QSR Evolution Conference** and mainstage coverage of the Drive-Thru Study
- Mainstage speaking engagement at **FSTech Conference**

I feel it's important to point out that these are not sponsored engagements. As part of these initiatives, Intouch Insight does not pay the media outlets for the coverage or the speaking engagements. Because of the quality of our content and the uniqueness of our studies, we are able to work in partnership to ensure that the content is broadly available and distributed to the industry.

Beyond the trade-media coverage, our team has also been working to build similar partnerships with key journalists at large, mainstream media outlets. In fact, in 2023 the results of the Drive-Thru study were shown on network television across Nexstar media affiliate news outlets mentioning Intouch Insight by name, as well as being featured in a segment on Good Day LA, Fox News 11's morning show. In addition, the study was featured in digital publications with CNBC, CNN, Business Insider, and Consumer Affairs, just to name a few.

Similarly, we have engaged with the gas & convenience industry and have a similar lineup of exciting content and opportunities:

- 3rd Annual: Intouch Insight's Annual **Convenience Store Trends Report**
- 19th Annual: CSP Study & the **CSP/Intouch Insight Customer Experience Award**
- 2nd Annual: Intouch Insight **Responsible Sales Study**
- Main stage speaking engagement at **Outlook Leadership Conference**
- Main stage speaking engagement at an **Invite only Industry Event**

The invite-only event is put on by one of the largest product suppliers to the convenience industry. They host their largest chain customers from across the United States for a 2-day conference and Intouch was invited to speak in 2023 due to the thought leadership we provide to the industry. Based on the success of our 2023 presentation we have not only been invited back to speak to the chains again in 2024, but are being paid to speak this year to present our study findings, further illustrating the value we bring.

Technology Forward

Technology is at the core of everything we do. Our competitors rely on third-party software to deliver the outcome of their services to their clients, whereas at Intouch we utilize our own proprietary software platform and tools. In addition to the flexibility and enhanced customer service this provides our clients, it also enables us to be responsive in reacting to new requirements and requests, further differentiating us from what others can provide. Having our own technology also enables us to combine the output of our services product lines with our software product lines allowing us to provide a true 360-degree view of the business for our clients.

Intouch is also focused on how we can utilize technology in general to enhance our product and capabilities. For example, we are now the only company in North America who is actively and significantly using all three large independent contractor database platforms serving the industry. This gives us an advantage in that it provides us access to the largest possible labor force as well as the latest mobile tools required to interact with them efficiently and effectively. All data collected is then fully integrated with our own internal technology systems which is what allows us to use multiple platforms while ensuring we are not reliant on any of these external vendors for our work product.

Of course, in addition to taking advantage of what is available in the marketplace, we are also continually advancing our own technology and software offerings. In 2024 we expect to add IoT (Internet of Things) functionality around sensors and auditing tools as well as additional machine learning capabilities allowing us to access new opportunities.

Breadth of Product Lines

Intouch is one of the only, if not the only, provider of a complete range of products and services to manage customer experience. We offer mystery shopping and audit services as well as a complete suite of SaaS-based software including forms and checklist automation, customer satisfaction surveys, and data aggregation, analysis, and reporting.

Intouch has an impressive list of brands as clients, many of whom have been customers for a long time. Having additional product lines available supports our growth strategy by allowing the company to increase its revenues through deeper engagements with the current client base in addition to the securing of new brands.

Looking Forward

First, let me take a moment and thank our long-term shareholders for sticking with us during the last few years as the company and the general economic environment underwent significant turmoil.

Second, I wanted to take a moment to reflect on how far we have come together. Only ten years ago Intouch did not sell SaaS-based software and revenues were less than $10 Million. In 2020 revenues were expected to be $25 Million (post-planned acquisitions) but the global pandemic caused a business re-set with revenues dropping back below $13 Million for the year propped up by a strong first quarter. In 2023 the business was finally able to recover and deliver on that $25 Million milestone with $1.5M coming from SaaS-based software sales.

Growth is going to remain at the forefront of our planning and focus for the coming year. We will continue to invest in sales and marketing activities as well as in expanding our product capabilities, particularly our technology. In addition, we will continue to look for creative ways to expand our revenues including continued product diversification.

While investing for growth will continue, so will our overall fiscal responsibility. We will maintain our approach of avoiding dilution and ensuring that the business provides enough cash to self-fund its own organic growth.

I also want to take a moment to thank a couple of individuals. As we previously announced, we had two new board members join us last year to provide transition for two board members who would be exiting this spring. Specifically, Michael Gaffney and Rainer Paduch. Rainer has served as a board member for 20 years having joined the board in 2004. Michael has also been on the board since 2004 serving as CEO from 2004 to 2013 and Chairman from 2013 until 2023. Please join me in thanking both Michael and Rainer for their service to the company and its shareholders over the last couple of decades.

We are confident and committed to the path that Intouch is on, and we hope that you will remain with us for the journey to come.

Cameron Watt
President & CEO

Management's Discussion and Analysis

Intouch Insight Ltd.

Years ended December 31, 2023 and 2022

INTOUCH INSIGHT

(Expressed in Canadian Dollars)

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The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Intouch Insight Ltd. ("Intouch" or the "Company") and the notes to those statements as of and for the year ending December 31, 2023.

The accompanying audited consolidated financial statements have been prepared by and are the responsibility of Intouch's management. The audited consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Dollar amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A is dated as of April 4, 2024

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking information and forward-looking statements. Except for statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will", "may", "should", "continue", "anticipate", "believe", "plan", "estimate", "project", "expect", "intend" and similar expressions to the extent that they relate to the Company or its management. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors outlined in the MD&A and as discussed in public disclosure documents filed with Canadian regulatory authorities. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A and Intouch disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance on the Company's forward-looking statements.

OVERVIEW OF THE BUSINESS

Intouch's vision is to provide perfect information, instantly. Our mission is to create value by providing multi-location brands with tech enabled solutions that improve system wide performance, collect actionable data, and drive positive business outcomes.

Intouch provides a full suite of products to location-based industries including Quick Serve Restaurants, Gas & Convenience, Retail, Financial Services, Grocery, Hospitality, and Automotive. Intouch's services and software solutions allow its clients to measure, monitor, and improve the delivery of their brand promise across multiple locations and/or large geographical spread. Services include mystery shopping, audits, merchandising, sampling, customer capture, and store re-branding. SaaS (Software as a Service) products include forms and checklist automation, customer satisfaction surveys, and data aggregation, analysis, and reporting.

Intouch is unique in that it is one of very few, if not the only, company to offer such a comprehensive range of products to the industries it serves. All products are delivered in a single, unified platform ecosystem that features real-time, online reporting and advanced analytics to help clients focus their time on the most strategic projects. Intouch also uses its technology to enable and differentiate its data collection services, including mystery shopping, third-party audit, and customized location-based data capture across North America. With its fully integrated suite of services and software products, Intouch's clients benefit from being able to access all their mystery shopping, auditing, or even sampling data, alongside their customer satisfaction or location checklist data. This provides brands with a holistic approach to listen, interpret, and act on the data captured through our field data capture services as well as data captured natively through our software applications.

Our Products and Services:

Intouch's data collection services, including **IntouchShop™** and **IntouchAudit™** leverage not only their proprietary technology, but also its long history and expertise in capturing and combining key data points from across multiple geographically separate locations. Common data captured through these services includes:

- information regarding the physical state of a business,
- employee's compliance with execution of operational standards,
- business or employee compliance with legal and regulatory requirements,

- marketing program execution, and
- competitive intelligence.

These services are vital for a business to understand their level of field execution against standards and work in conjunction with customer feedback surveys and other customer experience management (CEM) activities to ensure a complete picture for business decision-making.

IntouchCheck® is a powerful mobile application that helps organizations easily measure their operational standards internally and implement changes to drive lasting business improvements. The software allows businesses to easily create unlimited mobile forms and checklists to collect and aggregate data from all locations. Key product features include adding photos and signatures to forms and issue management automation. The issue management functionality allows users to flag issues, automatically alert key stakeholders, assign issues, set due dates, and track issues through to resolution. IntouchCheck also includes real-time reporting on performance and the ability to view performance by location, region, date and more. IntouchCheck is a perfect fit for any organization that needs to implement and measure ongoing operational execution, including the changes brought about by new and evolving health and safety concerns for their employees and/or their customers.

IntouchSurvey® is a software application that allows businesses to perform web-based surveys to collect feedback and view results using robust, real-time dashboards. While it can be used to perform virtually any type of survey, the most common application of this product is as a customer satisfaction survey tool. IntouchSurvey has an easy-to-use drag and drop survey builder, offers a wide range of question types, and includes more complex functionality like skip logic and conditional questions. The software also provides case management functionality, which allows key stakeholders to automatically be alerted of a low survey score or negative response to a specific question. The case can be assigned to another employee with a due date, and the stakeholder can view the case's outcome. IntouchSurvey is an effective and affordable way for organizations to ensure that the rapid and ongoing changes being made to their operational standards are not having a negative impact on the way their customers feel about them.

IntouchCapture™ is a software application providing event marketing lead capture solutions including analytics, logistics and support to Fortune 1000 brands. Our complete software stack, stocked hardware warehouse, and technical engineers bring big data, analytics, mobile-first design, and data collection expertise to our customers.

LiaCX® / IntouchIntelligence™ is the core platform with which all Intouch products interact. It allows data sources from any of the Intouch software or services to be aggregated and reported from a single location. It includes powerful business intelligence tools, including machine learning functionality. Clients may also choose to bring in data sources from outside of the Intouch suite of products and utilize the platform as a central reporting location for their organization.

Ardent is the latest business unit acquired by Intouch on October 1, 2023. Ardent provides a broad range of additional services to multi-location brands including merchandising services (e.g. inventory management, product restocking, relocation, and resets), installs and maintenance (e.g. complete store remodels, planogram maintenance and implementation, store renovation), point of purchase (e.g. display verification, POP installation, refresh and removal) and product sampling and demonstrating (e.g. food and beverage sampling, product demonstrations, road shows).

The company considers its software and services products to be not only complementary but independently necessary for the industries it serves. Most brands in the company's target industries purchase most, if not all, of the products that Intouch offers whether from the company or a competitor. This presents an opportunity for revenue increases through cross-sell to existing customers and the creation of deeply integrated relationships.

(in Canadian Dollars, except as otherwise noted)

FINANCIAL PERFORMANCE

Financial Highlights

	Year ended December 31		%
	2023	**2022**	**change**
Revenue	**$ 25,433,731**	$ 23,486,835	8%
Cost of services	**13,677,101**	11,578,570	18%
Gross Margin	**11,756,630**	11,908,265	-1%
Gross Margin %	***46.2%***	*50.7%*	-4%
Operating Expenses	**11,298,069**	10,987,733	3%
Earnings (loss) from operating activities	**458,561**	920,532	
Other expenses (earnings)	**690,444**	388,984	
Net earnings (loss) and comprehensive income (loss) before income taxes	**(231,883)**	531,548	
Adjusted EBITDA[1]	**$ 1,524,275**	$ 2,227,275	

1 Adjusted EBITDA is a non-IFRS financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges.

Balance Sheet - Highlights

	December 31, 2023	December 31, 2022
Cash	**$ 898,135**	$ 860,062
Working Capital	**2,125,925**	2,110,147
Total Assets	**15,924,668**	10,500,350
Total Liabilities	**9,627,613**	3,968,854
Share capital and contributed surplus	**9,091,774**	8,941,897
Accumulated deficit	**(2,794,719)**	(2,410,401)
Shares issued and outstanding	**# 25,515,594**	# 25,515,594

Highlights from the year December 31, 2023 compared to the same period in 2022:

- Revenue is 8% higher than the prior year. This increase was due to the acquisition of Brand Equity Builders, Inc("BEB"), the parent company of both Alta360 Research, Inc (Alta) and its sister company, Ardent Retail Services Inc (Ardent) in Q4 2023, offset by the decrease in non-recurring services revenue reflects the ending of the data capture contract in the prior year.
- The 46.2% gross margin as a percentage of revenue was 4.5% lower than the prior year. This decrease is due to sales mix including the introduction of the lower margin Ardent services revenues.
- Earnings from operations was $458,561 compared to $920,532 in the prior year. This is due to increase in cost of sales and selling expenses.
- Adjusted EBITDA (a non-IFRS measure) was $1,524,275 compared to $2,227,275 in 2022.
- Increase in working capital of $15,778 was due to an increase in trade and other receivables, offset partially by a corresponding increase in both trade and other liabilities.

Non-IFRS Financial Measures

Adjusted EBITDA is a non-IFRS financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges.

Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. We calculate Adjusted EBITDA by adding back to net earnings (loss) before taxes the finance costs, amortization expense, change in the fair value of contingent payments and stock-based compensation expenses. Adjusted EBITDA is also used by investors and analysts for the purpose of valuing an issuer. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

OUTLOOK

2023 was a successful year for Intouch as we were able to deliver on the expectations that we established at this time last year. In the outlook section of our 2022 financials we indicated that we expected to deliver growth in our recurring revenues and our SaaS revenues despite the economic uncertainty which was continuing for our clients. We were uncertain at the time if we would be able to grow total revenue year over year due to the large Q2 2022 one-time project we completed. We also indicated that we expected reduced profits as we ramped up investments in growth, but EBITDA was expected to remain positive.

Looking at the results from 2023 we were able to grow recurring services revenues by 5%, SaaS by 15% and were able to grow overall revenues by 8% despite overlapping the $2M project from 2022. We were able to deliver these results while returning EBITDA of $1.5 million.

As part of our investment in growth we acquired Alta360 Research and Ardent Retail Services on October 1, 2023. Alta was a well-respected mystery shopping provider and Ardent was a pre-revenue startup with new product lines being sold to our existing target customers. These new business units delivered $3,563,588 in revenue in Q4 with $2,366,989 coming from Ardent.

As we look to 2024 the headwinds we hoped had subsided for our clients have, in fact, continued and there remains a general feeling of unease in the retail marketplace in the United States. We do not expect that this will affect our focus on growth for 2024 but we do expect it to push some potential new business out until 2025. Throughout 2024 we will continue our investment into growth focused activities including developing the new Ardent business lines.

We expect revenue from Ardent to be slightly lower in Q1, 2024 than Q4, 2023 as we take our learning from the first quarter of revenue and adjust the business. Full year 2024 Ardent is expected to deliver between $7 and $10 million dollars in revenue. As indicated previously, the Ardent revenue will cause margin pressure due to the lower margins on these business lines, however, Ardent will contribute positively to cash flows, EBITDA, and profits.

We expect our revenues from traditional business lines to exceed the $23 million from 2023 and Ardent revenues to be incremental to this core growth. Therefore, we are forecasting to achieve total revenue growth of between 25% and 40% in 2024. The amount of the final revenue for the corporation will be dependent upon the general market conditions, the timing of new revenue acquisition, and the ability of Ardent to secure and deliver on its business plan.

As we continue to focus on product and growth initiatives, we expect profit pressure to continue. We are committed to ensuring that we remain EBITDA positive and do not require any additional outside funding or dilution to maintain the current business trajectory.

RESULTS OF OPERATIONS

a) Revenue

The Company receives revenue from services to its customers in a market referred to as data collection and reporting services.

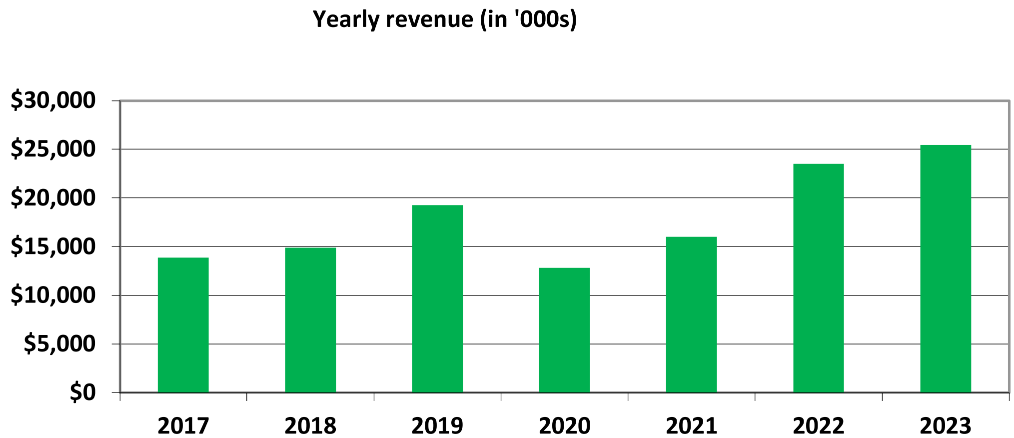
The Company's strategy is to focus on long-term services contracts and software and tracks its recurring revenue from both software and services. The following chart shows the breakdown of revenues for 2023 and 2022.

(in Canadian Dollars, except as otherwise noted)

	2023	2022	% change
Software-as-a-service (SaaS) revenue	**$ 1,544,078**	$ 1,346,563	15%
Event marketing automation revenue	**1,979,554**	1,922,807	3%
Ardent services revenue	**2,366,989**	-	N/A
Recurring services revenue	**19,249,344**	18,291,015	5%
Non-recurring services revenue	**293,766**	1,926,450	-85%
Total revenue	**$ 25,433,731**	$ 23,486,835	8%

The Company's 2023 revenues increased 8% from 2022 revenues, with its SaaS revenue increasing by 15%, its recurring services revenues increasing by 5%, and its event marketing automation revenue increasing by 3%. The decrease in non-recurring services revenue reflects the ending of the data capture contract in the prior year. Ardent services is a new category of revenue for the Company, as it was part of the fall acquisition.

The overall increases reflect new client acquisitions, and the addition of Alta's customer base of recurring services revenues. Management expects fluctuations in quarter-over-quarter operating results.



The Company also measures its revenue geographically. The following chart shows the breakdown of revenues from Canada, the U.S, and internationally.

	2023	%	2022	%	% Change
Canada	**$ 5,462,445**	**21%**	$ 5,720,257	24%	-5%
U.S.	**19,877,172**	**78%**	17,694,258	75%	12%
Other	**94,114**	**1%**	72,320	1%	30%
Total revenue	**$ 25,433,731**	**100%**	$ 23,486,835	100%	8%

Revenue generated from Canadian clients in 2023 was 5% lower than 2022, while U.S. revenues increased by 12%. The Company's U.S. revenues are subject to and were impacted by the fluctuation of foreign exchange.

Revenue recognition: The Company follows International Financial Reporting Standards in recognizing its revenue from operations. For further information on revenue recognition, refer to Note 2 in the audited consolidated financial statements dated December 31, 2023.

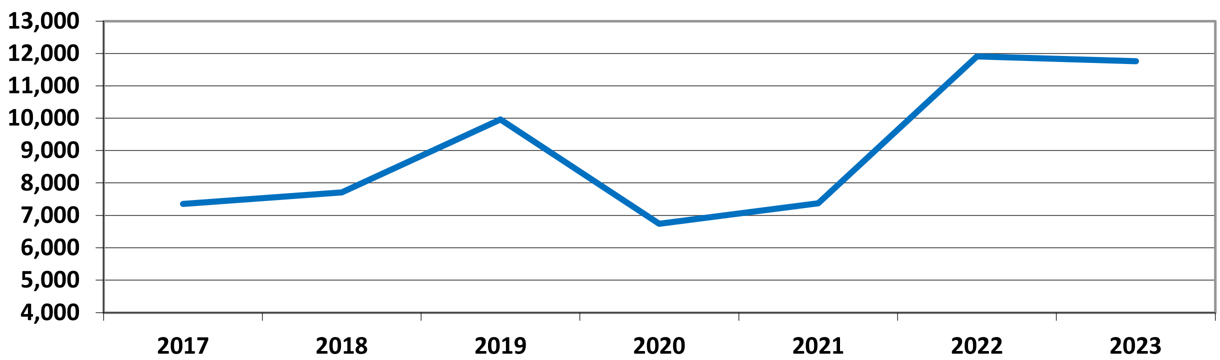
b) Cost of Services/Gross Margin

The Company's cost of services includes all direct costs incurred in providing its products and services. These costs include items such as expenses related to staff and independent contractors, delivery charges, communication costs (as each mobile unit or other device is equipped with cellular or wireless technology to transmit results or program updates live in the field) and amortization associated to the data collection units.

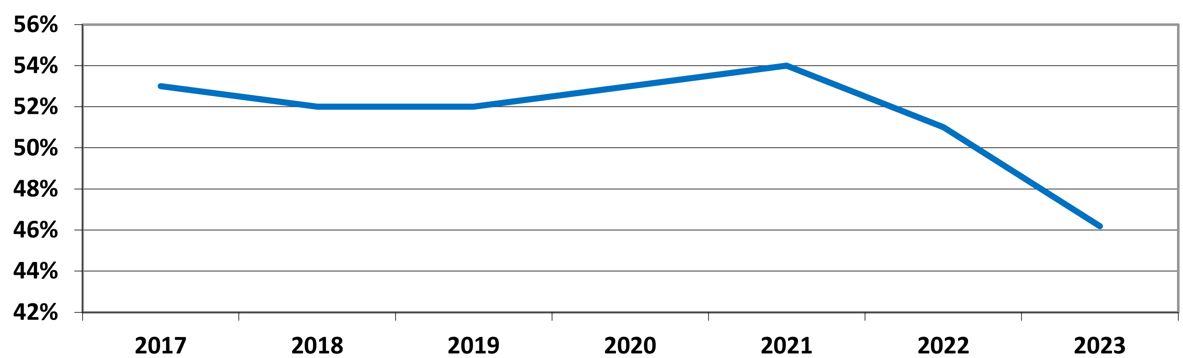
		2023		2022	%
Staff and contractor expense	**$**	**9,274,161**	$	9,558,025	-3%
Delivery and communication costs		**3,738,655**		1,519,647	146%
Amortization		**305,367**		299,866	2%
Commissions		**358,918**		201,032	79%
Cost of services	**$**	**13,677,101**	$	11,578,570	18%
Gross margin		**46.2%**		50.7%	-4.5%

Consolidated cost of services increased 18% in 2023 compared to 2022. For 2023, delivery and communication costs increased due to the increase in revenue from Alta and Ardent. Management expects this expense to fluctuate throughout 2024 based on revenues and product mix.

Yearly gross margin (in '000s)



Yearly gross margin results as a percentage of revenue



(in Canadian Dollars, except as otherwise noted)

The consolidated gross margin decreased by $151,635 or 1% to $11,756,630 in 2023 from $11,908,265 in 2022 while decreasing the margin percentage to 46.2%.

c) Selling

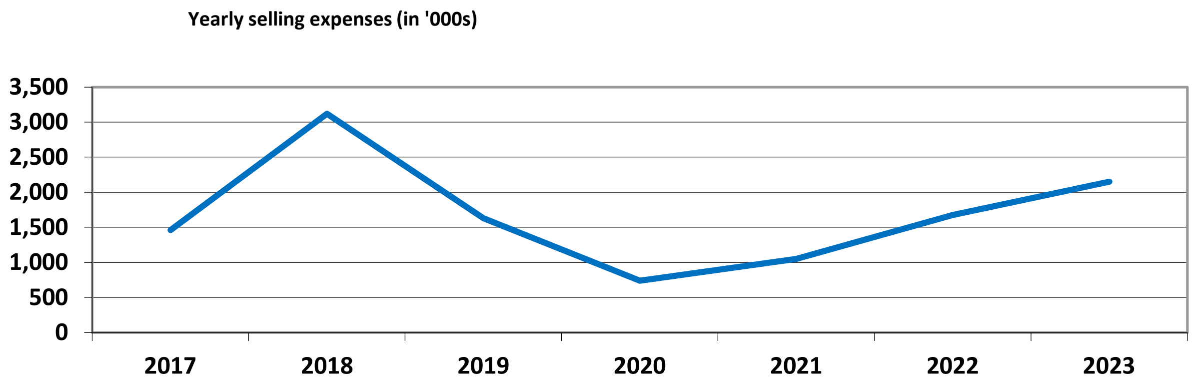
The Company includes marketing, travel, salaries and benefits in selling expenses and are broken down as follows:

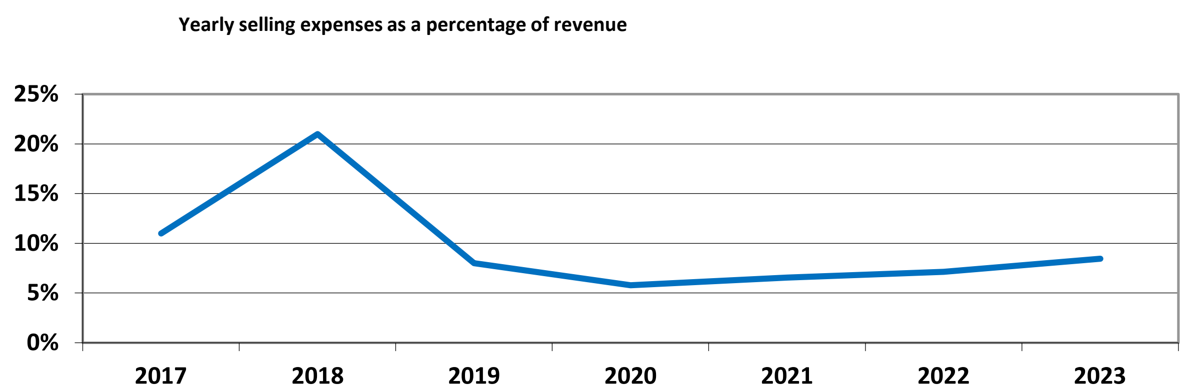
		2023		2022	%
Marketing expenses	$	**648,043**	$	464,407	40%
Travel expenses		**306,101**		157,791	94%
Salaries and benefits		**1,197,281**		1,053,856	14%
Selling expenses	$	**2,151,425**	$	1,676,054	28%

Selling expenses increased by 28% in 2023 compared to 2022. As a percentage of revenue, the expense was 8% in 2023 (2022- 7%).

The increases were driven by increased salaries and benefits expenses as the sales structure was increased in conjunction with plans for future growth. In addition, there was renewed spending on marketing to support revenue growth.

Management continues to watch the marketplace very closely and will aggressively seek new business opportunities.





(in Canadian Dollars, except as otherwise noted)

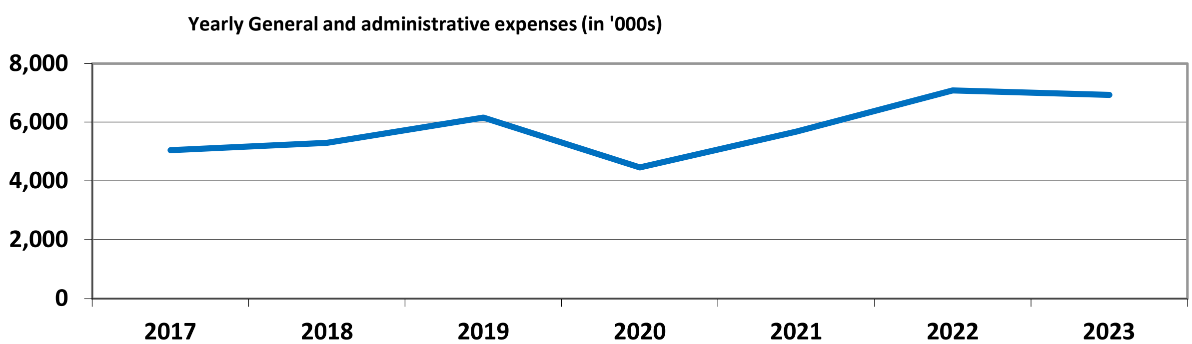
d) General and Administrative

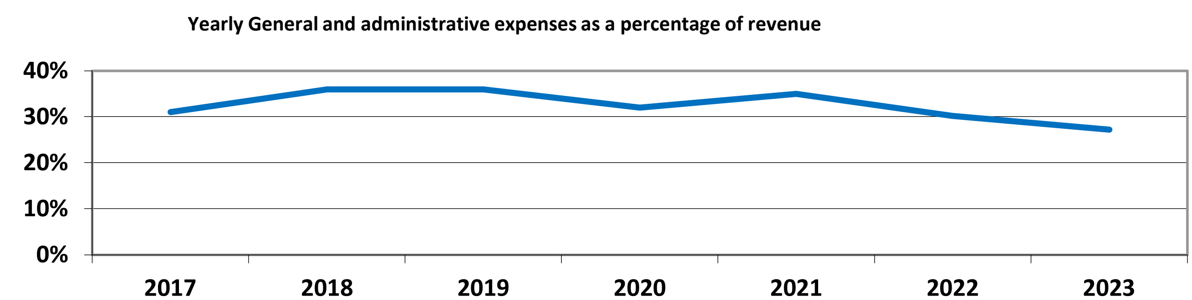
	2023	2022	%
Corporate administration	$ 1,041,119	$ 1,055,032	-1%
Consultant fees	6,282	(8,700)	N/A
Professional fees	385,989	319,307	21%
Public company fees	268,989	216,152	24%
Salaries and benefits	4,400,597	4,729,931	-7%
Loss (gain) on disposal of property and equipment	3,236	-	N/A
Loss (gain) on foreign exchange	215,749	(14,880)	N/A
Bad debt expense (recovery)	(2,699)	46,241	N/A
Amortization expense	610,470	743,678	-18%
Total general and administrative expenses	**$ 6,929,733**	$ 7,086,761	-2%

General and administrative ("G&A") expenses decreased by 2% overall in 2023 compared to 2022.

The decrease is due to primarily to the decrease in salaries and benefits compared to 2022, offset partially by increased public company fees and professional fees related to the acquisition of Alta and Ardent.

Share-based compensation added $149,877 in non-cash salary expense for 2023 compared to $128,700 for 2022.

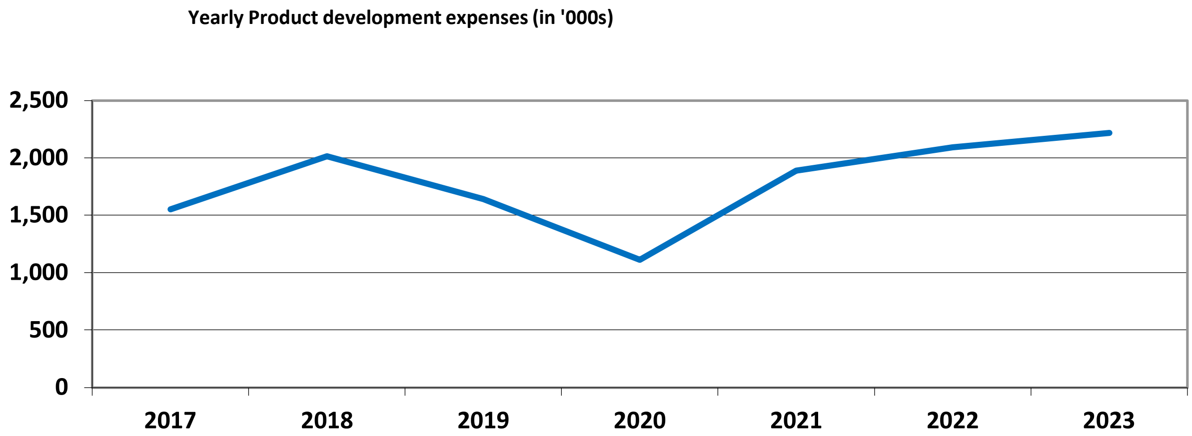


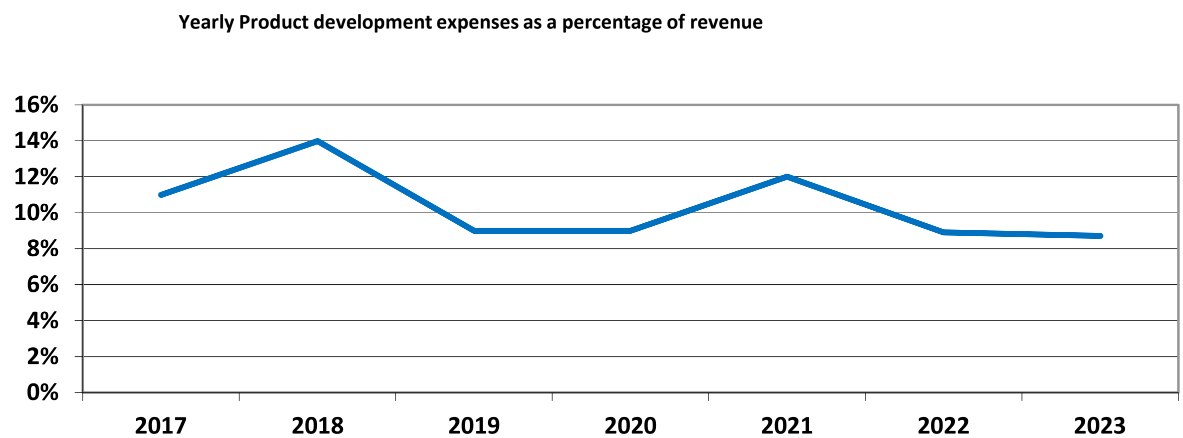


e) Product Development

	2023	2022	%
Salaries and benefits expense	$ 2,216,911	$ 2,090,420	6%
Total product development expense	**$ 2,216,911**	$ 2,090,420	6%

Product development expenses remained relatively constant, increasing 6% in 2023 compared to revenue growth of 8%.





f) Earnings (loss) from operating activities

Earnings from operating activities in 2023 were $458,561, a decrease of $461,971 compared to $920,532 for 2022. The decrease in earnings is due to the lower overall margins and additional costs related to the acquisition.

Impairment costs of $134,498 were recorded in 2022 in connection with the revaluation of the Company's intangible assets including goodwill as a result of the change of control of one of the acquired clients.

g) Non-operating earnings (expenses)

For 2023, finance costs were $249,816 (2022 - $191,462). The increase is a result of the Company's increase in long-term debt related to the acquisition of Alta and Ardent.

The revaluation of the fair value of the contingent consideration related to the various acquisitions (SeeLevel, Alta, Ardent) resulted in a loss of $440,628 in 2023 (2022- loss of $197,522). The loss is due to the increased contingent consideration payments forecasted due to increased expected revenue from Alta and Ardent versus the forecast on the acquisition date of October 1.

h) Net income (loss) before income taxes

The Company recorded net losses before income taxes in 2023 of ($231,883) compared to net income of $531,548 in 2022.

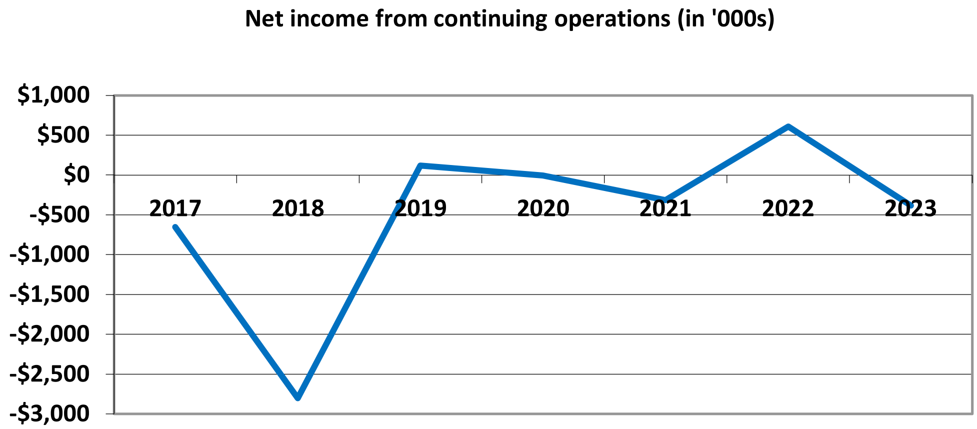
(in Canadian Dollars, except as otherwise noted)

i) Income taxes

In 2023, the Company recorded a deferred tax expense of $37,901 against its deferred tax assets (2022- $183,000 recovery). A current income tax expense of $114,534 was recorded for 2023 (2022 – $104,684).

j) Net income (loss) and comprehensive income (loss)

The Company reported a net loss and comprehensive loss for 2023 of $384,318 or $0.02 per share basic and diluted compared to net income and comprehensive income for 2022 of $609,864 or $0.02 per share basic and diluted.



k) Cash Flows

The Company's cash position was $898,135 on December 31, 2023, compared to $860,062 on December 31, 2022.

		2023		2022	%
Cash flows from operating activities before changes in working capital	**$**	**1,410,162**	$	2,168,832	-35%
Changes in working capital		**342,976**		(1,183,817)	-129%
Cash flows from operating activities		**1,753,138**		985,015	78%
Cash flows from (used in) financing activities		**(643,698)**		(756,023)	-15%
Cash flows used in investing activities		**(1,071,367)**		(109,008)	883%
Increase (decrease) in cash	**$**	**38,073**	$	119,984	-68%

Operating activities:

This year's increase in operating cashflows was due to the fluctuations in working capital.

Financing activities:

As of December 31, 2023, the Company drew $550,000 from its line of credit (2022- $1,140,000).

In 2023, the Company repaid $271,637 of SBA loans and $711,771 of the line of credit assumed with the acquisition of BEB and Alta.

For 2023, $199,611 was paid toward lease liabilities (2022- $218,102).

Share capital increased by $nil from the issuance of common shares during 2022 due to the exercise of stock options (2022 - $154,800). Finance costs paid were $249,816 (2022- $191,462). The increase is due to the increase in long-term debt.

For 2023, contingent consideration of $587,789 was paid for the purchases of PerformaLogics, MobilForce and SeeLevel (2022- $843,475).

Investing activities:

In 2023, the Company invested $1,048,703 in the acquisition of BEB, Alta, and Ardent.

In 2023, the Company invested $22,664 in property and equipment, compared to $109,008 in 2022.

l) Liquidity and Capital Resources

Working capital was $2,125,925 as of December 31, 2023 compared to $2,110,147 as of December 31, 2022. The table below shows other balance sheet accounts compared to previous year including the percentage change:

	2023	2022	%
Bank borrowings	**$ 550,000**	$ 1,140,000	-52%
Short-term debt	**$ 181,777**	$ -	N/A
Contract liabilities	**$ 376,670**	$ 766,595	-51%
Trade and other liabilities	**$ 3,672,683**	$ 832,232	341%
Current portion of lease liabilities	**$ 288,452**	$ 211,266	37%
Lease liabilities	**$ 412,331**	$ 382,527	8%
Current portion of contingent consideration payable	**$ 511,224**	$ 636,234	-20%
Contingent consideration payable	**$ 958,776**	$ -	N/A
Current portion of long-term debt	**$ 478,082**	$ -	N/A
Long-term debt	**$ 2,197,918**	$ -	N/A

Debt to equity increased from 0.61 at December 31, 2022 to 1.53 at December 31, 2023. The change in the ratio is due to the increase in trade and other liabilities, long-term debt, and contingent consideration payable.

The Company has a current ratio of 1.35:1 and credit facilities that include a $3,000,000 demand operating loan. The Company had drawn $550,000 on this facility as of December 31, 2023 (2022- $1,140,000).

The Company had cash in the bank as of December 31, 2023, of $898,135 and good quality accounts receivable of $6,809,791. Management believes that the Company has sufficient cash resources to continue to finance its working capital requirements. Risks include the ability of the Company to produce cash flows through revenues to meet its obligations.

Review of quarterly operating results ('000s)

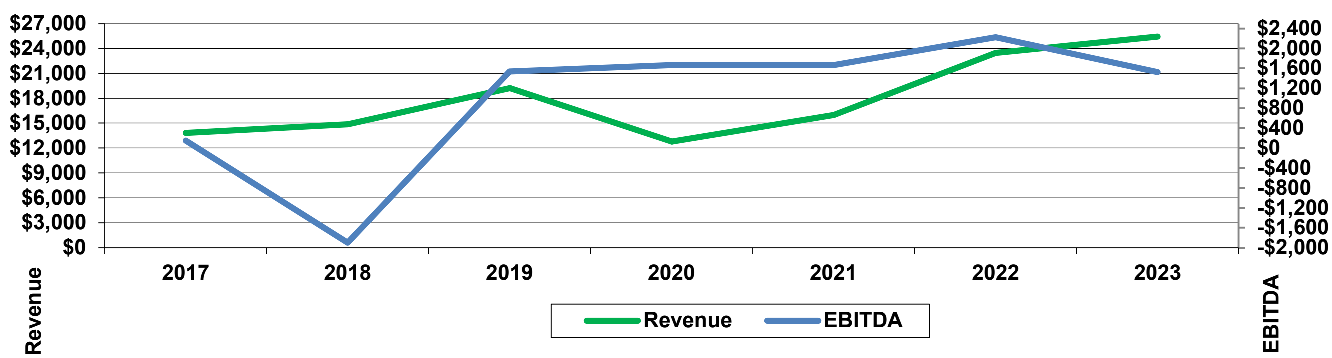
	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 9,020**	**$ 5,634**	**$ 5,682**	**$ 5,097**	**$ 5,545**	**$ 5,415**	**$ 7,283**	**$ 5,244**
Cost of services	5,748	2,719	2,570	2,640	2,792	2,540	3,749	2,497
Gross margin	3,272	2,915	3,112	2,457	2,753	2,875	3,534	2,747
Total operating expenses	3,214	2,656	2,737	2,690	2,640	2,472	3,035	2,841
Earnings (loss) from operating activities	**$ 58**	**$ 259**	**$ 375**	**$ (233)**	**$ 113**	**$ 403**	**$ 499**	**$ (94)**
Gain(loss) in fair value of contingent consideration	(484)	(21)	(26)	90	(230)	9	151	(127)
Finance costs	(101)	(62)	(45)	(42)	(41)	(45)	(61)	(45)
Net earnings (loss) before income taxes	**$ (527)**	**$ 176**	**$ 304**	**$ (185)**	**$ (158)**	**$ 367**	**$ 589**	**$ (266)**
Finance costs	101	62	45	42	41	45	61	45
Impairment of intangible assets and goodwill	-	-	-	-	-	135	-	-
Gain(loss) in fair value of contingent consideration	484	21	26	(90)	230	(9)	(151)	127
Amortization of property and equipment	146	145	153	153	153	156	170	174
Amortization of intangible assets	113	65	65	75	92	99	99	99
Share-based compensation	41	41	41	27	39	39	38	13
Adjusted EBITDA[1]	**$ 358**	**$ 510**	**$ 634**	**$ 22**	**$ 397**	**$ 831**	**$ 806**	**$ 192**

[1]*Adjusted EBITDA*

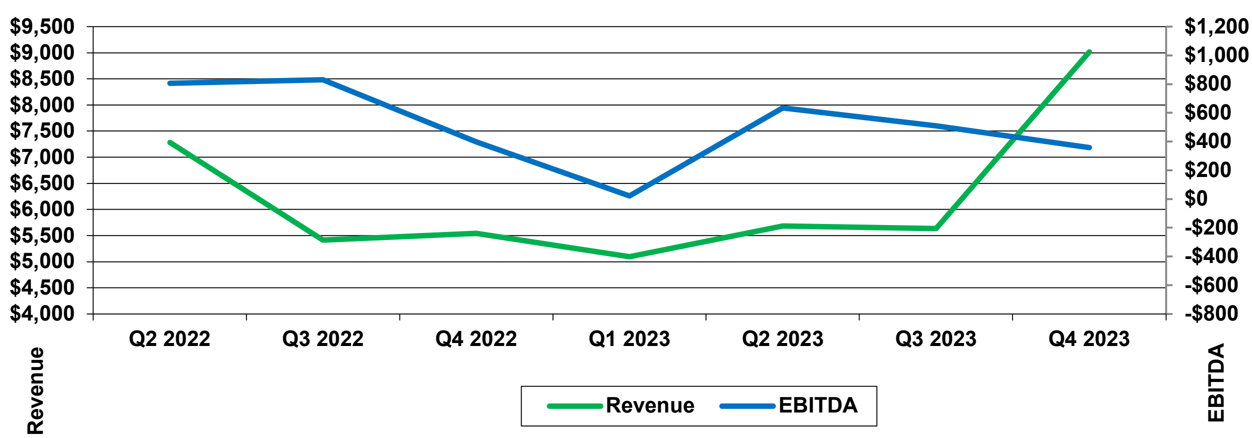
Adjusted EBITDA is a non-IFRS financial measure, which is defined as earnings before income tax expense, financing costs, depreciation and amortization, and impairment charges.

Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. We calculate Adjusted EBITDA by adding back to net earnings (loss) before taxes the finance costs, amortization expense, change in the fair value of contingent payments and stock-based compensation expenses. Investors and analysts also use adjusted EBITDA for the purpose of valuing an issuer. The intent of Adjusted EBITDA is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA differently.

Adjusted EBITDA and revenue (in '000s)



Quarterly Adjusted EBITDA and revenue (in '000s)



ACCOUNTING POLICIES

a) Critical Accounting Estimates and judgments

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Contracts with clients

Contracts with clients often include promises to deliver multiple products and services. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company's professional services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Warrants

In calculating the value of the warrants, key estimates such as the value of the common share, the expected life of the warrant, the volatility of the Company's stock price and the risk-free interest rate are used.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates.

Assessing the probability of utilizing deferred tax assets and investment tax credits

Deferred tax assets and investment tax credits are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in the consolidated financial statements Note 26. The tax rules in the numerous jurisdictions in which the Company operates are also taken into consideration.

Impairment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

b) Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards. On April 4, 2024, the Company's Board of Directors approved these consolidated financial statements and authorized them for issue.

c) Management's Conclusion on the design of Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure and internal controls and procedures as of December 31, 2023 and have concluded that the Company's controls and procedures provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was made known to them and reported as required, particularly during the period in which this report was being prepared.

d) Management's Conclusion on the effectiveness of Disclosure Controls

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2023 and have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would have been known to them.

CORPORATE GOVERNANCE

The seven-person Board of Directors of Intouch is composed of five independent directors who are not related to the Company. One director has been appointed as the Chair of the Board of Directors and the other as Chief Executive Officer of the Company. The entire Board fulfils the Audit Committee and all directors other than the Chief Executive Officer fulfil the Compensation Committee mandates. The Board and Management will continue to ensure compliance with regulatory requirements.

RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit Committee which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The Audit Committee regularly reports to the Board of Directors on its activities.

The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls and sound business practices.

RISK FACTORS AND UNCERTAINTIES

The Company is focused on expanding its business internally as well as through strategic partnerships and acquisitions to achieve continued growth and profitability. Nevertheless, the Company's future results will depend on its ability to find financing and to continuously introduce new products and enhancements to its customers. There are other additional risks and uncertainties described below.

a) COVID-19 and Other Pandemic or Epidemic Diseases

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to contain the spread of the virus. Outbreaks, or the threat of outbreaks of viruses or other contagions or epidemic or pandemic diseases, including the recent COVID-19 outbreak, may lead to prolonged voluntary or mandatory building closures, business closures, government restrictions on travel and gatherings, quarantines, self-isolation and physical distancing. The impact of these measures may lead to a general shutdown of economic activity and disrupt workforce and business operations both in Canada and the World. Such occurrences, including the outbreak of COVID-19, could have a material adverse effect on debt and capital markets, and the ability to provide certain services to clients when shutdowns occur. The pace of recovery following such occurrences cannot be accurately predicted, nor can the impact on the Company's asset valuations, cash flows, results of operations and the Company's ability to obtain additional financing.

Specifically, such enhanced risks associated with COVID-19 include, but are not limited to:
• the trading price of the Company's shares;
• a reduction in annual revenue due to associated financial hardship and non-essential business orders governing the closure of certain businesses to whom the Company provides services;
• issues delivering services due to Company or government-imposed isolation programs, restrictions on the movement of contractors, and closures;
• the impact of additional legislation, regulation and other government interventions in response to the COVID-19 pandemic;

The foregoing is not an exhaustive list of all risk factors.

Developments regarding the COVID-19 pandemic have resulted in a substantive shift in management's focus towards ensuring the continued safety of our employees, compliance with guidelines and requirements issued by various health authorities and government organizations, and continuity of other critical business operations. We remain focused on delivering our key business operations in a responsible manner.

b) Lengthy and Complex Sales Cycle

Intouch sales efforts target large companies requiring Intouch to expend significant resources educating prospective customers about the uses and benefits of Intouch products. Because the purchase of Intouch's solution is a significant decision for these companies, prospective customers generally take a long time to evaluate the product. The sales cycle may range from four to six months for larger accounts, although these cycles can be longer due to significant delays over which Intouch has little or no control.

c) Increasing Competition

The markets in which Intouch operates and intends to operate are extremely competitive and can be significantly influenced by the marketing and pricing decisions of larger industry participants including large companies that have substantially greater market presence and financial, technical, operational, marketing and other resources and experience than Intouch.

d) Evolving Business Model

The Intouch business model continues to evolve. Intouch seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its service offerings. There can be no assurance that Intouch will be able to expand its operations in a cost-effective or timely manner or that any such efforts will create, maintain or increase overall market acceptance.

e) Need to Manage Growth

The growth of Intouch's business and its products and services cause significant demands on Intouch's managerial, operational and financial resources. Demands on Intouch's financial resources will grow rapidly with Intouch's expanding customer base. Additional working capital may be required and there are no assurances that access to the capital required for the future growth and expansion plans will be available.

f) Dependency on Key Personnel

Intouch's success will depend upon the continued service of its senior management team. Intouch employees may voluntarily terminate their employment with Intouch at any time. The loss of services of key personnel could have a material adverse effect upon Intouch's business, financial condition and results of operation.

g) Future Capital Needs

Intouch may need to raise funds through public or private financing in the event that Intouch incurs operating losses or requires substantial capital investment or in order for Intouch to respond to unanticipated competitive pressures or to take advantage of unanticipated opportunities. There can be no assurances that additional financing will be available on terms favourable to Intouch or at all.

h) Foreign Exchange Exposure

Intouch continues to seek expanding its operations into the US market. Fluctuations in the currency exchange rate may affect the revenue and operations of the company. The potential effect of the currency exchange rate fluctuations will be magnified as the percentage of sales to the US market grows.

i) Cybersecurity

Security breaches and other disruptions to our information technology networks and systems could interfere with our operations and could compromise the confidentiality of private customer data or our proprietary information. While we attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and having developed contingency plans, we remain potentially vulnerable to additional known or unknown threats. We collect and store sensitive data including intellectual property, proprietary business information as well as personally identifiable information of our customers and employees in data centers and on information technology networks. The secure operation of these networks and systems is critical to our business operations and strategy. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, misplaced or lost data, programming errors, employee errors and/or misconduct that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, unauthorized access, use, disclosure, modification or destruction of information, production downtimes and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, purchase and cancel shares previously issued, return capital to shareholders or sell assets to reduce debt. The Company considers the items included in the consolidated statement of shareholders' equity, long-term debt (including current portion), net of cash as its capital.

The Company has certain positive covenants that it must meet with a Schedule 1 chartered Canadian bank in regard to its bank indebtedness, as well as adequate accounts receivable to support any operating line draw. The Company also has certain positive covenants that it must meet with a chartered Canadian bank in regards to its long-term loan.

The Company was in compliance with all of its covenants as of December 31, 2023 (2022- compliant).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. For its core business, the Company targets year over year revenue increases with positive increases in earnings before interest, tax and amortization ("EBITDA"). These objectives are met through operational changes to enhance cash flow performance, the evaluation of acquisitions as they relate to the Company's market share and performance, and risk mitigation.

The Company is not subject to any statutory capital requirements and has no commitments, other than options and restricted share units, to sell or otherwise issue common shares.

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

(in Canadian Dollars, except as otherwise noted)

FINANCIAL INSTRUMENTS

The table below summarizes the carrying values of the Company's financial assets and financial liabilities:

	December 31, 2023	December 31, 2022
Financial assets:		
At amortized cost		
Cash and cash equivalents	**$ 898,135**	$ 860,062
Trade and other receivables	**6,809,791**	4,416,299
Contract assets	**170,922**	34,884
Total financial assets	**$7,878,848**	$5,311,245
Financial liabilities:		
At amortized cost		
Bank borrowings	**$ 550,000**	$ 1,140,000
Trade and other liabilities	**3,672,683**	832,232
Short-term debt	**181,777**	-
Long-term debt	**2,676,000**	-
Lease liabilities	**700,783**	593,793
At fair value		
Contingent consideration	**1,470,000**	636,234
Total financial liabilities	**$9,251,243**	$3,202,259

The carrying values of cash and cash equivalents, trade and other receivables, trade and other liabilities, and short-term debt, approximate their fair values due to their relatively short periods to maturity. The fair value of the capital lease obligations approximates the carrying value as the risk profile of the Company has not changed significantly since those loans or leases were negotiated and the borrowing terms and conditions continue to reflect current market conditions.

SHARES

The share capital of the Company consists of an unlimited number of common shares, without par value. All shares are equally eligible to receive dividends, the repayment of capital and represent one vote at the shareholders' meetings.

During the year ended December 31, 2023, there were nil shares issued resulting from the exercise of stock options (2022 – 408,141).

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of Intouch Insight Ltd. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The financial statements include some amounts that are based on management's best estimates that have been made using careful judgement.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the financial statements.

Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded, and the financial records are reliable for preparing the financial statements.

The Board of Directors carries out its responsibility for the financial statements. The Board of Directors meets periodically with management and with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal controls and to review and discuss the financial statements and financial reporting matters.

Additional information about the Company such as the 2023 audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Consolidated Financial Statements

Intouch Insight Ltd.

Years ended December 31, 2023 and 2022

INTOUCH INSIGHT

(Expressed in Canadian Dollars)

Intouch Insight Ltd.
Consolidated Financial Statements
December 31, 2023 and 2022

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The information and representations in these consolidated financial statements are the responsibility of management and have been approved by the Board of Directors. These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the IFRS Interpretations Committee (“IFRIC”) and, where necessary, reflect management’s best estimates and judgments at this time. It is reasonably possible that circumstances may arise which cause actual results to differ.

Intouch Insight Ltd. maintains systems of internal accounting controls, policies and procedures to provide reasonable assurance as to the reliability of the financial records and the safeguarding of its assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out these activities primarily through its Audit Committee.

The Audit Committee is comprised of six Directors who are not employees of the Company. The Committee meets periodically throughout the year with management and external auditors to review their respective responsibilities, results of the reviews of internal accounting controls, policies and procedures and financial reporting matters. The external auditors meet separately with the Audit Committee.

The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors. The consolidated financial statements have been audited by BDO Canada LLP, Chartered Professional Accountants, the external auditor, whose report follows.

April 4, 2024,

“Cameron Watt”
Cameron Watt
Chief Executive Officer

“Cathy Smith”
Cathy Smith
Chief Financial Officer

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Independent Auditor's Report

To the Shareholders of Intouch Insight Ltd.

Opinion

We have audited the consolidated financial statements of Intouch Insight Ltd. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Fair value of acquired net assets and goodwill

Description of the key audit matter

On October 1, 2023, the Group acquired 100% of the shares of Brand Equity Builders, Inc. as described in Note 15. Through the application of IFRS 3 *Business Combinations* ("IFRS 3"), management determined that the acquisition should be accounted for as a business combination. The assets and liabilities acquired were stated at their fair values which were determined in the course of the purchase price allocation performed in which management is required to exert significant judgement in assessing the accounting determination. Changes in these assumptions may have a material impact on the fair values. Due to the judgement involved in accounting for the transaction and with respect to the estimation uncertainty, we have therefore considered this a Key Audit Matter.

Please refer to Notes 2(g), 2(h), 2(q), 14, and 15 of the consolidated financial statements for the Group's accounting policy, significant judgements and estimates applied, and details regarding the acquisition transaction.

How the key audit matter was addressed in the audit

Our approach to addressing the matter included the following procedures, among others:

- Obtained and reviewed management's analysis of the accounting treatment in accordance with IFRS 3 and confirmed the facts to supporting evidence.
- Obtained the relevant transaction documents to develop an understanding of the relevant terms, facts and circumstances of the transaction and its relevant business rationale.
- Assessed management's purchase price allocation, including applied valuation methodology, significant estimates, and the reliability of future oriented cash flow forecasts.
- Assessed the disclosures in the consolidated financial statements related to significant judgement and estimates to determine if they are sufficient.
- With the assistance of professionals with specialized skills and knowledge in the field of valuations, assessed the appropriateness of the group's key assumptions and estimates, including discount rates, growth assumptions, and terminal growth rate applied.

Fair Value of Contingent Consideration

Description of the key audit matter

The fair value of contingent consideration payable was assessed to be $1,470,000 at December 31, 2023 as detailed in Note 16.

Contingent consideration is a key audit matter due to the high level of judgement required in assessing the inputs into the valuation models supporting management's assessment of the future payments. The most significant judgements incorporated in management's assessment of the fair value of contingent consideration include forecasted revenues attributable to the acquired customers, discount rates applied, and the assumptions underlying forecasted growth.

How the key audit matter was addressed in the audit

Our approach to addressing the matter included the following procedures, among others:

- Tested how management determined the fair value of the discounted future cash flows, which included the following:
    - Tested the reasonableness of the forecasted revenues and revenue growth rates by comparing them to current and past performance and current industry, market, and economic trends to assess the Group's ability to accurately forecast.
    - With the assistance of professionals with specialized skills and knowledge in the field of valuations, assessed the appropriateness of the discount rate applied.
    - Performed a recalculation of the contingent consideration payable amount based on the assumptions above.

Other Information

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

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the *Annual Report,* and
- The information included in the Management's Discussion and Analysis.

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

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

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Richard Yeghiayan.

BDO Canada s.r.l./S.E.N.C.R.L./LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 4, 2024

INTOUCH INSIGHT LTD.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Years ended December 31, 2023 and 2022
(in Canadian Dollars)

	Note	2023	2022
Revenue	4	$ 25,433,731	$ 23,486,835
Cost of services	5	13,677,101	11,578,570
Gross margin		11,756,630	11,908,265
Operating expenses			
Selling	6	2,151,425	1,676,054
General and administrative	7	6,929,733	7,086,761
Product development	8	2,216,911	2,090,420
Impairment of intangible assets and goodwill	14	-	134,498
Total operating expenses		11,298,069	10,987,733
Income from operating activities		458,561	920,532
Non-operating expenses (income)			
Finance costs	25	249,816	191,462
Loss (gain) in fair value of contingent consideration payable	16	440,628	197,522
Net income (loss) before income taxes		(231,883)	531,548
Income taxes	26		
Deferred tax expense (recovery)		37,901	(183,000)
Current tax expense		114,534	104,684
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		(384,318)	609,864
Earnings (Loss) per share	10		
Basic		$ (0.02)	$ 0.02
Diluted		$ (0.02)	$ 0.02
Weighted average number of shares - basic		25,515,594	25,340,978
Weighted average number of shares - diluted		25,515,594	25,590,077

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Financial Position

As at December 31, 2023 and 2022

(in Canadian Dollars)

	Notes	December 31, 2023	December 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents		$ 898,135	$ 860,062
Trade and other receivables	12	6,809,791	4,416,299
Contract assets	12	170,922	34,884
Prepaid expenses		305,665	385,229
Total Current Assets		8,184,513	5,696,474
Non-Current Assets			
Property and equipment	13	720,715	991,301
Deferred tax assets	26	145,099	183,000
Intangible assets	14	4,651,982	2,625,088
Goodwill	14	2,222,359	1,004,487
Total Non-Current Assets		7,740,155	4,803,876
TOTAL ASSETS		15,924,668	10,500,350
LIABILITIES			
Current Liabilities			
Bank borrowings	21	$ 550,000	$ 1,140,000
Trade and other liabilities	17	3,672,683	832,232
Contract liabilities	12	376,370	766,595
Short-term debt	18	181,777	-
Current portion of contingent consideration payable	16	511,224	636,234
Current portion of long-term debt	19	478,082	-
Current portion of lease liabilities	20	288,452	211,266
Total Current Liabilities		6,058,588	3,586,327
Non-Current Liabilities			
Long-term debt	19	2,197,918	-
Contingent consideration payable	16	958,776	-
Lease liabilities	20	412,331	382,527
Total Non-Current Liabilities		3,569,025	382,527
TOTAL LIABILITIES		9,627,613	3,968,854
SHAREHOLDERS' EQUITY			
Share capital	22	7,227,691	7,227,691
Contributed surplus		1,864,083	1,714,206
Deficit		(2,794,719)	(2,410,401)
TOTAL SHAREHOLDERS' EQUITY		6,297,055	6,531,496
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,924,668	10,500,350

Commitments and Contingencies 31

ON BEHALF OF THE BOARD

"Eric Beutel" Director
Eric Beutel

"W. David Oliver" Director
W. David Oliver

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Changes in Equity

Years ended December 31, 2023 and 2022
(in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2022	22	25,107,453	$ 7,030,171	$ 1,628,226	$ (3,020,265)	$ 5,638,132
Issuance of share capital from the exercise of share options	22	425,000	197,520	(42,720)	-	154,800
Net exercise of stock options		(16,859)	-	-		-
Share-based compensation		-	-	128,700	-	128,700
Net income and comprehensive income		-	-	-	609,864	609,864
Balance as at December 31, 2022	22	25,515,594	$ 7,227,691	$ 1,714,206	$ (2,410,401)	$ 6,531,496
Share-based compensation		-	-	149,877	-	149,877
Net loss and comprehensive loss		-	-	-	(384,318)	(384,318)
Balance as at December 31, 2023		25,515,594	**$ 7,227,691**	**$ 1,864,083**	**$ (2,794,719)**	**$ 6,297,055**

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Cash Flows

Years ended December 31, 2023 and 2022
(in Canadian Dollars)

	Note	2023	2022
Cash flows from operating activities			
Net income (loss)		$ **(384,318)**	$ 609,864
Adjustments for non-cash items:			
Amortization of property and equipment	13	**596,614**	653,268
Amortization of intangible assets	14	**319,106**	390,277
Allowance for doubtful accounts		**(2,699)**	46,241
Finance costs	25	**249,816**	191,462
Impairment of intangible assets and goodwill	14	**-**	134,498
Loss (gain) in fair value of contingent consideration	16	**440,628**	197,522
Share-based compensation	22, 23	**149,877**	128,700
Loss (gain) on disposal of property and equipment		**3,237**	-
Deferred tax expense (recovery)	26	**37,901**	(183,000)
Net change in non-cash operating working capital	24	**342,976**	(1,183,817)
Net cash flows from operating activities		**1,753,138**	985,015
Cash flows from financing activities			
Net proceeds (repayments) from bank borrowings		$ **(590,000)**	$ 300,000
Issuance of share capital net of cash issue costs	22	**-**	154,800
Repayment of short-term debt	18	**(983,408)**	-
Increase in long-term debt	19	**2,000,000**	-
Payment of lease liabilities	20	**(199,611)**	(218,102)
Repayment of contingent consideration payable		**(587,789)**	(843,475)
Foreign exchange loss (gain) on financing activities		**(33,074)**	42,216
Finance costs paid	25	**(249,816)**	(191,462)
Net cash flows from (used in) financing activities		**(643,698)**	(756,023)
Cash flows from investing activities			
Purchase of BEB and subsidiaries, net of cash acquired	15	**(1,048,703)**	-
Purchase of property and equipment	13	**(22,664)**	(109,008)
Net cash flows used in investing activities		**(1,071,367)**	(109,008)
NET INCREASE (DECREASE) IN CASH		**38,073**	119,984
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**860,062**	740,078
CASH AND CASH EQUIVALENTS, END OF YEAR		$ **898,135**	$ 860,062
Additional Information			
Interest paid		**127,915**	86,530
Income tax paid (recovered) included in operating activities		**-**	-

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

1. CORPORATE INFORMATION

Intouch Insight Ltd. ("Intouch" or the "Company") is a publicly listed company and is incorporated under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol INX and on the OTC Markets Group ("OTCQX") under the symbol INXSF. The address of Intouch's registered office and its principal place of business is 400 March Road, Ottawa, Ontario, Canada K2K 3H4.

Founded in 1992, Intouch and its subsidiaries offer a portfolio of customer experience management (CEM) products and solutions. These include customer surveys, mystery shopping, mobile forms, operational and compliance audits, and event marketing automation solutions.

2. SUMMARY OF ACCOUNTING POLICIES

The following accounting policies have been used throughout all periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the IFRS Interpretations Committee ("IFRIC") and in effect at the closing date of December 31, 2023.

On April 4, 2024, the Company's Board of Directors approved these consolidated financial statements and authorized them for issue.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out in Note 2(s).

(c) Basis of consolidation

The consolidated financial statements include the accounts of Intouch Insight Ltd., the ultimate parent, and its wholly owned subsidiaries Intouch Insight Inc, and Intouch Insight Corp. Intouch Insight Inc is incorporated in Canada. On January 1, 2022, former Canadian subsidiaries Performalogics Inc., and Mobilforce Incorporated were amalgamated with Intouch Insight Inc. Intouch Insight Corp. is incorporated in the United States of America and holds all outstanding membership units of Mystery Researchers LLC (dba SeeLevel HX), as well as all outstanding shares of Brand Equity Builders Inc. the parent company of both Alta360 Research Inc and its sister company Ardent Retail Services Inc. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisitions are recognised immediately as an expense.

All intercompany transactions and balances have been eliminated. All subsidiaries have a reporting date of December 31.

(d) Functional currency and foreign currency translation

These consolidated financial statements are presented in Canadian dollars, the Company's functional and presentation currency. Balances included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions in foreign currency are translated into the functional currency using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at the reporting date exchange rate are recognized in net earnings. Non-monetary items measured at historical cost are translated using the exchange rate at the transaction date.

The functional currency of Intouch Insight Ltd and Intouch Insight Inc is the Canadian dollar, while the functional currency Intouch Insight Corp, Brand Equity Builders Inc, Alta360 Research Inc, and Ardent Retail Services Inc is the American dollar.

The financial statements of operations that have a functional currency different from that of the Company are translated using the rate in effect at the consolidated statement of financial position date for assets and liabilities, and the monthly average exchange rates during the year for revenues and expenses.

(e) Cash and cash equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent they exceed federal deposit insurance limits.

(f) Property and equipment

Property and equipment are stated at acquisition cost less accumulated amortization and impairment losses. Amortization is provided over the estimated useful lives of the assets using the following annual rates and terms:

Computer equipment	3 years	Straight-line
Survey tablets	5 years	Straight-line
Furniture and equipment	10 years	Straight-line
Leasehold improvements	Term of the lease	Straight-line
Right of Use assets	Term of the lease	Straight-line

The Company continuously monitors and re-assesses its amortization periods and accordingly, in July 2022, adjusted the amortization period for computer equipment from 5 years to 3 years in order to better reflect the rate of technological obsolescence of such equipment. This change in the amortization period has been applied prospectively commencing in July 2022.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the general and administrative expenses. The asset residual values, useful lives and amortization methods are reviewed at each reporting period and adjusted prospectively if appropriate.

(g) Intangible assets

Intangible assets are comprised of customer relationships, software and trademarks which qualified for recognition as intangible assets in a business combination. They are recognized at historical cost (which corresponds to their fair value at the acquisition date) less accumulated amortization and accumulated impairment losses.

The Company amortizes customer relationships on a straight-line basis between a four-year period and a twelve-and-a-half-year period, software over a three-year period and the trademarks between five and ten years.

The useful lives and residual values are reviewed at each reporting date, taking the nature of the asset and its expected use into account.

(h) Impairment testing of intangible assets, goodwill and property and equipment

Intangible assets and property and equipment are reviewed at each reporting date to determine whether events or changes in circumstances indicate that the carrying amount of the asset or related cash generating unit (“CGU”) may not be recoverable. If any indication exists, the asset’s or CGU’s recoverable amount is estimated.

The recoverable amount of an asset or 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. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognized if an asset's carrying amount or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are first allocated to reduce the carrying amount of any goodwill allocated to the CGU until it’s nil and then to the carrying amounts of the intangible assets in the CGU on a pro-rata basis.

In respect of intangible assets and property and equipment, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash-generating unit ("CGU") or CGUs to which it relates.

Goodwill is measured at historical cost and evaluated for impairment at each reporting date. Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Any impairment loss in respect of goodwill is not reversed.

There were $nil in impairment losses recognized for the year ended December 31, 2023 (December 31, 2022- $134,498 of impairment losses, $106,409 for intangible assets, $28,089 for goodwill).

(i) Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The Company's contracts often include multiple products and services, which are generally capable of being distinct and accounted for as separate performance obligations.

<u>Nature of services</u>

The Company's hosted software-as-a-service ("SaaS") application, which allows customers to use hosted software over the contract period without taking possession of the software, is provided on a subscription basis, and recognized ratably over the contract period, commencing on the date an executed contract exists and the customer has the right-to-use and access the platform.

The Company's services revenues are provided for data collection, reporting and analysis purposes. Services included vary from providing data collection units for use in the field or independent contractors to visit client locations for the completion of a survey. Revenue for these services is recognized over the time the client possesses and uses the data collection units or in the case of independent contractors once the client has received the data.

Professional services are provided for the implementation and configuration of hosted software and ongoing technical services and training. For professional services contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed. Any one-time professional fees for implementation are billed once the services have been provided in full.

Revenue from support services provided to clients on the hosted SaaS application is recognized over the term of the support services agreement.

The Company further elects to apply the practical expedient to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the client and the client's payment for these services is expected to be one year or less.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue earned but not billed. These amounts are included in contract assets. Contract liabilities are recorded when a customer is invoiced before performance and funds received.

In obtaining these contracts, the Company incurs several incremental costs, such as commissions paid to sales staff. As the amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in IFRS 15.94 and expenses them as they are incurred.

(j) Leases

At the inception of a lease contract, the Company assesses whether the 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 recognizes a right-of-use asset and a lease liability at the beginning of the lease. This is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company then amortizes this right-of-use asset 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 period includes periods covered by an option to extend if the Company is reasonably certain to exercise that renewal option. Furthermore, the Company assesses for potential impairment losses at each reporting period.

The Company initially measures the lease liability 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 uses the incremental borrowing rate. The Company adjusts the balance at each reporting period using the effective interest method. The lease liability may also be remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in management's estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension, or termination option. If remeasured, a corresponding adjustment is also made to the carrying amount of the right-of-use asset, or is recorded in the statement of net income (loss) ("P&L") if the carrying amount of the right-of-use asset has been reduced to zero.

As permitted under IFRS 16, the Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. For these short-term leases, the Company recognizes the lease payments as an expense on a straight-line basis over the lease term.

Management has estimated the Company's incremental borrowing rate at 4.5% per annum for discounting purposes, except for the most recent lease, where the incremental borrowing rate has been estimated at 10%.

The right of use assets and lease obligations recognized relate to the Company's office leases in: Ottawa, Ontario, Canada; Laval, Quebec, Canada; and Toledo, Ohio, USA.

(k) Equity

Share capital represents the amount received for shares that have been issued less transaction costs directly attributable to the issuance of common shares net of any related income tax benefits.

Contributed surplus within equity, includes amounts in connection with stock-based compensation as well as expired or forfeited warrants.

Deficit includes all current and prior period earnings (losses).

(l) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data. Basic EPS is calculated by dividing the net earnings attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net earnings attributable to shareholders and the weighted average number of shares outstanding, for the effects of all potential dilutive shares.

(m) Share-based compensation

The Company accounts for share-based compensation arrangements using the fair value method of accounting. When employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date.

The share-based compensation cost is recorded as an expense in net earnings and credited to contributed surplus.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of awards expected to vest. Estimates are subsequently revised if there is any indication that the number expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if awards ultimately exercised are different to that estimated on vesting.

An award with different vesting dates is considered a separate grant for calculating fair value and the resulting fair value is amortized over the vesting period of the respective grants.

When share options are exercised, any consideration paid by employees is credited to share capital in addition to the amount previously recorded in contributed surplus. When restricted share units are vested, the amount previously recorded in contributed surplus is moved to share capital.

The Company's plan does not feature any options for cash settlement. For restricted share units, they can be settled in cash at the option of the company.

(n) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net earnings except for items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the expected tax rates applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any tax loss or credit. 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. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Changes in deferred tax assets or liabilities are recognized as a component of tax recovery or expense in net income (loss), except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(o) Financial instruments

Classification

On initial recognition, the Company determines the classification of financial instruments based on the following categories:

1. Measured at amortized cost
2. Measured at fair value through profit or loss (FVTPL)
3. Measured at fair value through other comprehensive income (FVOCI)

The classification under IFRS 9 is based on the business model under which a financial asset is managed and on its contractual cash flow characteristics. Assets held for the collection of contractual cash flows and for which those cash flows correspond solely to principal repayments and interest payments are measured at amortized cost. Contracts with embedded derivatives where the host is a financial instrument in the scope of the standard will be assessed as a whole for classification.

A financial asset is measured at amortized cost if both of the following criteria are met:

1. Held within a business model whose objective is to hold assets to collect contractual cash flows; and
2. Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments held for trading are classified as FVTPL. For all other equity investments that are not held for trading, the Company may irrevocably elect, on initial recognition, to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial liabilities are measured at amortized cost unless they must be measured at FVTPL (such as derivatives), or if the Company has chosen to evaluate them at FVTPL.

Management has assessed the classification and measurement of the Company's financial instruments as follows:

Financial Instrument	**Classification under IFRS 9**
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Contract assets	Amortized cost
Bank borrowings	Amortized cost
Trade and other liabilities	Amortized cost
Short-term debt	Amortized cost
Long-term debt	Amortized cost
Contingent consideration	FVTPL
Lease liabilities	Amortized cost

Measurement

Initial recognition – A financial asset or financial liability is initially recorded at its fair value, which is typically the transaction price, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. In the event that fair value is determined to be different from the transaction price, and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or is based on a valuation technique that uses only data from observable markets, then the difference between fair value and transaction price is recognized as a gain or loss at the time of initial recognition.

Amortized cost – The amount at which a financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit losses. The effective interest method calculates the amortized cost of a financial asset or liability and allocates interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount on initial recognition.

Fair value through profit or loss – Changes in fair value after initial recognition, whether realized or not, are recognized through the consolidated statements of net loss and comprehensive loss. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of net loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Fair value through other comprehensive income – Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive income. Income arising in the form of interest, dividends, or similar, is recognized through the consolidated statements of net loss and comprehensive loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses ("ECLs") at each reporting date to reflect changes in credit risk since initial recognition.

The Company has applied the simplified approach for its accounts receivable under IFRS 9 and calculated ECLs based on lifetime expected credit losses considering historical credit loss experience and financial factors specific to the debtors and general economic conditions.

Derecognition

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset have expired or when contractual rights to the cash flows have been transferred. Gains and losses from the derecognition are recognized in the consolidated net loss and comprehensive loss statements.

Financial liabilities – The Corporation derecognizes a financial liability when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net loss and comprehensive loss.

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used for the consolidated financial statements. The Company has determined that it only has one operating and reportable segment.

(q) Critical accounting estimates and judgments

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Contracts with clients

Contracts with clients often include promises to deliver multiple services. Determining whether such bundled products and services are considered i) distinct performance obligations that should be separately recognized, or ii) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company’s professional services are capable of being distinct as third-party service providers could perform them and do not involve significant customization of the licensed software.

Useful lives of intangible assets

The useful lives of intangible assets have been determined based on management’s estimated attrition rates related to the associated asset. Any subsequent change in these estimates would affect the amount of amortization recorded over future periods.

Business combinations

The Company applies the acquisition method to account for business combinations. The consideration transferred for acquiring a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent consideration payables assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income and comprehensive income.

Contingent consideration

The Company measures the contingent consideration in a business combination at the estimated fair value at each reporting date. The fair value is estimated based on the range of possible outcomes and the Company’s assessment of the likelihood of each outcome.

Assessing the probability of utilizing deferred tax assets and investment tax credits

Deferred tax assets and investment tax credits are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal of existing timing differences, future taxable income and future tax planning strategies, is included in Note 26. The tax rules in the numerous jurisdictions in which the Company operates are also considered.

Impairment

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

In assessing impairment, Management estimates the recoverable amount of each asset or cash-generating unit (CGU) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2(i)).

(in Canadian Dollars)

Assets are grouped into CGUs at the lowest level of separately identified cash flows. The determination of a CGU is based on management's judgment and is an assessment of the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

3. RECENT ACCOUNTING PRONOUNCEMENTS AND FUTURE CHANGES IN ACCOUNTING POLICIES

The following is a listing of amendments, revisions and new International Financial Reporting Standards issued but not yet effective.

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1) providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

In July 2020, the IASB published Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year.

In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies and several paragraphs are added to IAS 1 to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments also clarify that: accounting policy information may be material because of its nature, even if the related amounts are immaterial; accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In October 2022, the IASB published Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments modify the requirements introduced by Classification of Liabilities as Current or Noncurrent on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments also defer the effective date of the 2020 amendments to January 1, 2024.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company has not yet assessed the impact of adoption of this guidance.

4. REVENUE

Geographical revenue

The Company reports its revenue by the geographical location of its customers. No significant property and equipment are maintained outside of Canada.

	2023	2022
Canada	**$ 5,462,445**	$ 5,720,257
US	**19,877,171**	17,694,258
Other	**94,115**	72,320
Total revenue	**$ 25,433,731**	$ 23,486,835

(in Canadian Dollars)

Major customers

Revenues from specific clients, each with 10% or more of total Company revenues, are summarized as follows:

	2023	2022
Customer 1	**$ 3,030,431**	$ 2,599,913
Customer 2	**1,598,086**	3,904,622

Major trade receivables

Trade receivables from specific clients, each with 10% or more of total Company trade receivables, are summarized as follows:

	2023	2022
Customer 1	**$ 1,991,453**	$ -
Customer 2	**824,288**	-
Customer 3	**286,682**	447,985
Customer 4	**227,897**	1,598,319

The customers presented may not be the same as in the previous table.

5. COST OF SERVICES

During the year ended December 31, 2023, the Company recorded an amortization expense of $305,367 (2022 - $299,866) within cost of services. Salaries and benefits charged to cost of services were $1,019,879 in 2023 compared to $2,150,410 in 2022.

6. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	2023	2022
Marketing expenses	**$ 648 043**	$ 464 407
Travel expenses	**306 101**	157 791
Salaries and benefits	**1 197 281**	1 053 856
Selling expenses	**$ 2 151 425**	$ 1 676 054

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the Company are broken down as follows:

	2023	2022
Corporate administration	**$ 1,041,119**	$ 1,055,032
Consultant fees	**6,282**	(8,700)
Professional fees	**385,989**	319,307
Public company fees	**268,989**	216,152
Salaries and benefits(1)	**4,400,597**	4,729,931
Loss (gain) on disposal of property and equipment	**3,236**	-
Loss (gain) on foreign exchange	**215,749**	(14,880)
Bad debt expense (recovery)	**(2,699)**	46,241
Amortization expense	**610,470**	743,678
General and administrative expenses	**$ 6,929,733**	$ 7,086,761

(1) Share-based compensation (a non-cash item) of $149,877 (2022 - $128,700) has been included in Salaries and benefits

(in Canadian Dollars)

8. PRODUCT DEVELOPMENT EXPENSES

Product development expenses for the Company are broken down as follows:

	2023	2022
Salaries and benefits	$ 2,216,911	$ 2,090,420
Product development expenses	**$ 2,216,911**	$ 2,090,420

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Dodoname Inc.

On June 6, 2014, the Company finalized an agreement to sell certain intellectual property assets to a new company, Dodoname Inc. ("Dodoname"), a marketing privacy company located in Nova Scotia, in exchange for shares in Dodoname. Subsequent to equity financing received by Dodoname in 2015 the Company only held a 41% voting interest in Dodoname.

The Company's share of losses as of December 31, 2023, exceeded the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil. Dodoname, which had been dormant, dissolved on March 27, 2023.

10. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the relevant periods is based on the following information:

	2023	2022
Weighted average number of common shares - basic	25,515,594	25,340,978
Additions to reflect the dilutive effect of employee stock options	-	249,099
Weighted average number of common shares - diluted	25,515,594	25,590,077

For the year ended December 31, 2023, all options (2022- 1,230,000 options) were excluded from the calculation of diluted common shares as their effect would have been anti-dilutive.

11. EMPLOYEE REMUNERATION

Employee remuneration expenses for the Company are broken down as follows:

	2023	2022
Salaries and benefits	$ 8,684,791	$ 9,895,917
Share-based compensation	149,877	128,700
Total salaries, benefits and share-based compensation	**$ 8,834,668**	$ 10,024,617

(in Canadian Dollars)

12. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS

Trade and other receivables consist primarily of trade receivables from billings of services, and sale of software applications, license and user fees as well as other receivables. The Company's standard payment terms range from 30 to 60 days from the date of invoice issuance, negotiated based on transaction specifics and market norms. Contract assets consist of services in process not yet billed.

	As of December 31, 2023	As of December 31, 2022
Trade accounts receivable, gross	$ 6,799,807	$ 4,444,689
Provision for expected credit losses	(11,358)	(38,472)
Trade accounts receivable, net	6,788,449	4,406,217
Sales taxes recoverable	21,343	10,082
Other receivables	-	-
Contract assets	170,922	34,884
Trade, other receivables and contract assets	$ 6,980,713	$ 4,451,183

Trade receivables past due but not impaired can be shown as follows:

	As of December 31, 2023	As of December 31, 2022
1 - 60 days past due	$ 1,954,375	$ 861,453
Greater than 60 days past due	436,680	52,463
	$ 2,391,055	$ 913,916

Management considers that the above-stated financial assets, including those 1-60 days and greater than 60 days, are of good credit quality. See Note 29 for a discussion of the Company's credit risk management activities.

The amounts recognized in the consolidated statements of financial position relating to contracts in progress at year-end are determined as follows:

	As of December 31, 2023	As of December 31, 2022
Aggregate amount of cost incurred and recognized in earnings for all contracts in progress	$ 25,433,731	$ 23,486,835
Less: progress billings	25,639,179	24,218,546
	$ (205,448)	$ (731,711)
Contract assets	$ 170,922	$ 34,884
Contract liabilities	$ 376,370	$ 766,595

Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	December 31, 2023	December 31, 2022
Trade receivables	$ 6,788,449	$ 4,406,217
Contract assets	170,922	34,884
Contract liabilities	376,370	766,595

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on services revenues. There was $nil of impairment on the amount of contract assets as of December 31, 2023 (December 31, 2022 – $1,937). The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer.

(in Canadian Dollars)

The contract liabilities primarily relate to the advance consideration received from customers for services, for which revenue is recognized over time or later. As of December 31, 2023, the deferred income is $376,370. This will be recognized as revenue when the Company transfers control of promised services to those customers, which is expected to occur over the next year.

An amount of $713,828 recognized in contract liabilities at the beginning of the period has been recognized as revenue for the period ended December 31, 2023 (2022- $307,020).

	2023	2022
Balance, beginning of year	**$ 766,595**	$ 645,499
Amounts invoiced and revenue deferred	**323,603**	428,116
Recognition of deferred revenue included in the balance at the beginning of year	**(713,828)**	(307,020)
Balance, end of year	**$ 376,370**	$ 766,595

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as of December 31, 2023:

	2024	**2025**	**Total**
Revenue expected to be recognized	$376,370	$nil	$376,370

13. PROPERTY AND EQUIPMENT

The following tables summarize the changes in the carrying amount of property and equipment:

	Computer Equipment	**Survey Tablets**	**Furniture and Equipment**	**Leasehold Improvements**	**Right of Use Assets**	**Total**
Cost:						
At December 31, 2021	$ 268,399	$ 1,479,027	$ 260,015	$ 197,180	$ 1,555,061	$ 3,759,682
Additions	63,979	45,029	-	-	-	109,008
Disposals	-	-	-	-	-	-
Removal[1]	-	-	-	-	(305,685)	(305,685)
At December 31, 2022	332,378	1,524,056	260,015	197,180	1,249,376	3,563,005
Additions	18,572	4,092			306,601	329,265
Disposals			(31,190)			(31,190)
Removal[1]	(2,973)					(2,973)
At December 31, 2023	**$ 347,977**	**$ 1,528,148**	**$ 228,825**	**$ 197,180**	**$ 1,555,977**	**$ 3,858,107**
Accumulated Amortization:						
At December 31, 2021	$ 164,579	$ 917,747	$ 172,119	$ 166,213	$ 803,464	$ 2,224,122
Amortization	103,685	299,866	26,002	7,286	216,428	653,267
Disposals	-	-	-	-	-	-
Removal[1]	-	-	-	-	(305,685)	(305,685)
At December 31, 2022	268,264	1,217,613	198,121	173,499	714,207	2,571,704
Amortization	65,146	305,367	22,883	7,286	195,932	596,614
Disposals			(27,953)			(27,953)
Removal[1]	(2,973)					(2,973)
At December 31, 2023	**$ 330,437**	**$ 1,522,980**	**$ 193,051**	**$ 180,785**	**$ 910,139**	**$ 3,137,392**
Carrying amounts:						
At December 31, 2022	$ 64,114	$ 306,443	$ 61,894	$ 23,681	$ 535,169	$ 991,301
At December 31, 2023	**$ 17,540**	**$ 5,168**	**$ 35,774**	**$ 16,395**	**$ 645,838**	**$ 720,715**

[1] Removal of fully amortized assets no longer in use

(in Canadian Dollars)

All the above assets are pledged as security for debt obligations as identified in Note 21. There were no impairment indicators as of the end of December 2023. Amortization of $305,367 (2022 $299,866) is included in cost of services while an amount of $291,247 (2022 - $353,401) is included in general and administrative expenses.

The Company has office leases in Ottawa, Ontario, Canada, Laval, Quebec, Canada, and Toledo, Ohio, USA, capitalized as Right of Use assets in line with the requirements of IFRS 16:

- Ottawa, Ontario, Canada has a balance of $179,843, leased for a period of 5 years starting April 1, 2021, including a right to extend for five additional years, with a cost of $569,591 and accumulated depreciation of $389,748.
- Laval, Quebec, Canada has a balance of $175,253, leased for 5 years starting October 1, 2020, with a cost of $679,784 and accumulated depreciation of $504,531.
- Toledo, Ohio, USA has a balance of $290,742, recognized on October 1, 2023, leased for 3 years starting August 1, 2022, with a cost of $306,601 and accumulated depreciation of $15,859.

14. INTANGIBLE ASSETS AND GOODWILL

Cost:	Acquired Trademarks	Acquired customer relationships	Software	Total intangible assets	Goodwill
At December 31, 2021	$ 279,646	$ 5,571,226	$ 706,216	$ 6,557,088	$ 1,404,898
Removal [1]	-	(412,962)	-	(412,962)	-
At December 31, 2022	$ 279,646	$ 5,158,264	$ 706,216	$ 6,144,126	$ 1,404,898
Acquisition of business (Note 15)	137,000	2,209,000	-	2,346,000	1,217,872
At December 31, 2023	$ 416,646	$ 7,367,264	$ 706,216	**$ 8,490,126**	**$ 2,622,770**
Accumulated Amortization:					
At December 31, 2021	$ 147,406	$ 2,696,526	$ 591,383	$ 3,435,315	$ 372,322
Amortization	22,068	262,208	106,000	390,276	-
Impairment	-	106,409	-	106,409	28,089
Removal [1]	-	(412,962)	-	(412,962)	-
At December 31, 2022	$ 169,474	$ 2,652,181	$ 697,383	$ 3,519,038	$ 400,411
Amortization	22,662	287,611	8,833	319,106	-
At December 31, 2023	$ 192,136	$ 2,939,792	$ 706,216	**$ 3,838,144**	**$ 400,411**
Carrying Amounts:					
At December 31, 2022	$ 110,172	$ 2,506,083	$ 8,833	$ 2,625,088	$ 1,004,487
At December 31, 2023	**$ 224,510**	**$ 4,427,472**	**$ -**	**4,651,982**	**$ 2,222,359**

[1] Removal of fully amortized assets no longer in use

Amortization expense is recorded in general and administrative expenses (Note 7). The remaining amortization period of the customer relationships ends between December 31, 2026 and March 31, 2036.

Impairment

The Company performed an impairment test for all acquired companies (the separate cash-generating units "CGUs" are: Statopex, RetailTrack, GCS, PerformaLogics/MobilForce, SeeLevel, and Alta/Ardent/BEB).

As of December 31, 2023, the total carrying amount of goodwill and intangibles before impairment for these CGUs is as follows:

CGU:	Intangibles	Goodwill	Total
Statopex	$ 7,386	$ -	**$ 7,386**
RetailTrack	1,398	-	**1,398**
GCS	-	-	**-**
PerformaLogics and MobilForce	96,213	-	**96,213**
SeeLevel	2,248,590	1,004,487	**3,253,077**
Alta/Ardent/BEB	2,298,395	1,217,872	**3,516,267**
Carrying Value Before Impairment	$ 4,651,982	$ 2,222,359	**$ 6,874,341**

(in Canadian Dollars)

As of December 31, 2022, the total carrying amount of goodwill and intangibles before impairment for these CGUs is as follows:

CGU:	**Intangibles**	**Goodwill**	**Total**
Statopex	$ 14,586	$ -	**$ 14,586**
RetailTrack	1,891	-	**1,891**
GCS	943	-	**943**
PerformaLogics and MobilForce	243,527	28,089	**271,616**
SeeLevel	2,470,550	1,004,487	**3,475,037**
Carrying Value Before Impairment	$ 2,731,497	$ 1,032,576	**$ 3,764,073**

The recoverable amount of each CGU was determined based on value-in-use calculations being higher than fair value less costs of disposal, covering a detailed four to five-year forecasts based on the past financial results and the Company's assessment of the future performance of each CGU. The following are the key assumptions (based on historical experience) on which the Company has based its cash flow projections:

- Perpetual growth rate of 2%
- After-tax discount rate of 19.65%-25.82%

In 2022, the Company recorded the following impairment losses:

- $28,089 for goodwill
- $106,409 for intangibles (all for customer relationships)

The impairment losses are attributable as follows:

- $134,498 for PerformaLogics and MobilForce

In 2023, the Company did not record any impairment losses.

The total impairment loss amounts to $134,498 for 2022 which has been recognized through the statement of net income (loss) and comprehensive income (loss).

15. ACQUISITION OF BRAND EQUITY BUILDERS, INC.

On October 1, 2023, the Company closed the acquisition ("Acquisition") of Brand Equity Builders, Inc. ("BEB") the parent company of both Alta360 Research, Inc. ("Alta") and its sister company Ardent Retail Services Inc. ("Ardent"), who were of arm's length to the Company.

Cash consideration of US$1,500,000 (C$2,028,000) and a promissory note of US$0.5 million (C$676,000) were issued at closing with future consideration valued at US$750,000 (C$1,014,000) payable over four years following the closing (Note 16), based on achievement of Alta revenue targets and Ardent gross profits. An additional US$243,439 (C$329,129) was calculated as a working capital adjustment, with US$137,439 (C$181,777) owing as of December 31, 2023 (Note 18). Of the cash consideration paid, US $727,322 (C$983,339) was returned to the Company to clear Alta and BEB's outstanding loans (Note 18, 21).

This acquisition is in line with the Company's overall growth strategy which includes a focus on growing its recurring services business and the penetration of its software lines.

The purchase consideration comprised the following:

Cash (including working capital adjustment)	**$ 1,192,014**
Working capital adjustment payable	**181,777**
Promissory notes	**676,000**
Contingent consideration	**1,014,000**
Total purchase consideration	**$ 3,063,791**

The net cash outflow of the acquisition was as follows:

Consideration paid in cash	$ 1,192,014
Cash balances acquired	(143,311)
Net cash outflow on acquisition	**$ 1,048,703**

(in Canadian Dollars)

The Company allocated the purchase consideration as follows:

Net assets acquired	$	1,845,919
Goodwill	$	1,217,872
Total purchase price	**$**	**3,063,791**

The fair value of acquired intangible assets includes the fair value of customer relationships acquired of $2,209,000, and trademarks of $137,000.

The fair value of the identifiable net assets acquired included the following:

		Alta/Ardent/BEB
Current Assets		
Cash and cash equivalents	$	143,311
Trade and other receivables		1,253,263
Prepaid expenses		8,348
		1,404,922
Non-Current Assets		
Property and equipment		306,601
Customer relationships		2,209,000
Trademarks		137,000
		2,652,601
Total assets acquired	**$**	**4,057,523**
Current Liabilities		
Trade and other liabilities	$	921,595
Short-term debt		983,408
		1,905,003
Non-Current Assets		
Lease liabilities		306,601
		306,601
Total liabilities assumed	**$**	**2,211,604**
Net assets acquired	**$**	**1,845,919**

The fair value of acquired trade receivables was $1,253,263. The gross contractual amount for trade receivables due was $1,253,263 with an allowance for ECLs of $nil recognized on acquisition.

Goodwill includes the assembled workforce, and as well as expected synergies between the businesses that offered services that were in direct competition with those offered by the Company before the acquisition.

The purchase price consideration is final and there were no measurement adjustments in 2023.

The contingent consideration represents the discounted value of the liability. The contingent consideration is based on a percentage of the Alta customer experience services revenues from existing and identified prospective customers over the first 48 months post-acquisition. The first US$3 million of annual eligible revenues are exempt from contingent consideration. Between US$3 million and US$5 million of annual eligible revenues, the percentage for the contingent consideration is 20%. For annual eligible revenues over $5 million, the percentage is 10%. An additional contingent consideration of 50% of gross profits from the Ardent field services business is due over the first 48 months post-acquisition, this was valued at zero at the time of acquisition.

For the post-acquisition period in 2023, Alta/Ardent/BEB contributed revenue of $3,563,588 (of which $1,196,599 relates to customer experience services) and $238,185 in net income to the Company's consolidated results. Had the acquisition occurred on January 1, 2023, management estimates that the Company's proforma consolidated revenue would have increased by $4,944,182 and the net income would have decreased by $194,649 for the year ended December 31, 2023.

(in Canadian Dollars)

16. CONTINGENT CONSIDERATION

As part of the acquisition of PerformaLogics and MobilForce, future consideration totaling up to $1,000,000 (up to $800,000 for PerformaLogics and up to $200,000 for MobilForce) is payable over three years following the closing, based on payments received from one key customer. When determining amount of this future consideration, the Company employs a discounted cash flow model. The duration of the cash flow projections is based on estimates of the revenues to be earned from the customer over the three years following the closing of the acquisition. The probabilities for the estimates range from 75% to 100% for each 12-month period, and the discount rate is 33.17%.

The contingent consideration period ended in February 2023. A total of $440,172 in the contingent consideration was paid. The fair value of the future consideration is $nil, resulting in a loss of $1,247 being recorded YTD (2022- loss of $12,119).

As part of the acquisition of SeeLevel, future consideration is payable over two years following the closing, based on revenues generated by the existing and identified prospective customers. The Company employs a discounted cash flow model when determining the amount of this future consideration. The duration of the cash flow projections is based on estimates of the revenues to be earned from the customer over the two years following the closing of the acquisition. The probabilities for the estimates equal 100% for each 12 months, and the discount rate is 25.82%.

The contingent consideration period ended in September 2023. As of December 31, 2023, $1,422,057 of the contingent consideration was paid (2022- $838,748). The gain for 2023 was $44,849 (2022- fair value was $633,000 all current, resulting in a loss of $185,403).

As part of the acquisition of BEB and its subsidiaries Alta and Ardent, future consideration is payable over four years following the closing, based on a percentage of Alta customer experience revenues from existing and identified prospective customers. The first US$3 million of annual eligible revenues are exempt from contingent consideration. Between US$3 million and US$5 million of annual eligible revenues, the percentage for the contingent consideration is 20%. For annual eligible revenues over $5 million, the percentage is 10%. An additional contingent consideration of 50% of gross profits from the Ardent field services business is due over the first 48 months post-acquisition; this was valued at zero at the time of acquisition.

The Company employs a discounted cash flow model when determining the amount of this future consideration. The duration of the cash flow projections is based on estimates of the revenues to be earned from the customer over the two years following the closing of the acquisition. The probabilities for the estimates equal 100% for each 12 months, and the discount rate is 19.65%.

As of December 31, 2023, $nil of the contingent consideration was paid. In addition, the fair value of the future consideration was $1,470,000 ($511,224 is current, $958,776 is non-current), resulting in a loss of $484,230.

17. TRADE AND OTHER LIABILITIES

	As of December 31, 2023	As of December 31, 2022
Trade payables	**$ 3,128,199**	$ 355,726
Accrued liabilities and interest payable	**544,484**	476,506
Total accounts payable and accrued liabilities	**$ 3,672,683**	$ 832,232

18. SHORT TERM DEBT

As part of the acquisition of Brand Equity Builders and its subsidiaries Alta and Ardent (Note 15), $243,439 was calculated as a working capital adjustment owing to the former owners. At December 31, 2023, US$137,439 is owing. This amount was settled in March 2024.

On October 1, 2023, the Company assumed BEB's U.S. Small Business Administration loan of US$500,000. On October 3, 2023, the loan was settled with a payment of US$526,458.

(in Canadian Dollars)

19. LONG-TERM DEBT

	2023	2022
Promissory Notes	**$ 676,000**	$ -
Long-Term Bank Loan	**2,000,000**	-
	$ 2,676,000	$ -
Less: Current portion	**(478,082)**	
	$ 2,197,918	$ -

The following table shows the movement for the long-term debt for 2023:

	Interest Rate	December 31, 2022	Additional Borrowings	Interest Charged	Interest Paid	December 31, 2023
Promissory Notes	8.5% per annum	$ -	676,000	-	-	676,000
Long-Term Bank Loan	Floating base rate + 0.6% (9.90% total in 2023)	-	2,000,000	39,750	(39,750)	2,000,000
		$ -	**2,676,000**	**39,750**	**(39,750)**	**2,676,000**

a) Promissory Notes

As of December 31, 2023, the Company has outstanding long-term debt arising from promissory notes issued in connection with the acquisition of BEB on October 1, 2023. The promissory notes have a total principal amount of US$500,000 (C$676,000), US$153,907 (C$208,082) is classified as short-term, and US$346,093 (C$467,918) is long-term as of December 31, 2023. The annual interest rate is 8.5%, and the term is for 2.75 years.

Monthly payments are on the first of the month and commence on January 1, 2024. The first payment is interest-only; thereafter, other payments are blended payments (interest and principal), with the final payment due on October 1, 2026.

b) Long-Term Bank Loan

On October 3, the Company received a long-term loan of $2 million from a chartered Canadian bank to finance the acquisition of BEB. The annual interest rate is a floating base rate plus 0.6% (December 31, 2023- 9.30% + 0.6% = 9.9%), and the term is for 4.75 years.

Repayments are monthly on the 15th of the month and commenced in October 2023. The first six payments are interest-only; thereafter, the subsequent payments are blended payments (interest and principal), with the final payment being a balloon payment plus interest.

(in Canadian Dollars)

20. LEASE LIABILITIES

The Company has the following non-discounted future commitments associated with its office lease liabilities:

	As of December 31, 2023
Less than one year	$ 288,452
Between one and five years	507,027
More than five years	-
Total lease payments	795,479
Amounts representing interest over the term of the lease	94,696
Present value of net lease payments	700,783
Current portion of lease obligation	$ 288,452
Non-current portion of lease obligation	$ 412,331

The following table shows the movement for lease liabilities for 2023:

	December 31, 2023
Balance, January 1, 2023	$ 593,793
Additions	306,601
Repayments	(229,986)
Interest portion of repayments	30,375
Ending balance	$ 700,783

For 2023, $nil (2022- $ nil) of lease payments was included in operating expenses as the underlying lease is less than twelve months.

21. BANK BORROWINGS

a) Credit facilities

As of December 31, 2023, bank borrowings were $550,000 (2022- $1,140,000). The Company has credit facilities with a chartered bank that will provide credit facilities up to $3,000,000 in a demand operating loan at 8.20% (prime plus 1%) [2022 –7.45% (prime plus 1%)], secured by a general security agreement. The Company was in compliance with its covenants as of December 31, 2023 (2022- compliant). The carrying amounts of any borrowings are a reasonable approximation of fair value.

On October 1, 2023, the Company assumed Alta's line of credit balance of US $200,000 with a chartered American bank. On October 2, 2023, the line of credit was settled with a payment of US$200,863 from the closing proceeds.

22. SHARE CAPITAL

Authorized:

The Company's share capital consists of an unlimited number of common shares, without par value. All shares are equally eligible to receive dividends, capital repayment, and represent one vote at the shareholders' meetings.

During the year ended December 31, 2023, the Company issued no common shares.

During the year ended December 31, 2022, the Company issued 408,141 common shares (425,000 less 16,859 redeemed to allow for a cashless exercise) through the exercise of stock options for gross proceeds of $154,800.

(in Canadian Dollars)

23. STOCK OPTION PLAN

The stock option plan applies to directors, officers, employees, and consultants of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board of Directors. Under the plan's terms, the options generally vest proportionately over three years and expire five years from the grant date. The Board of Directors can modify vesting periods and expiry dates at the time of option grant. At the shareholders' meeting on June 19, 2020, the amended Option Plan increased the number of common shares of the Company available under the Option Plan from 2,500,438 common shares to 3,378,272 common shares. On June 17, 2022, an Amended Stock Option plan was adopted, which increased the number of common shares of the Company available under the Amended Stock Option Plan from 3,378,272 to 3,769,118.

There were 860,000 options issued in 2023 (2022- 765,000). The employee compensation expense related to options vested in fiscal 2023 is $149,877 (2022- $128,700. At December 31, 2023, 1,279,118 common shares (2022- 1,729,118) are reserved for additional options under this plan.

A summary of the status of the Company's issued and outstanding stock options as of December 31, 2023 and December 31, 2022, and changes during the years ended on those dates, is presented below:

	2023		2022	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of year	**2,040,000**	**$ 0.53**	1,993,333	$ 0.49
Granted	**860,000**	**$ 0.35**	765,000	$ 0.56
Exercised	**-**	**-**	(425,000)	$ 0.39
Forfeited	**(250,000)**	**$ 0.65**	(288,333)	$ 0.54
Expired	**(160,000)**	**$ 0.49**	(5,000)	$ 0.47
Outstanding, end of year	**2,490,000**	**$ 0.47**	2,040,000	$ 0.53

The weighted average share price at the date of exercise was $nil (2022 - $0.57).

The following table summarizes information about stock options as of December 31, 2023:

	Options Outstanding		**Options Exercisable**
Exercise prices	Number outstanding at Dec 31, 2023	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2023
$0.305	245,000	1.27	245,000
$0.340	5,000	0.25	5,000
$0.345	715,000	4.48	-
$0.390	5,000	0.67	5,000
$0.400	115,000	0.16	115,000
$0.405	130,000	4.90	-
$0.420	5,000	1.02	5,000
$0.440	180,000	0.89	180,000
$0.455	30,000	1.47	25,000
$0.470	80,000	1.82	80,000
$0.550	575,000	3.41	191,668
$0.660	50,000	3.65	16,667
$0.670	5,000	2.40	3,333
$0.720	335,000	2.27	223,332
$0.790	15,000	2.66	9,999
$ 0.305 to $ 0.79	2,490,000	3.00	1,104,999

(in Canadian Dollars)

The following table summarizes information about stock options as of December 31, 2022:

	Options Outstanding		Options Exercisable
Exercise prices	Number outstanding at Dec 31, 2022	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2022
$0.305	250,000	2.27	246,666
$0.340	5,000	1.25	5,000
$0.390	10,000	1.67	10,000
$0.400	115,000	1.16	115,000
$0.420	70,000	1.00	66,666
$0.440	240,000	1.89	240,000
$0.455	25,000	1.90	25,000
$0.470	80,000	2.82	53,333
$0.480	15,000	0.42	15,000
$0.550	655,000	4.41	-
$0.610	85,000	0.16	85,000
$0.660	50,000	4.65	-
$0.670	30,000	3.61	10,002
$0.720	395,000	3.27	131,668
$0.790	15,000	3.66	5,001
$ 0.305 to $ 0.79	2,040,000	3.00	1,008,336

The weighted average exercise price was $0.47 in 2023 (2022 - $0.46) for exercisable options.

The Company uses the Black-Scholes model to calculate option values. The assumptions used in the Black-Scholes option pricing model for 2023 were: a weighted average share price and an exercise price of $0.35-$0.46, risk-free interest rate of 3.13% to 4.27%, volatility of 72% to 82% with no expected dividend yield, 15%-40% assumed forfeiture and a five-year estimated life.

The assumptions used in the Black-Scholes option pricing model for 2022 were: a weighted average share price and an exercise price of $0.51, risk-free interest rate of 2.20% to 3.45%, volatility of 78% to 85% with no expected dividend yield, 10%-40% assumed forfeiture and a five-year estimated life.

The fair value of stock options granted during fiscal 2023 was $0.17-$0.28 (2022 - $0.32/$0.33).

24. CASH FLOW INFORMATION

Net change in non-cash working capital items is comprised of:

	2023	2022
Trade and other receivables	**$ (1,137,530)**	$ (1,080,811)
Contract assets	**(136,038)**	89,720
Prepaid expenses	**87,912**	(203,960)
Trade and other liabilities	**1,918,857**	(109,862)
Contract liabilities	**(390,225)**	121,096
Net change in non-cash working capital	**$ 342,976**	$ (1,183,817)

25. FINANCE COSTS

Finance costs may be analyzed as follows for the fiscal years ending 2023 and 2022:

	2023	2022
Interest expense on loans and lease liabilities	**$ 127,915**	$ 86,530
Other financial charges	**121,901**	104,932
Finance costs	**$ 249,816**	$ 191,462

(in Canadian Dollars)

26. INVESTMENT TAX CREDITS AND INCOME TAXES

Research and development expenses

The Company has investment tax credit carryforwards of $219,042 (2022 - $298,017) which may be utilized to reduce future Canadian federal taxes payable. These tax credits expire between 2029 and 2039.

The Company also has $266,920 (2022 - $586,538) of deductible research and development expenditures available to reduce future years' taxable income.

No deferred tax asset has been recognized on the following deductible temporary differences:

	December 31, 2023	December 31, 2022
Investment in associate	$ -	$ -
Intangible assets	-	-
Non-capital losses	-	3,295
Net capital losses	-	1,289
Investment tax credits recoverable	-	149,080
Foreign tax credits	-	135,592
Other	-	22,114
	$ -	$ 311,370

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have been recorded can be summarized as follows:

	As of December 31, 2022	Recognized in net earnings	As of December 31, 2023
Property and equipment	$ (46,161)	$ 1,861	$ (44,300)
Share issue costs	-	11,281	11,281
Intangible assets	189,693	(664,603)	(474,910)
Investment tax credits recoverable	39,468	179,574	219,042
Research and development expenditures	-	70,734	70,734
Non-capital losses	-	202,201	202,201
Foreign tax credits	-	161,051	161,051
Other	-	-	-
	$ 183,000	**(37,901)**	**$ 145,099**

	As of December 31, 2021	Recognized in net earnings	As of December 31, 2022
Property and equipment	$ (105,656)	$ 59,495	$ (46,161)
Intangible assets	-	189,693	189,693
Investment tax credits recoverable	-	39,468	39,468
Non-capital losses	105,656	(105,656)	-
	$ -	**183,000**	**$ 183,000**

(in Canadian Dollars)

The major components of deferred tax expense (recovery) can be summarized as follows:

	December 31, 2023	December 31, 2022
Origination and reversal of timing differences	$ 601,930	$ 45,805
Adjustment of prior year deferred taxes	(382,027)	(16,079)
Tax effect of temporary differences for which no deferred tax assets were recorded	(182,002)	(212,726)
	$ 37,901	$ (183,000)

Tax rate reconciliation

The actual tax provision (recovery) differs from the expected provision (recovery) based on the combined federal and provincial income tax rates for the following reasons:

	As of December 31, 2023	As of December 31, 2022
Income (loss) before income taxes	$ (231,884)	$ 531,548
Combined Statutory tax rate	26.5%	29.3%
Expected tax expense (recovery)	(61,449)	155,744
Permanent differences	726,367	(16,279)
Tax rate differences	(153,036)	6
Current tax relating to prior years	-	-
Deferred tax relating to prior years	(170,946)	(16,079)
Effect of temporary differences not recognized as deferred tax assets	(182,002)	(212,726)
Other	(6,499)	11,018
	$ 152,435	$ (78,316)
Income tax comprises:		
Current tax expense	$ 114,534	$ 104,684
Deferred tax expense (recovery)	37,901	(183,000)
Total tax expense (recovery)	$ 152,435	$ (78,316)

The Company has the following losses available which expire as follows:

2031	$	3,295
2038	$	5,750
2040		-

The Company also has US losses of $569,583 US available to offset future taxable income. These losses have certain annual restrictions and can only be utilized to offset taxable income of Brand Equity Builders, Inc.

(in Canadian Dollars)

27. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for key management personnel, including the Company's Officers and Board of Directors, was as follows for the year:

	December 31, 2023	December 31, 2022
Salaries and bonuses	$ 1,115,294	$ 1,318,042
Directors' fees	180,000	150,000
Share-based compensation	99,620	85,022
Total Key Management Compensation	$ 1,394,914	$ 1,553,064

Salaries and bonuses include cash payments for base salaries and bonuses, as well as accrued bonuses. Directors' fees include meeting fees and retainers. Share-based compensation includes the compensation expense recognized for key management personnel during the year. There were $nil stock options exercised by key management personnel in 2023 (2022 – 400,000).

28. FINANCIAL INSTRUMENTS

The table below summarizes the carrying values of the Company's financial assets and financial liabilities:

	December 31, 2023	December 31, 2022
Financial assets:		
At amortized cost		
Cash and cash equivalents	$ 898,135	$ 860,062
Trade and other receivables	6,809,791	4,416,299
Contract assets	170,922	34,884
Total financial assets	$7,878,848	$5,311,245
Financial liabilities:		
At amortized cost		
Bank borrowings	$ 550,000	$ 1,140,000
Trade and other liabilities	3,672,683	832,232
Short-term debt	181,777	-
Long-term debt	2,676,000	-
Lease liabilities	700,783	593,793
At fair value		
Contingent consideration	1,470,000	636,234
Total financial liabilities	$9,251,243	$3,202,259

The carrying values of cash and cash equivalents, trade and other receivables, trade and other liabilities, bank borrowings, and short-term debt, approximate their fair values due to their relatively short periods to maturity. The carrying value of the long-term debt also approximate fair value as the prime rate has not changed significantly since entering those borrowings.

			Trade receivables days past due			
	Current	1- 30 days	Over 30 days	Over 60 days	Over 90 days	Total
December 31, 2023	$ 4,397,399	$ 1,315,461	$ 638,914	$ 380,582	$ 67,455	$ 6,799,812
December 31, 2022	$ 3,494,238	$ 650,480	$ 211,015	$ 31,994	$ 56,963	$ 4,444,689

The gross carrying amount (less the provision for expected losses) is expected to be collected in full within 90 days or less from invoice date.

29. FINANCIAL RISK MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities.

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
			Market	
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	
Trade and other receivables	Yes		Yes	
Contract assets	Yes		Yes	
Bank borrowings		Yes		Yes
Trade and other liabilities		Yes	Yes	
Short-term debt		Yes	Yes	
Long-term debt		Yes	Yes	Yes
Contingent consideration		Yes	Yes	
Lease liabilities		Yes	Yes	

Credit risk

Credit risk arises from cash and cash equivalents held with banks, contract assets, and trade and other receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. The Company is unaware of any collection issue with any trade accounts receivable not currently past due.

Cash and cash equivalents

Cash consists of bank balances. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested in Schedule 1 chartered Canadian banks and chartered American banks.

Trade accounts receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2023. The historical loss rates are adjusted to reflect current and forward-looking information based on factors affecting the ability of the customers to settle the receivables. The Company has identified the creditworthiness for current and future customers as the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade accounts receivable consist primarily of trade receivables (Note 12) from billings of services performed. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

This risk is mitigated through established credit management techniques, including monitoring counterparties' creditworthiness, setting exposure limits and monitoring exposure against these customer credit limits. The carrying amount of trade accounts receivable is reduced through the use of an allowance for expected credit losses and the amount of the loss is recognized in the consolidated statement of net income (loss) and comprehensive income (loss) in general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the statement of net income (loss) and comprehensive income (loss).

A significant portion of the Company's sales were to a limited number of customers and consequently the Company is exposed to a concentration of credit risk. The Company defines concentration risk as customers whose outstanding receivable is 10% or greater than the total receivable balance or who represent 10% or greater of total revenue (Note 4).

(in Canadian Dollars)

The Company's exposure with two customers, in the convenience store and quick service restaurant industries, that fell into this category as of December 31, 2023, on aggregate, accounted for 42% of the Company's total accounts receivable balance.
The Company's exposure with two customers, in the consumer packaged goods and technology industries, that fell into this category as of December 31, 2022, on aggregate, accounted for 46% of the Company's total accounts receivable balance.

As of December 31, 2023, it was determined that an allowance for expected credit losses of $11,358 was required (2022- $38,472).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as of December 31, 2023 and 2022:

	Within 1 Year	1 to 3 years	3 to 5 years	Total
As of December 31, 2023:				
Bank borrowings	$ 550,000	$ -	$ -	$ 550,000
Trade and other liabilities	3,672,683	-	-	3,672,683
Short-term debt	181,777	-	-	181,777
Long-term debt	478,082	1,547,918	650,000	2,676,000
	$ 4,882,542	**$ 1,547,918**	**$ 650,000**	**$ 7,080,460**
As of December 31, 2022:				
Bank borrowings	$ 1,140,000	$ -	$ -	$ 1,140,000
Trade and other liabilities	832,232	-	-	832,232
	$ 1,972,232	$ -	$ -	$ 1,972,232

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the fair value of a financial instrument or its future cash flows.

Foreign exchange

The Company operates in Canada and the United States.

As of December 31, 2023, the Canadian entities' US-dollar net monetary assets totaled approximately US$879,235 (C$1,162,876) (December 31, 2022- US$1,308,708/C$1,772,514) and the Company's United States subsidiary's US-dollar monetary net assets totaled approximately US$1,232,210 (C$ 1,629,721) (December 31, 2022- monetary net assets totaled approximately US$1,559,275 /C$2,111,882). A 10% strengthening in the Canadian dollar against the United States dollar as of December 31, 2023 would have decreased net income and decreased shareholders' equity by $253,872 (December 31, 2022 a decrease of $353,127 to net income and shareholders' equity). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Interest rate

The Company has bank borrowings with interest charged at prime plus 1% (Note 21) on December 31, 2023 and 2022.
The Company also has long-term debt with interest charged at a floating base rate plus 0.60% on December 31, 2023 (Note 19).
A 1% increase in the interest rate would result in additional interest of $10,643 (2022- $12,583) incurred.

30. CAPITAL MANAGEMENT

The Company manages the capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, purchase and cancel shares previously issued, return capital to shareholders or sell assets to reduce debt. The Company considers the items included in the consolidated statement of shareholders' equity, long-term debt (including current portion but excluding lease liabilities), and net of cash as its capital.

The Company entered into a new agreement on February 1, 2022, amended June 27, 2022, with a Schedule 1 chartered Canadian bank, replacing an agreement from January 9, 2018. This agreement contains certain positive covenants that the Company must meet regarding its bank indebtedness, namely, a minimum fixed charge coverage ratio of 115% as well as adequate accounts receivable to support any operating line draw. The Company was in compliance on December 31, 2023 (December 31, 2022- compliant).

As part of the long-term loan with a chartered Canadian bank (Note 19), the Company must comply with certain positive covenants, namely, a fixed charge coverage ratio of 115%, as well as a funded debt to twelve trailing month EBITDA of 3.5x. The Company was in compliance on December 31, 2023.

The Company is not subject to any statutory capital requirements and has no commitments, other than options and warrants, to sell or otherwise issue common shares.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the company's relative size, is reasonable.

31. COMMITMENTS AND CONTINGENCIES

Contingencies

In the normal course of business, the Company is party to claims, the ultimate outcome of which cannot be reasonably estimated at this time. However, management's opinion is that the likelihood of any cash outflow as a result of these matters is remote; therefore, no amounts have been provided for in these consolidated financial statements.

Board of Directors

ERIC BEUTEL, B.A., M.B.A.

CHAIR

With over 30 years experience in the investment industry, Eric has served as a director and a member of audit committees with many private and publicly traded companies. Since 2003 Eric has been the VP of Oakwest Corporation Limited, where he also serves as a director.

CAMERON WATT, B.COMM., M.B.A.

DIRECTOR, PRESIDENT AND CEO

With over 40 years experience in service industries, Cameron is an experienced leader having held management positions with Excite@Home, Pizza Hut, Frito-Lay, Mars & Unilever as well having owned and operated his own businesses.

JENNIFER BATLEY

DIRECTOR

Jennifer has devoted 20 years of her career to advancing the science and art of customer experience measurement. She held a C-suite role at Gordon Food Service, was President of a digital marketing analytics firm, and currently advises companies on customer-centric transformation and scale-up strategies.

LEE BENNETT, B.A., ICD.D, GCB.D

DIRECTOR

Ms. S. Lee Bennett is a senior financial executive with 30+ years of experience in global financial organizations. A customer-centric leader with P&L expertise, in-depth experience and knowledge in strategy design and execution, sales distribution and governance and risk management. She serves on the boards of March of Dimes Canada, Seneria Life Financial, and Duca Financial Services Credit Union. As well, she contributes to the independent review committee for Investors Group Investment Management Ltd.

MICHAEL GAFFNEY, B.SC., M.B.A

DIRECTOR

With over 30 years of experience with technology companies, Michael serves as Chairman and CEO of Leonovus Inc. and is the former VP of Newbridge Networks Inc. He also founded Worknet Inc, Learnsoft Inc., Lansbridge University, Kleer Semiconductor and Soltoro Inc.

W. DAVID OLIVER, B.SC.

DIRECTOR

With over 35 years of experience in finance, construction, operations and development in hospitality industry, William has lead the asset and project management group of 360 Vox/Dundee 360 Real Estate Group. He is the former CEO, London Convention Center and has been involved in the development of over 400 hotels globally.

RAINER PADUCH, B. ENG., M. ENG.

DIRECTOR

With over 30 years of experience in internet operations, software design, telecommunications and data networking, Rainer is the founder of Band of Scoundrels Investment Partnership & Co-Founder of Ottawa Angel Alliance. He is CEO and Co-Founder of PureColo, as well as the former Founder, President, CTO and Vice Chair of iSTAR.

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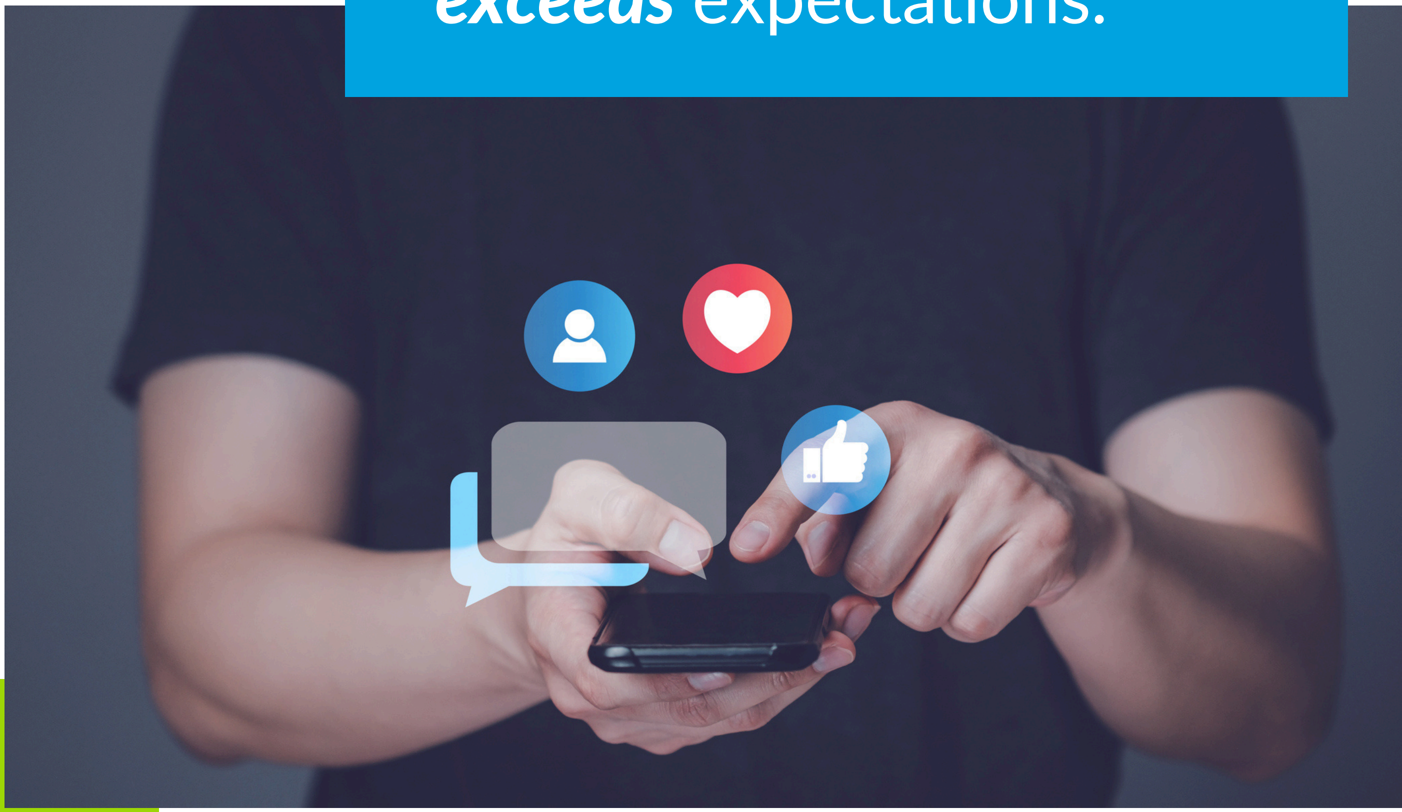

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