2022 Annual REPORT

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Intouch Insight Ltd.

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About Intouch Insight

Our mission is simple. We create shareholder value by designing, building and delivering solutions that collect data and provide insights that improve business outcomes.

Intouch is on a path to be the leading software and services provider for multi-location brands, offering an integrated solution that enables our clients listen to their customers, interpret the results, and create actionable plans to align operations with customer expectations.

By leveraging our deep expertise and flexible software platform, our clients are empowered to exceed their customers' expectations, increase operational efficiency, and ultimately, improve financial performance.

Products & Services

Our integrated customer experience (CX) solutions bridge the gap between operational data and customer feedback, bringing together the latest in CX technology and mystery shopping programs, all wrapped in a unified analytics platform.

We offer:

- Customer Experience Platform
- Survey Software
- Mobile Forms & Inspection Software
- Mystery Shopping Services
- Operational and Compliance Audit Services
- Event Marketing Automation Software

Letter from the President & CEO

Dear Shareholders,

2022 was a very successful year as the company reaped the full benefits of the 2021 SeeLevel HX acquisition as well as the overall economic reopening across North America. While the effects of the pandemic continue to impact the business in areas such as labor cost and availability, we have reacted with increased efficiencies to our processes and procedures.

Revenues increased in each quarter throughout the year including a very strong Q2 driven in part by a large non-recurring project in the quarter. Highlights for 2022 include:

- Revenue growth of 47%
- Recurring revenue growth of 35%
- EBITDA of $2.2M
- Monthly Recurring Revenue (MRR) from SaaS products of well over $100K
- Absorbed acquisition with $0 in long term debt
- 75% of revenues from the United States

In addition to delivering strong business results, we take immense pride in our team's ability to continue to excel in several key areas this past year:

<u>Expansion of Operational Capabilities</u>
Intouch is, at its core, a data capture, analytics and reporting company. We provide actionable data to our clients to assist them in improving their own business results. It is what makes us sticky. In 2022 we not only collected valuable business intelligence through our historical methodologies, like mystery shopping, operational audits, and customer feedback surveys, but we demonstrated our ability to be flexible and capture data in new and different ways. For example, we performed a project whereby we successfully sent data collectors into the field to capture information using lidar technology to map the physical world to the digital world. Our teams demonstrated that our operational expertise and capabilities can be utilized in many different ways. We will continue to seek out new and exciting ways to leverage these capabilities.

Growth in Software (SaaS) Products

As mentioned in previous reports, the development of our software suite of products has continued despite the last few years of turmoil. In 2022 we launched several new features and saw our SaaS based revenue increase yet again. By the end of the year, we were able to not only continue our progress against LiaCX® and IntouchCheck™, but also to begin to monetize some of the overall changes that we have been able to make to our core analytics and reporting platform.

Successful Acquisition Integration

The integration of SeeLevel HX was successfully completed with clients and employees onboarded to the Intouch platforms, systems, and software. Clients are very happy with the advanced technologies they now have access to, and we proved once again our ability to provide added value. At the same time, by utilizing the additional Intouch capabilities the team was able to secure new opportunities that came along with the acquired sales pipeline.

Over time Intouch has been able to clearly demonstrate a core strength in retaining clients and employees post-acquisition. In fact, acquisitions have not only brought new clients, prospects, and employees but also new opportunities to expand the sale of our SaaS based products through cross-sell potential.

Enhanced Intouch Thought Leadership

In October we released the 22nd Annual Drive-Thru Study, in partnership with QSR® Magazine. This study had previously been performed by SeeLevel HX and returned after a pandemic pause. The interest in the results of the study were unparalleled and Intouch received an incredible amount of media interest, including coverage in the Wall Street Journal, CNN, CNBC, and a discussion live on USA Today. It was a true pleasure to showcase our expertise in gathering and presenting data that allows brands to know how consumers rank them in key areas. In 2023 we expect to repeat this study, as well as increase the number of published studies and reports we produce for the restaurant and convenience industries. In fact, in May we published our inaugural "Emerging Experiences: Where Tech Meets Taste" study focused on quick serve restaurants. We look forward to continuing to entrench ourselves as thought leaders in these vital business segments.

Learn more about our industry studies:

Annual Drive-Thru Study

Emerging Experiences

Commitment of the Intouch Team

The level of employee commitment and engagement continues to be an area of pride for all of us at the company. We ask everyone at the company to think and act like an entrepreneur and ask questions like "what would you do if it was your company". I can tell you that our employees rise to this challenge every day and make the company better as a result and it is our customers who feel it the most. We regularly receive unsolicited feedback letting us know how great our team is to work with. Whether it is a new client working with our team on a complicated data integration or a regular weekly progress meeting our clients feel the difference that truly caring about the business and the customers can make. I am immensely grateful for the team that we have, and we remain fiercely protective of our organizational culture.

2023 and Beyond

Looking out to 2023 we are optimistic and expect to again see growth in our recurring revenues including our SaaS revenues. Of course, we must also mention the elephant in the room regarding the broader economic fears around the overall economy in North America. We recognize that these fears could put pressure on companies to reduce spending in the short term. However, after having successfully navigated a pandemic which shut these same companies down, we feel much more secure in dealing with any potential short term slow down. Our value was illustrated when our clients returned post pandemic and, therefore, we do not feel that short-term economic issues will have any long-term effects on our client base or revenues.

2023 is also expected to be a great year for our SaaS-based software products as we ramp up sales and marketing efforts to take advantage of product advancements. For example, we are now absorbing third-party data in our platform for clients while maintaining very complex technical data integrations to streamline program delivery. We are very pleased to have bootstrapped our SaaS products to the point where they are producing significant monthly recurring revenues and we are looking forward to seeing where they can take us.

As we look out beyond 2023, we expect current efforts to pay dividends as the economy strengthens producing an even steeper growth rate for the company. Of course, while our focus remains on securing our recurring revenue and SaaS growth, we are also going to remain balanced from a financial standpoint. We have no intention of putting ourselves in a position where we need to dilute shareholders to maintain our path. As such we will continue to fund our sales, marketing, and SaaS development from internal cashflows while ensuring the business remains EBITDA positive.

Closing Thoughts

The only constant is change. As we look at the impact the pandemic has had on many of the industries we serve, it is clear that how these businesses interact with their customers has forever been changed. How many of you in February of 2020 thought that you would be ordering your food on your smartphone or using curbside pickup as often as we do today? While some of us have gone back to more of our old ways, many of the new ways have proven that they are here to stay.

What this means for businesses is that they now must measure and monitor their customer experience across many different channels, often combining digital and physical interactions. And with the growth in third-party fulfillment partners, a business can suffer serious reputational damage without ever having had a direct interaction with their customer. So today, more than ever, businesses need to ensure they are measuring all the key customer touchpoints and use that information to help them drive improvements. It does not matter if it is a third-party who is ultimately making the product delivery, it is the brand that is impacted and so the third-party may need to be measured as well.

It will be the brands who figure out the most efficient and effective way to both measure their customer experience and improve it who will ultimately be victorious. Intouch is uniquely positioned to assist companies through not only our customer experience measurement services, but also through our software products which include not only customer survey software, but also operational forms and checklist automation software. As change occurs, we continue to position ourselves to be more and more relevant to our current and prospective customers. Change may be the only constant, but it also creates opportunities, and we are looking forward to where the changes take us.

Thank you to those of you who have been with us for this journey and a warm welcome to those of you who may be new to the company. We look forward to forging an even brighter future together.

Cameron Watt
President & CEO

Management's Discussion and Analysis

Intouch Insight Ltd.

Years ended December 31, 2022 and 2021

(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, 2022.

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 5, 2023

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 shareholder value by designing, building and delivering solutions that collect data for customers and provide information that improves business outcomes.

Intouch develops managed mobile software applications and software-as-a-service (SaaS) platforms, and delivers data collection services for private businesses, governments and regulators. These stakeholders need mobile, real-time information about leads, customer feedback, operational compliance, employee feedback and new product analysis. Intouch has developed comprehensive software platforms, including IntouchIntelligence™, IntouchCapture™, IntouchCheck™, IntouchSurvey™, and LiaCX®. These products facilitate the rapid development & delivery of data collection programs, including mystery shopping, site audits, event lead capture, customer satisfaction surveys, mobile forms, checklists and audits. All products include 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 location-based customized data capture across North America.

LiaCX is a complete, SaaS-based solution that helps customer experience ("CX") professionals make targeted improvements to accelerate the delivery of a world-class customer experience. "Lia" stands for Listen, Interpret & Act, representing the closed-loop capabilities of the software. The platform centralizes all channels of feedback, operational and back-office system data and presents it logically for ease of interpretation and organizational alignment. Intelligent and predictive analytics and task completion accountability help mobilize customer-facing staff to close the loop on customer experience problems and drive better business results.

Data collection services leverage the Intouch technology as well as its long history and expertise in capturing and combining key data points from across multiple geographically separate locations. Common data captured includes information regarding the physical state of a business, the compliance of employees in the execution of operational standards, the compliance of employees and the business itself with regards to legal and regulatory compliance, as well as 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.

(in Canadian Dollars, except as otherwise noted)

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.

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.

Intouch is one of the only companies in North America that offer in-house capabilities across all areas of CEM, including the provision of both the services and software components necessary to provide a complete picture. Intouch considers this both a competitive advantage and a sales opportunity through cross-sell.

FINANCIAL PERFORMANCE

Financial Highlights

	Year ended December 31		%
	2022	**2021**	**change**
Revenue	**$ 23,486,835**	$ 16,016,564	47%
Cost of services	**11,578,570**	7,376,133	57%
Gross Margin	**11,908,265**	8,640,431	38%
Gross Margin %	***50.7%***	*53.9%*	-3%
Operating Expenses	**10,987,733**	8,614,141	28%
Earnings (loss) from operating activities	**920,532**	26,290	
Other earnings (expense)	**(388,984)**	(302,834)	
Net earnings (loss) and comprehensive income (loss) before income taxes	**531,548**	(276,544)	
Adjusted EBITDA[1]	**$ 2,227,275**	$ 1,668,401	

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.

(in Canadian Dollars, except as otherwise noted)

Balance Sheet - Highlights

		December 31, 2022		December 31, 2021
Cash	$	**860,062**	$	740,078
Working Capital		**2,110,147**		980,482
Total Assets		**10,500,350**		10,181,853
Total Liabilities		**3,968,854**		4,543,721
Share capital and contributed surplus		**8,941,897**		8,658,397
Accumulated deficit		**(2,410,401)**		(3,020,265)
Shares issued and outstanding	#	**25,515,594**	#	25,107,453

Highlights from the year December 31, 2022 compared to the same period in 2021:

- Revenue is 47% higher than the prior year due to the ongoing recovery of the retail and services sectors in the current year, new client additions, one-time non-recurring revenue secured in 2022, and the acquisition of SeeLevel HX in Q4 2021.
- The 50.7% gross margin as a percentage of revenue was 3.2% lower than the prior year. This decrease is due to the higher concentration of non-recurring, lower-margin services sales in the current year.
- Earnings from operations was $920,532 compared to $26,290 in the prior year. The improvement is due to the increase in revenue.
- Adjusted EBITDA (a non-IFRS measure) was $2,227,275 compared to $1,668,401 in 2021.
- Increase in working capital of $1,129,665 was due to an increase in trade and other receivables and a decrease in both trade and other liabilities and contingent consideration.

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

2022 was a year of recovery, development, and integration with 47% revenue growth for the company as the SeeLevel clients delivered their first full year of revenues and the benefits from of a large one-time project was realized. The company also delivered a strong EBITDA of $2,227,275, a 33% growth over 2021 EBITDA.

Intouch will continue to ramp up sales and marketing activity to secure new customers in its efforts to navigate an economic climate which is signalling ongoing uncertainty. The Company is pleased with its sales pipeline and is confident in its ability to secure new clients. This ability will be somewhat offset by reduced revenues from existing clients who may temporarily reduce program spending for 2023 as they navigate their own economic concerns. It is, however, expected that 2023 will be another growth year in recurring revenues for the company.

In particular, the company remains optimistic regarding the future of its SaaS based software products which are expected to continue their growth trajectory through 2023. Its software products continue to be sticky within existing clients while presenting cross-sell and upsell opportunities to additional services clientele and net new clients obtained through its sales and marketing efforts.

(in Canadian Dollars, except as otherwise noted)

To support its renewed focus on its SaaS products as well as its overall growth plans Intouch expects to increase spending. The Company is committed to remaining EBITDA positive ensuring that it can continue to self-finance the growth of its software business. With the Company's financial strength, it expects it has adequate cash and credit facilities to meet the business obligations.

The Company will continue to pursue acquisitions where additional clients and revenue are accretive and present additional future opportunities.

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.

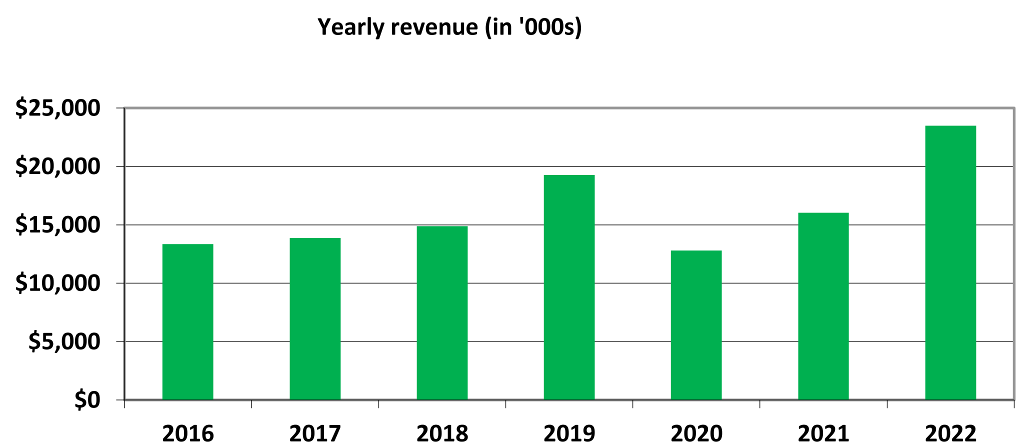
The Company's strategy is to focus on long-term services contracts and software and tracks its recurring revenue from both software and services. The following chart shows the breakdown of revenues for 2022 and 2021.

		2022		2021	**% change**
Software-as-a-service (SaaS) revenue	**$**	**1,346,563**	$	1,112,991	21%
Event marketing automation revenue		**1,922,807**		1,613,071	19%
Recurring services revenue		**18,291,015**		13,273,492	38%
Non-recurring services revenue		**1,926,450**		17,010	11225%
Total revenue	**$**	**23,486,835**	$	16,016,564	47%

The Company's 2022 revenues increased 47% from 2021 revenues, with its SaaS revenue increasing by 21%, its recurring services revenues rising by 38%, and its event marketing automation revenue increasing by 19%. The increase in non-recurring services revenue reflects a data capture contract.

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

Overall, management expects 2023 SaaS software revenues to increase as new business is acquired through an increase in sales and marketing investment.



(in Canadian Dollars, except as otherwise noted)

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

	2022	%	2021	%	% Change
Canada	$ 5,720,257	24%	$ 4,622,230	29%	24%
U.S.	17,694,258	75%	11,319,530	71%	56%
Other	72,320	1%	74,804	nil	-3%
Total revenue	**$ 23,486,835**	**100%**	$ 16,016,564	101%	47%

Revenue generated from Canadian clients in 2022 was 24% higher than 2021, while U.S. revenues increased by 56%. 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, 2022.

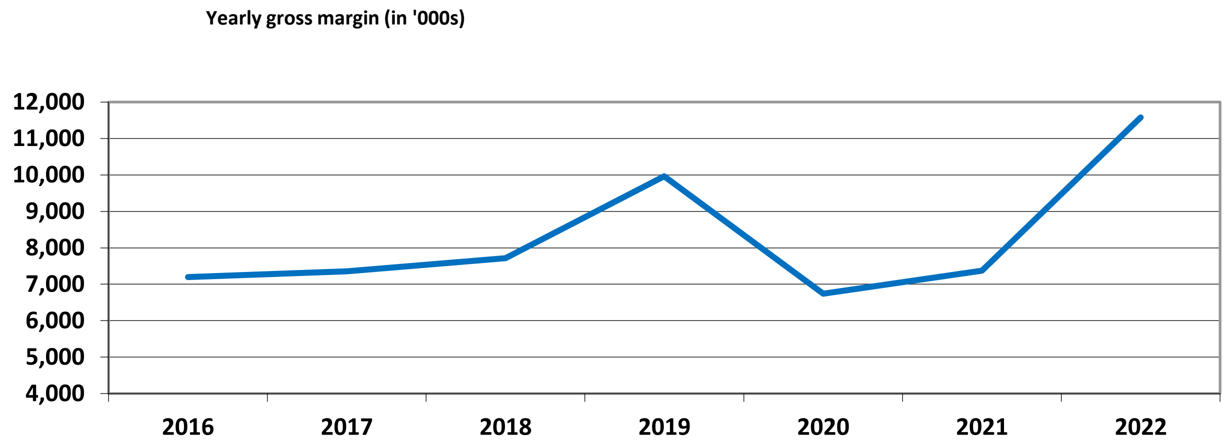
b) Cost of Services/Gross Margin

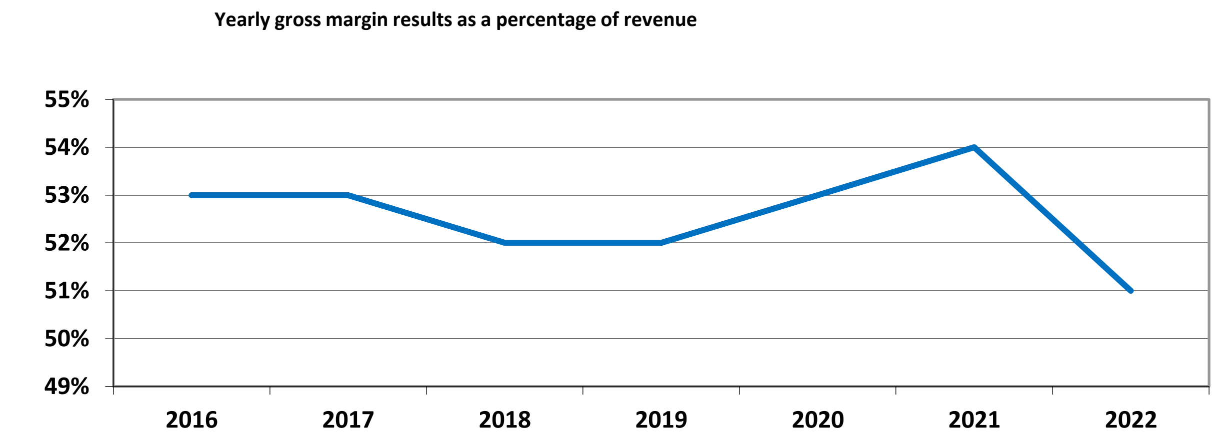
The Company's cost of services includes all direct costs incurred in providing its products and services. These costs include items such as expenses related to staff and independent contractors, delivery charges, communication costs (as each mobile unit or other device is equipped with cellular or wireless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

	2022	2021	%
Staff and contractor expense	$ 9,558,025	$ 5,981,659	60%
Wage subsidy- CEWS	-	(55,775)	-100%
Delivery and communication costs	1,519,647	1,001,217	52%
Amortization	299,866	291,891	3%
Commissions	201,032	157,141	28%
Cost of services	**$ 11,578,570**	$ 7,376,133	57%

Consolidated cost of services increased 57% in 2022 compared to 2021. For 2022, both staff and contractor expense and delivery and communication costs increased due to the increase in revenue and the ongoing integration of SeeLevel. Management expects this expense to fluctuate throughout 2023 based on revenues and product mix. Share-based compensation added $nil for 2022 (2021- $20,490).

(in Canadian Dollars, except as otherwise noted)





The consolidated gross margin increased by $3,267,834 or 38% to $11,908,265 in 2022 from $8,640,431 in 2021 while decreasing the margin percentage to 50.7%.

c) Selling

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

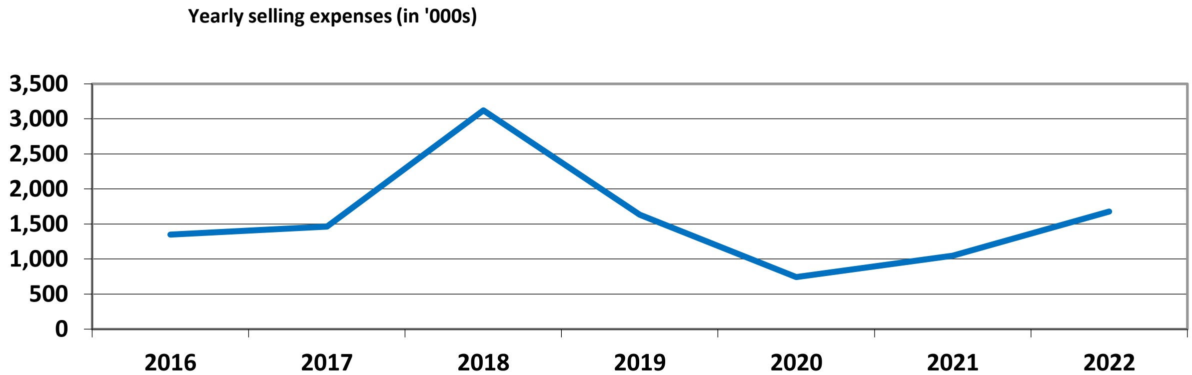
	2022	2021	%
Marketing expenses	$ 464,407	$ 296,635	57%
Travel expenses	157,791	75,502	109%
Salaries and benefits	1,053,856	734,113	44%
Wage subsidy- CEWS	-	(58,040)	-100%
Selling expenses	**1,676,054**	$ 1,048,210	60%

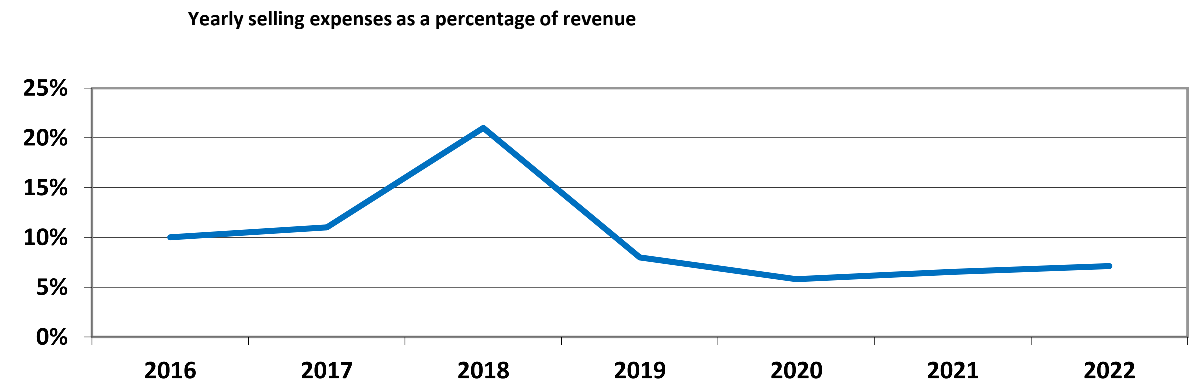
Selling expenses increased by 60% in 2022 compared to 2021. The expense as a percentage of revenue, the expense remained unchanged at 7%.

(in Canadian Dollars, except as otherwise noted)

The increases were driven by growing salaries and benefits expenses as the sales structure was increased in conjunction with the SeeLevel acquisition and plans for future growth. The ability to travel to meet with customers and prospective customers returned in 2022. In addition, there was renewed spending in marketing to support revenue recovery. Share-based compensation added $nil in 2022 (2021- $30,213).

Management expects to continue its investment in sales and marketing while watching the marketplace very closely and will aggressively seek new business opportunities.





d) General and Administrative

	2022	2021	%
Corporate administration	**$ 1,055,032**	$ 857,573	23%
Rent relief- CECRA and CERS	**-**	(77,159)	-100%
Consultant fees	**(8,700)**	36,884	-124%
Professional fees	**319,307**	242,851	31%
Public company fees	**216,152**	201,597	7%
Salaries and benefits	**4,729,931**	3,850,862	23%
Wage subsidy- CEWS	**-**	(294,674)	-100%
Loss (gain) on disposal of property and equipment	**-**	(46)	N/A
Loss (gain) on foreign exchange	**(14,880)**	104,344	-114%
Bad debt expense (recovery)	**46,241**	889	5103%
Amortization expense	**743,678**	755,931	-2%
Total general and administrative expenses	**$ 7,086,761**	$ 5,679,052	25%

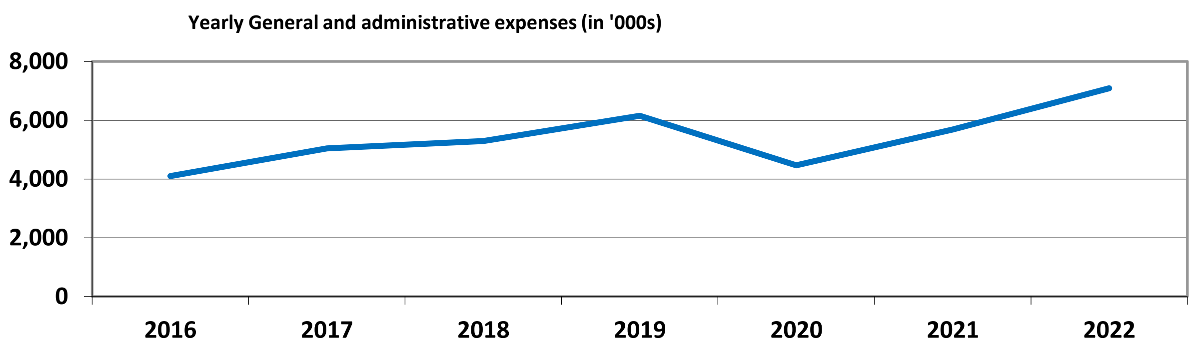
(in Canadian Dollars, except as otherwise noted)

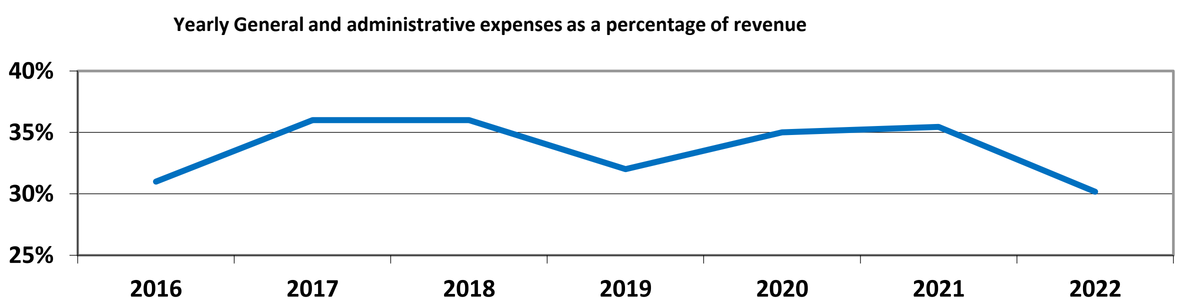
General and administrative ("G&A") expenses increased by 25% overall in 2022 compared to 2021. These increases are primarily due to increases in corporate administration, salaries and benefits with the integration of SeeLevel, and the cessation of the CEWS and Canada Emergency Commercial Rent Assistance ("CECRA")/Canadian Emergency Rent Subsidy("CERS").

The increase in corporate administration for 2022 compared to 2021 is related to insurance expenses, and computer-related expenses.

The increase in salaries and benefits for 2022 compared for 2021 is due to the increased headcount from the SeeLevel acquisition. Share-based compensation added $128,700 in non-cash salary expense for 2022 compared to $330,392 for 2021. The decrease is due to the vesting of the RSUs which was completed in Q4 2021.

The bad debts expense in 2022 relates to estimates of potential credit losses. The gain on foreign exchange in 2022 relates to the increase in the value of the US dollar compared to the Canadian dollar.

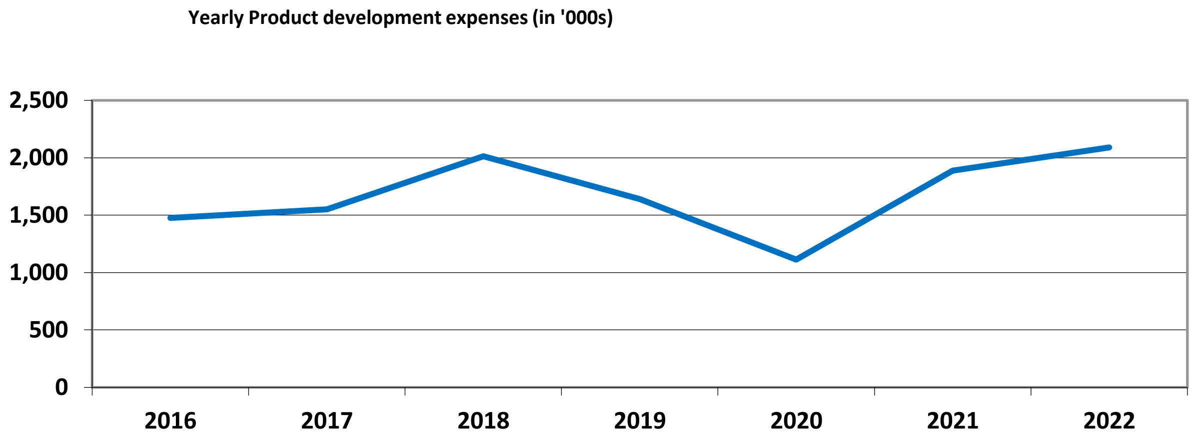


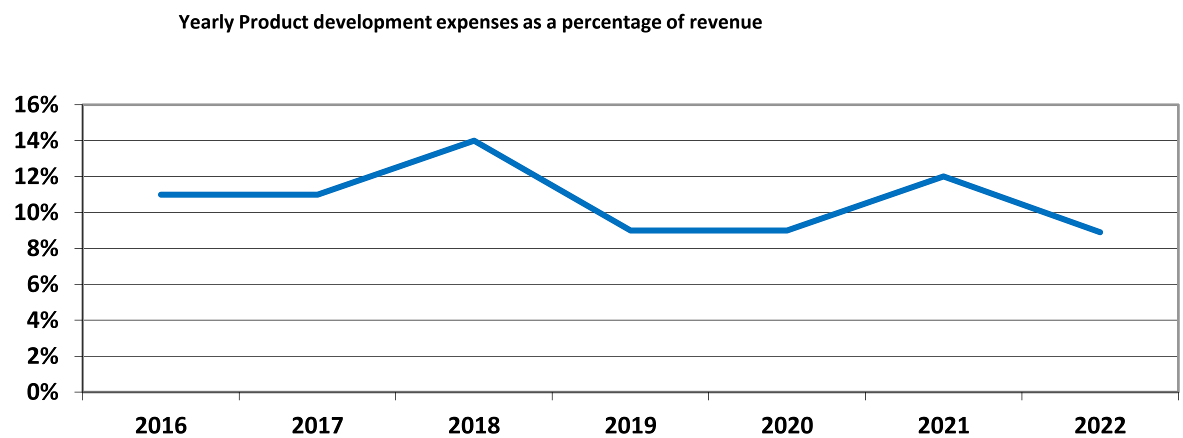


e) Product Development

		2022		2021	%
Salaries and benefits expense	**$**	**2,090,420**	$	2,067,471	1%
Wage subsidy- CEWS		**-**		(180,592)	-100%
Total product development expense	**$**	**2,090,420**	$	1,886,879	11%

Product development spending increased 11% in 2022 compared to 2021 driven primarily by the cessation of the CEWS program. Share-based compensation added $nil for 2022 (2021- $97,737).





f) Earnings (loss) from operating activities

Earnings from operating activities in 2022 were $920,532, an increase of $894,242 compared to $26,290 for 2021. The profits are attributable to the ongoing revenue recovery from the existing client base, new client acquisition, and increased revenues from the purchase of SeeLevel in Q4 2021. The rise in spending partially offsets the increase in revenues to support revenue recovery and growth.

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 2022, finance costs were $191,462 (2021 - $119,555). The increase is a result of the Company's increase in bank borrowings related to working capital needs to support revenue growth.

Income of $115,456 was included in 2021 as part of the PPP loan forgiveness.

The revaluation of the fair value of the contingent consideration related to the acquisition of PerformaLogics and MobilForce and the acquisition of SeeLevel resulted in a loss of $197,522 in 2022 (2021- loss of $298,735). The loss is due to the increased contingent consideration payments forecasted due to the more robust than expected revenue outlook.

h) Net income (loss) before income taxes

The Company recorded net income before income taxes in 2022 of $531,548 compared to a net loss of ($276,544) in 2021.

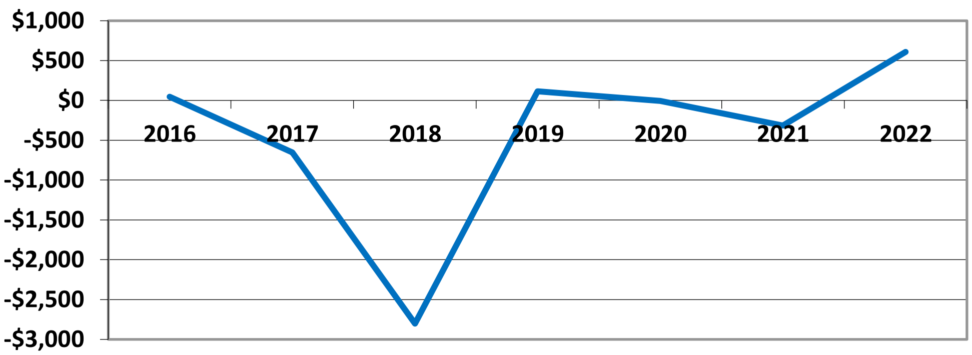
i) Income taxes

In 2022, the Company recorded a deferred tax recovery of $183,000 against its deferred tax assets (2021- $nil). A current income tax expense of $104,684 was recorded for 2022 (2021 – $38,869).

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

The Company reported net income and comprehensive income for 2022 of $609,864 or $0.02 per share basic and diluted compared to a net loss and comprehensive loss of 2021 of $315,413 or $(0.01) per share basic and diluted.

Net income from continuing operations (in '000s)



k) Cash Flows

The Company's cash position was $860,062 on December 31, 2022, compared to $740,078 at December 31, 2021.

	2022	2021	%
Cash flows from operating activities before changes in working capital	**$ 2,168,832**	$ 1,514,920	43%
Changes in working capital	**(1,183,817)**	(383,558)	209%
Cash flows from operating activities	**985,015**	1,131,362	-13%
Cash flows from (used in) financing activities	**(756,023)**	77,262	-1079%
Cash flows used in investing activities	**(109,008)**	(2,334,166)	-95%
Increase (decrease) in cash	**$ 119,984**	$ (1,125,542)	-111%

Operating activities:

This year's decrease in operating cashflows was due to increased overall spending with the acquisition of SeeLevel and spending to support revenue delivery.

(in Canadian Dollars, except as otherwise noted)

Financing activities:

As of December 31, 2022, the Company drew $1,140,000 from its line of credit (2021- $840,000).

In 2021, the Company repaid $195,084 of EIDL loans assumed with the acquisition of SeeLevel.

For 2022, $218,102 was paid toward lease liabilities (2021- $256,088).

Share capital increased by $154,800 from the issuance of common shares during 2022 due to the exercise of stock options (2021 - $153,658). Finance costs paid were $191,462 (2021- $119,554). The increase is due to the drawing from the line of credit.

For 2022, contingent consideration of $843,475 was paid for the purchases of PerformaLogics, MobilForce and SeeLevel (2021- $346,771).

Investing activities:

In 2021, the Company invested $2,149,541 in the acquisition of SeeLevel.

In 2022, the Company invested $109,008 in property and equipment, compared to $187,389 in 2021.

I) Liquidity and Capital Resources

Working capital was $2,110,147 as of December 31, 2022 compared to $980,482 as of December 31, 2021. The table below shows other balance sheet accounts compared to previous year including the percentage change:

		2022		2021	%
Bank borrowings	**$**	**1,140,000**	$	840,000	36%
Short-term debt	**$**	**-**	$	-	N/A
Contract liabilities	**$**	**766,595**	$	645,499	19%
Trade and other liabilities	**$**	**832,232**	$	908,620	-8%
Current portion of lease liabilities	**$**	**211,266**	$	248,658	-15%
Lease liabilities	**$**	**382,527**	$	563,237	-32%
Current portion of contingent consideration payable	**$**	**636,234**	$	868,684	-27%
Contingent consideration payable	**$**	**-**	$	469,023	-100%

Debt to equity decreased from 0.81 at December 31, 2021 to 0.61 at December 31, 2022. The improvement in the ratio is due to the decrease in trade and other liabilities, and contingent consideration payable.

The Company has a current ratio of 1.59:1 and credit facilities that include a $3,000,000 demand operating loan. The Company had drawn $1,140,000 on this facility as of December 31, 2022 (2021- $840,000).

The Company had cash in the bank as of December 31, 2022, of $860,062 and good quality accounts receivable of $4,416,299. 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)

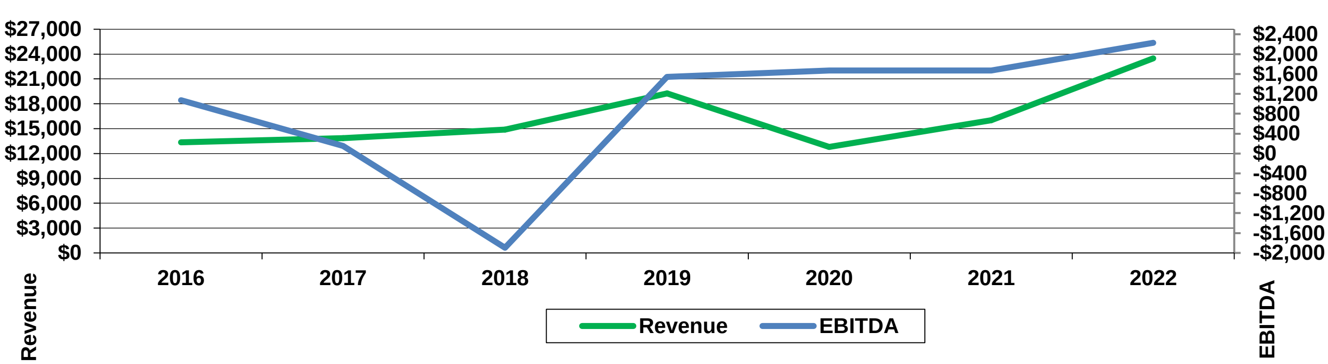
	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	**$ 5,545**	**$ 5,415**	**$ 7,283**	**$ 5,244**	**$ 5,454**	**$ 3,927**	**$ 3,426**	**$ 3,209**
Cost of services	2,792	2,540	3,749	2,497	2,515	1,811	1,533	1,517
Gross margin	2,753	2,875	3,534	2,747	2,939	2,116	1,893	1,692
Total operating expenses	2,640	2,472	3,035	2,841	2,618	2,134	1,909	1,953
Earnings (loss) from operating activities	**$ 113**	**$ 403**	**$ 499**	**$ (94)**	**$ 321**	**$ (18)**	**$ (16)**	**$ (261)**
Forgiveness of loan	-	-	-	-	-	-	-	115
Gain(loss) in fair value of contingent liabilities	(230)	9	151	(127)	(309)	(17)	(3)	31
Finance costs	(41)	(45)	(61)	(45)	(46)	(22)	(27)	(25)
Net earnings (loss) before income taxes	**$ (158)**	**$ 367**	**$ 589**	**$ (266)**	**$ (34)**	**$ (57)**	**$ (46)**	**$ (140)**
Finance costs	41	45	61	45	46	22	27	25
Impairment of intangible assets and goodwill	-	135	-	-	-	-	-	-
Gain(loss) in fair value of contingent liabilities	230	(9)	(151)	127	309	17	3	(31)
Amortization of property and equipment	153	156	170	174	171	164	157	154
Amortization of intangible assets	92	99	99	99	140	86	86	89
Share-based compensation	39	39	38	13	29	154	157	140
Adjusted EBITDA[1]	**$ 397**	**$ 832**	**$ 806**	**$ 192**	**$ 661**	**$ 385**	**$ 384**	**$ 237**

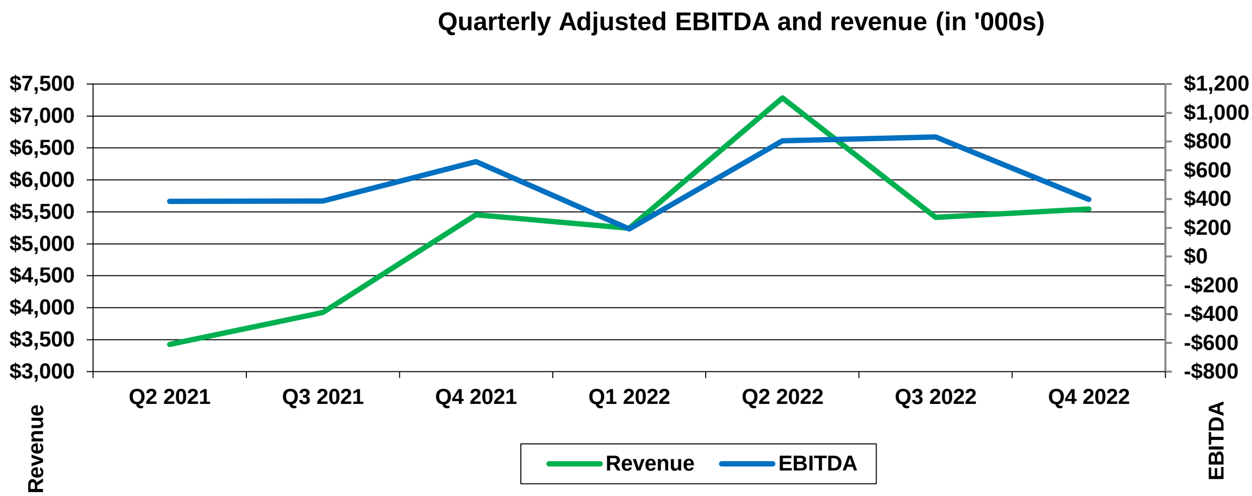
[1]*Adjusted EBITDA*

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)





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 depreciable assets

The useful lives of depreciable assets have been determined based on management estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

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.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of share options granted, the forfeiture rate, and the time of exercise of those share options, and the risk-free interest rate. The model used by the Company is the Black-Scholes valuation model.

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.

Lease liabilities

The measurement of lease liabilities is subject to management's judgment of the applicable incremental borrowing rate, as well as the expected lease renewals.

Control and significant influence assessment

The assessment of control and significant influence over an investment requires judgment.

Assessing the stage of completion of revenue

The stage of completion of revenue is assessed by Management by taking into consideration all information available at the reporting date. In this process, management estimates for each project's milestones, actual work performed, the costs to complete the work and the value of the work completed. Further information on the Company's accounting policy for revenue recognition is provided in the consolidated financial statements Note 2.

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.

Functional currency

An area of judgement that has a significant effect on the amounts recognized in these consolidated financial statements is the determination of functional currency.

The determination of the Company and a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the selection of functional currency.

b) Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards. On April 5, 2023, 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, 2022 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, 2022 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 five-person Board of Directors of Intouch is composed of three 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 fulfils 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", resulted in governments worldwide enacting emergency measures to contain the spread of the virus in March 2020. 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. While economies began to recover from the impact of the COVID-19 pandemic in 2021, 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 we provide 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 also 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 was in compliance with its covenants as of December 31, 2022 (2021- waiver issued pending revision of covenants).

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.

(in Canadian Dollars, except as otherwise noted)

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

FINANCIAL INSTRUMENTS

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

	December 31, 2022	December 31, 2021
Financial assets:		
At amortized cost		
Cash and cash equivalents	**$ 860,062**	$ 740,078
Trade and other receivables	**4,416,299**	3,445,992
Contract assets	**34,884**	124,604
Total financial assets	**$5,311,245**	$4,310,674
Financial liabilities:		
At amortized cost		
Bank borrowings	**$ 1,140,000**	$ 840,000
Trade and other liabilities	**832,232**	908,620
Lease liabilities	**593,793**	811,895
At fair value		
Contingent consideration	**636,234**	1,337,707
Total financial liabilities	**$3,202,259**	$3,898,222

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, 2022, there were 408,141 shares issued resulting from the exercise of stock options (2021 – 343,333). In addition, in 2021, there were 612,309 shares issued from the settlement of restricted stock units and 1,500,000 shares issued in conjunction with an acquisition.

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 2022 audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Consolidated Financial Statements

Intouch Insight Ltd.

Years ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

Intouch Insight Ltd.
Consolidated Financial Statements
December 31, 2022 and 2021

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 three 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 5, 2023,

Cameron Watt Chief Executive Officer	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 statement of financial position as at December 31, 2022, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2022, and its consolidated financial performance and its consolidated cash flows for the year 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.

Impairment of Goodwill and Intangible Assets

Description of the key audit matter

Goodwill and intangible assets with a carrying value of $3,764,073 before impairment were tested for impairment as at December 31, 2022. An impairment loss of $134,498 was recorded during the year, as detailed in Note 14. Management's accounting policy regarding impairment is included in Note 2(i).

Impairment of goodwill and intangible assets is a key audit matter due to the high level of judgment required in assessing the inputs into the valuation models supporting management's assessment of impairment. The most significant judgments incorporated in management's assessment of impairment of the Group's goodwill and other intangible assets include forecasted cash flows, 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:

- Evaluated the appropriateness of the cash-generating units (CGUs) determined by management to be the lowest level of independent cash inflows.
- Tested how management determined the recoverable amount of the goodwill and intangible assets, which included the following:
  - Evaluated the appropriateness of the method applied and the value-in-use model.
  - Tested the reasonableness of the forecasted cash flows from each CGU, revenue growth rates, and perpetual growth rates by comparing them to current and past performance and current industry, market, and economic trends in order 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.
  - Tested underlying data in the value-in-use model.

Fair Value of Contingent Consideration

Description of the key audit matter

The fair value of contingent consideration payable was assessed to be $636,234 at December 31, 2022 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 judgments 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 in order 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 sensitivity analysis for a reasonable range on all estimated inputs.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2022.

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

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

Independent Auditor's Report

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's 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.

Independent Auditor's Report

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 [1]

Montréal, Québec
April 5, 2023

[1] CPA auditor, public accountancy permit No. A122867

INTOUCH INSIGHT LTD.

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

Years ended December 31, 2022 and 2021
(in Canadian Dollars)

	Note	2022	2021
Revenue	4	$ 23,486,835	$ 16,016,564
Cost of services	5	11,578,570	7,376,133
Gross margin		11,908,265	8,640,431
Operating expenses			
Selling	6	1,676,054	1,048,210
General and administrative	7	7,086,761	5,679,052
Product development	8	2,090,420	1,886,879
Impairment of intangible assets and goodwill	14	134,498	-
Total operating expenses		10,987,733	8,614,141
Income from operating activities		920,532	26,290
Non-operating (expenses) income			
Finance costs	25	(191,462)	(119,555)
Gain (loss) in fair value of contingent consideration payable	16	(197,522)	(298,735)
Forgiveness of loan	18	-	115,456
Net income (loss) before income taxes		531,548	(276,544)
Income taxes	26		
Deferred tax recovery		183,000	-
Current tax recovery (expense)		(104,684)	(38,869)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		$ 609,864	$ (315,413)
Earnings (Loss) per share	10		
Basic		$ 0.02	$ (0.01)
Diluted		$ 0.02	$ (0.01)
Weighted average number of shares - basic		25,340,978	23,405,549
Weighted average number of shares - diluted		25,590,077	23,405,549

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Financial Position

As at December 31, 2022 and 2021

(in Canadian Dollars)

	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current Assets			
Cash and cash equivalents		$ 860,062	$ 740,078
Trade and other receivables	12	4,416,299	3,445,992
Contract assets	12	34,884	124,604
Prepaid expenses		385,229	181,269
Total Current Assets		5,696,474	4,491,943
Non-Current Assets			
Property and equipment	13	991,301	1,535,560
Deferred tax assets	26	183,000	-
Intangible assets	14	2,625,088	3,121,774
Goodwill	14	1,004,487	1,032,576
Total Non-Current Assets		4,803,876	5,689,910
TOTAL ASSETS		10,500,350	$ 10,181,853
LIABILITIES			
Current Liabilities			
Bank borrowings	20	$ 1,140,000	$ 840,000
Trade and other liabilities	17	832,232	908,620
Contract liabilities	12	766,595	645,499
Current portion of contingent consideration payable	16	636,234	868,684
Current portion of lease liabilities	19	211,266	248,658
Total Current Liabilities		3,586,327	3,511,461
Non-Current Liabilities			
Contingent consideration payable	16	-	469,023
Lease liabilities	19	382,527	563,237
Total Non-Current Liabilities		382,527	1,032,260
TOTAL LIABILITIES		3,968,854	4,543,721
SHAREHOLDERS' EQUITY			
Share capital	22	7,227,691	7,030,171
Contributed surplus		1,714,206	1,628,226
Deficit		(2,410,401)	(3,020,265)
TOTAL SHAREHOLDERS' EQUITY		6,531,496	5,638,132
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,500,350	$ 10,181,853

Commitments and Contingencies 31

ON BEHALF OF THE BOARD

Original signed by: Eric Beutel, Director

Original signed by: Michael Gaffney, Director

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, 2022 and 2021
(in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2021	21	22,651,811	$ 5,560,955	$ -	$ 1,678,571	$ (2,704,852)	$ 4,534,674
Issuance of share capital from the exercise of share options	21	343,333	185,307	-	(31,649)	-	153,658
Issuance of share capital from the settlement of restricted stock units		612,309	293,909		(293,909)		-
Issuance of share capital for acquisition	15	1,500,000	990,000				990,000
Settlement of restricted stock units in cash	23				(203,619)		(203,619)
Share-based compensation		-	-	-	478,832	-	478,832
Net loss and comprehensive loss		-	-	-	-	(315,413)	(315,413)
Balance as at December 31, 2021	21	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	21	425,000	197,520	-	(42,720)	-	154,800
Net exercise of stock options	21	(16,859)	-		-		-
Share-based compensation		-	-	-	128,700	-	128,700
Net income and comprehensive income		-	-	-	-	609,864	609,864
Balance as at December 31, 2022		25,515,594	**$ 7,227,691**	**$ -**	**$ 1,714,206**	**$ (2,410,401)**	**$ 6,531,496**

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Cash Flows

Years ended December 31, 2022 and 2021
(in Canadian Dollars)

	Note	2022	2021
Cash flows from operating activities			
Net income (loss)		**$ 609,864**	$ (315,413)
Adjustments for non-cash items:			
Amortization of property and equipment	13	**653,268**	646,442
Amortization of intangible assets	14	**390,277**	401,381
Allowance for doubtful accounts		**46,241**	889
Finance costs	25	**191,462**	119,555
Impairment of intangible assets and goodwill	14	**134,498**	-
Loss (gain) in fair value of contingent consideration	16	**197,522**	298,735
Share-based compensation	22, 23	**128,700**	478,832
Loss (gain) on disposal of property and equipment		**-**	(46)
Forgiveness of loan		**-**	(115,456)
Deferred tax recovery	26	**(183,000)**	-
Net change in non-cash operating working capital	24	**(1,183,817)**	(383,558)
Net cash flows from operating activities		**985,015**	1,131,361
Cash flows from financing activities			
Net proceeds from bank borrowings		**$ 300,000**	$ 840,000
Issuance of share capital net of cash issue costs	21	**154,800**	153,658
Repayment of short-term debt	18	**-**	(195,084)
Payment of lease liabilities	19	**(218,102)**	(256,088)
Repayment of contingent consideration payable		**(843,475)**	(346,771)
Foreign exchange loss (gain) on financing activities		**42,216**	1,102
Finance costs paid	25	**(191,462)**	(119,554)
Net cash flows from (used in) financing activities		**(756,023)**	77,263
Cash flows from investing activities			
Purchase of SeeLevel, net of cash acquired	15	**-**	(2,149,541)
Proceeds on disposal of property and equipment		**-**	2,764
Purchase of property and equipment	13	**(109,008)**	(187,389)
Net cash flows used in investing activities		**(109,008)**	(2,334,166)
NET INCREASE (DECREASE) IN CASH		**119,984**	(1,125,542)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**740,078**	1,865,620
CASH AND CASH EQUIVALENTS, END OF YEAR		**$ 860,062**	$ 740,078
Additional Information			
Interest paid		**86,530**	53,828
Income tax paid (recovered) included in operating activities		**-**	212

The accompanying notes are an integral part of the 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 SIGNIFICANT 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, 2022.

On April 5, 2023, 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, 2021, 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). 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. All intercompany transactions and balances have been eliminated. All subsidiaries have a reporting date of December 31st.

(d) Impact of COVID-19

In Q1 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the American, Canadian, state, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The widespread shut down of North American companies in the retail, food service and hospitality industries in 2020 and 2021 negatively impacted Intouch's recurring service revenues.

In response, the Company contracted all spending, as well as began accessing government COVID-19 relief programs in both Canada and the United States. The Company continued to market and has its recurring revenue services and software products available to its customers, including its customer experience management platform; LiaCX™ and its forms and checklist automation product; IntouchCheck.

The impacts of COVID-19 on the economy and businesses, in general, continue to challenge retail, food service and hospitality companies through supply chain challenges and labor shortages.

The Company continues to monitor and actively manage the ongoing impacts of COVID-19 and will continue to assess impacts on the Company's operations and the reported value of assets and liabilities reported in these consolidated financial statements.

(e) 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 is the American dollar.

(f) 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.

(g) 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 2021, 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 2021.

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.

(h) 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, the shopper/auditor database between a two and three-year period, software over a three-year period and the trademarks between a 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.

(i) 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.

(in Canadian Dollars)

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 $134,498 in impairment losses (Note 14- $106,409 for intangible assets, $28,089 for goodwill) recognized for the year ended December 31, 2022 (December 31, 2021- no impairment losses).

(j) Revenue recognition

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"):

IFRS 15 requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services, applying the following five steps:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) the entity satisfies the performance obligations.

The standard also provides guidance on the treatment of contract acquisition and fulfillment costs.

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.

Contract balances

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

	December 31, 2022	December 31, 2021
Trade receivables	$ 4,406,217	$ 3,367,280
Contract assets	34,884	124,604
Contract liabilities	766,595	645,499

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 $1,937 of impairment on the amount of contract assets as of December 31, 2022 (December 31, 2021 – nil). 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, 2022, the deferred income is $766,595. 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 two years.

An amount of $307,020 recognized in contract liabilities at the beginning of the period has been recognized as revenue for the period ended December 31, 2022 (2021- $237,312).

		2022		2021
Balance, beginning of year	$	645,499	$	645,568
Amounts invoiced and revenue deferred		428,116		237,243
Recognition of deferred revenue included in the balance at the beginning of year		(307,020)		(237,312)
Balance, end of year	$	766,595	$	645,499

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, 2022:

	2023	2024	Total
Revenue expected to be recognized	$603,654	$162,941	$766,595

Nature of services

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 applies the practical expedient available under IFRS 15.63 and does not capitalize incremental costs of obtaining contracts if the amortization period is one year or less. 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.

(k) Provisions

Provisions are recognized when the following criteria are met:

a) the Company has a current obligation as a result of a past event;
b) it is probable that an outflow of economic resources will be required from the Company; and
c) the amounts can be estimated reliably.

The timing or amount of the outflow may still be uncertain.

Provisions are established at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the best estimate.

The Company has no provisions as of December 31, 2022 and 2021.

(l) Government assistance

Government contributions are recognized at fair value when there is reasonable assurance that the contribution will be received and all the attached conditions will be complied with.

When the contribution relates to the acquisition of an asset, it is recognized in deferred income and credited to other income systematically over the useful life of the asset.

When the contribution relates to income, it is deducted in reporting the related expense systematically over the periods in which the related costs for which the grant is intended to compensate are incurred.

Government contributions (Note 3) of $nil were received or receivable during the year ended December 31, 2022 (2021 - $666,241). This amount has been included to reduce cost of services (Note 5), selling expenses (Note 6), product development expenses (Note 8), and general and administrative expenses (Note 7) as the contributions do not contain any requirements or restrictions with which the Company must comply as a condition of receipt.

(m) Investment tax credits

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. These credits can be applied against future income taxes payable and are subject to a 20-year carry forward period. An estimate of the refundable investment tax credit on scientific research and experimental development expenditures is recorded in the year the expenditures are incurred, provided there is reasonable assurance that the credits will be received. The amount of the estimated investment tax credit reduces the expenditures.
During the year ended December 31, 2022, the Company recognized $nil (2021 - $nil) in investment tax credits.

(n) 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.

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

(o) 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.

Valuation of equity instruments in private placements
The Company has adopted a residual method concerning the measurement the measurement of common shares and warrants issued as private placement units. Common shares attached to units are valued based on the market price at the time of financing, and the difference between the proceeds raised and the value assigned to the shares is the residual fair value of the warrants. The proceeds from the issue of units are allocated between share capital and contributed surplus. In situations when the warrants are categorized as FVTPL the value associated with the warrants is presented as a liability. If and when the warrants are exercised, the applicable amounts of contributed surplus or liability are transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital.

Broker Warrants
The Company uses the fair value method based on the Black-Scholes pricing model to determine the fair value of the warrants issued to brokers and records a debit to share issue costs with a corresponding credit to warrants.

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

Warrants within equity included the warrants outstanding.

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

(p) 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.

(q) 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.

(r) 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.

(s) 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
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. In general, the Company anticipates that the application of the expected credit loss model of IFRS 9 results in earlier recognition of credit losses for the respective items.

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.

(t) 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.

(u) 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 depreciable assets

The useful lives of depreciable assets have been determined based on management's estimated utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

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.

Share-based compensation

The estimation of share-based compensation requires the selection of an appropriate valuation model and consideration of the inputs necessary for the valuation model chosen. The Company has made estimates as to the expected volatility of its own shares, the probable life of share options granted, the forfeiture rate, the time of exercise of those share options, and the risk-free interest rate. The model used by the Company is the Black-Scholes valuation model.

Warrants

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

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.

Lease liabilities

The measurement of lease liabilities is subject to management's judgment of the applicable incremental borrowing rate, as well as the expected lease renewals.

Control and significant influence assessment

The assessment of control and significant influence over an investment requires judgment (see Note 9).

Assessing the stage of completion of revenue

The stage of completion of revenue is assessed by management by taking into consideration all information available at the reporting date. In this process, management estimates for each project's milestones, actual work performed, the costs to complete the work and the value of the work completed. Further information on the Company's accounting policy for revenue recognition is provided in Note 2(j).

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)).

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.

Functional currency

An area of judgement that has a significant effect on the amounts recognized in these consolidated financial statements is the determination of functional currency.

The determination of the Company and a subsidiary's functional currency often requires significant judgement where the primary economic environment in which they operate may not be clear. This can have a significant impact on the consolidated results of the Company based on the selection of functional currency.

3. GOVERNMENT ASSISTANCE

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy program in April 2020 ("CEWS"). CEWS provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria. The Government of Canada also announced the Canada Emergency Commercial Rent Assistance program("CECRA") and its replacement, the Canada Emergency Rent Subsidy("CERS") in April 2020, and October 2020, respectively.

During the year ended December 31, 2021, the Company assessed its eligibility related to CEWS and determined it has qualified for this subsidy from January 16, 2021 through to October 23, 2021.

For 2021, the Company has accordingly applied for and received $589,082 for the period ended October 23, 2021. This subsidy has been recorded as a reduction to the eligible remuneration expense incurred by the Company during this period, divided between cost of sales, selling expenses, general and administrative expenses, and product development expenses.

Regarding CECRA and CERS, the Company has accordingly applied for and received $77,159 in 2021. This subsidy has been recorded as a reduction of expenses in general and administrative expenses.

(in Canadian Dollars)

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.

	2022	2021
Canada	**$ 5,720,257**	$ 4,622,230
US	**17,694,258**	11,319,530
Other	**72,320**	74,804
Total revenue	**$ 23,486,835**	$ 16,016,564

Major customers

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

	2022	2021
Customer 1	**$ 3,904,622**	$ 607,333
Customer 2	**2,599,913**	2,358,115
Customer 3	**1,922,807**	1,612,540
Customer 4	**988,732**	2,138,929

Major trade receivables

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

	2022	2021
Customer 1	**$ 1,598,319**	$ -
Customer 2	**447,985**	439,465
Customer 3	**-**	$ 613,200

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

5. COST OF SERVICES

During the year ended December 31, 2022, the Company recorded an amortization expense of $299,866 (2021 - $291,891) within cost of services. Salaries and benefits charged to cost of services were $2,150,410 in 2022 compared to $809,736 in 2021. Share-based compensation (a non-cash item) of $nil was included in Salaries and benefits in 2022 (2021 – $20,490). The Canada Emergency Wage Subsidy included a reduction to cost of services in 2022 was $nil (2021- $55,775).

6. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	2022	2021
Marketing expenses	**$ 464,407**	$ 296,635
Travel expenses	**157,791**	75,502
Salaries and benefits[(1)]	**1,053,856**	734,113
Wage subsidy- Canada Emergency Wage Subsidy (CEWS)	**-**	(58,040)
Selling expenses	**$ 1,676,054**	$ 1,048,210

[(1)] Share-based compensation (a non-cash item) of $nil (2021 - $30,213) has been included in Salaries and benefits

(in Canadian Dollars)

7. GENERAL AND ADMINISTRATIVE EXPENSES

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

	2022	2021
Corporate administration	$ 1,055,032	$ 857,573
Rent relief- Canada Emergency Commercial Rent Assistance (CECRA) and Canada Emergency Rent Subsidy(CERS)	-	(77,159)
Consultant fees	(8,700)	36,884
Professional fees	319,307	242,851
Public company fees	216,152	201,597
Salaries and benefits[1]	4,729,931	3,850,862
Wage subsidy- CEWS	-	(294,674)
Loss (gain) on disposal of property and equipment	-	(46)
Loss (gain) on foreign exchange	(14,880)	104,344
Bad debt expense (recovery)	46,241	889
Amortization expense	743,678	755,931
General and administrative expenses	$ 7,086,761	$ 5,679,052

[1] Share-based compensation (a non-cash item) of $128,700 (2021 - $330,392) has been included in Salaries and benefits

8. PRODUCT DEVELOPMENT EXPENSES

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

	2022	2021
Salaries and benefits[1]	$ 2,090,420	$ 2,067,471
Wage subsidy- CEWS	-	(180,592)
Product development expenses	$ 2,090,420	$ 1,886,879

[1] Share-based compensation (a non-cash item) of $nil (2021 - $97,737) has been included in Salaries and benefits

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, 2022, exceeded the original investment by the Company and therefore has deemed the carrying amount of the investment as $Nil. Dodoname is currently in a dormant state, pending dissolution.

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:

	2022	2021
Weighted average number of common shares - basic	25,340,978	23,405,549
Additions to reflect the dilutive effect of employee stock options	249,099	-
Weighted average number of common shares - diluted	25,590,077	23,405,549

For the year ended December 31, 2022, 1,230,000 options (2021- all options) were excluded from the calculation of diluted common shares as their effect would have been anti-dilutive.

(in Canadian Dollars)

11. EMPLOYEE REMUNERATION

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

	2022	2021
Salaries and benefits	$ 9,895,917	$ 6,983,350
Share-based compensation	128,700	478,832
Total salaries, benefits and share-based compensation	**$ 10,024,617**	$ 7,462,182

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. Contract assets consist of services in process not yet billed.

	As of December 31, 2022	As of December 31, 2021
Trade accounts receivable, gross	$ 4,444,689	$ 3,368,345
Provision for expected credit losses	(38,472)	(1,065)
Trade accounts receivable, net	4,406,217	3,367,280
Sales taxes recoverable	10,082	14,589
Other receivables	-	64,123
Contract assets	34,884	124,604
Trade, other receivables and contract assets	**$ 4,451,183**	$ 3,570,596

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

	As of December 31, 2022	As of December 31, 2021
1 - 60 days past due	$ 861,453	$ 927,016
Greater than 60 days past due	52,463	157,006
	$ 913,916	$ 1,084,022

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 30 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, 2022	As of December 31, 2021
Aggregate amount of cost incurred and recognized in earnings for all contracts in progress	$ 23,486,835	$ 16,016,564
Less: progress billings	24,218,546	16,537,459
	$ (731,711)	$ (520,895)
Contract assets	$ 34,884	$ 124,604
Contract liabilities	$ 766,595	$ 645,499

(in Canadian Dollars)

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, 2020	$ 165,420	$ 1,397,381	$ 260,015	$ 197,180	$ 1,555,061	$ 3,575,057
Additions	105,743	81,646	-	-	-	187,389
Disposals	(2,764)	-	-	-	-	(2,764)
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**
Accumulated Amortization:						
At December 31, 2020	$ 110,686	$ 625,856	$ 146,117	$ 158,927	$ 536,140	$ 1,577,726
Amortization	53,939	291,891	26,002	7,286	267,324	646,442
Disposals	(46)	-	-	-	-	(46)
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**
Carrying amounts:						
At December 31, 2021	$ 103,820	$ 561,280	$ 87,896	$ 30,967	$ 751,597	$ 1,535,560
At December 31, 2022	**$ 64,114**	**$ 306,443**	**$ 61,894**	**$ 23,681**	**$ 535,169**	**$ 991,301**

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

All the above assets are pledged as security for debt obligations as identified in Note 20. There were no impairment indicators as of the end of December 2022. Amortization of $299,866 (2021 - $291,891) is included in cost of services while an amount of $353,401 (2021 - $354,551) is included in general and administrative expenses.

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

- Ottawa, Ontario, Canada has a balance of $259,772, 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 $309,819.
- Laval, Quebec, Canada has a balance of $275,396, leased for 5 years starting October 1, 2020, with a cost of $679,784 and accumulated depreciation of $404,388.

(in Canadian Dollars)

14. INTANGIBLE ASSETS AND GOODWILL

Cost:	Acquired Trademarks	Acquired customer relationships	Acquired Shopper/ Auditor database	Software	Total intangible assets	Goodwill
At December 31, 2020	$ 173,646	$ 2,929,226	$ 179,199	$ 706,216	$ 3,988,287	$ 400,411
Acquisition of business (Note 15)	106,000	2,642,000	-	-	2,748,000	1,004,487
Removal [1]	-	-	(179,199)	-	(179,199)	-
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**
Accumulated Amortization:						
At December 31, 2020	$ 133,288	$ 2,415,263	$ 179,199	$ 485,383	$ 3,213,133	$ 372,322
Amortization	14,118	281,263	-	106,000	401,381	-
Impairment	-	-	-	-	-	-
Removal [1]	-	-	(179,199)	-	(179,199)	-
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**
Carrying Amounts:						
At December 31, 2021	$ 132,240	$ 2,874,700	$ -	$ 114,833	$ 3,121,773	$ 1,032,576
At December 31, 2022	**$ 110,172**	**$ 2,506,083**	**$ -**	**$ 8,833**	**2,625,088**	**$ 1,004,487**

[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, 2034.

Impairment

The Company tests for impairment if there are indicators that impairment may have arisen. In calculating the recoverable amount for impairment testing, management is required to make several assumptions, including, but not limited to, expected future revenues, expected future cash flows and forward multiples. During the years ended December 31, 2022, and 2021, the Company assessed that indicators of impairment existed due to the outbreak of COVID-19. The Company performed an impairment test for all acquired companies (the separate cash-generating units “CGUs” are: Statopex, RetailTrack, GCS, PerformaLogics/MobilForce, and SeeLevel).

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**

(in Canadian Dollars)

As of December 31, 2021, the total carrying amount of goodwill and intangibles before impairment for these CGUs is as follows:

CGU:		**Intangibles**		**Goodwill**		**Total**
Statopex	$	21,786	$	-	**$**	**21,786**
RetailTrack		2,383		-		**2,383**
GCS		4,719		-		**4,719**
PerformaLogics and MobilForce		400,376		28,089		**428,465**
SeeLevel		2,692,510		1,004,487		**3,696,997**
Carrying Value Before Impairment	$	3,121,774	$	1,032,576	**$**	**4,154,350**

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 on which the Company has based its cash flow projections:

- Perpetual growth rate of 2%
- After-tax discount rate of 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 2021, 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 SEELEVEL HX

On October 1, 2021, the Company purchased all outstanding ownership units of Mystery Researchers LLC dba SeeLevel HX ("SeeLevel"), who was of arm's length to the Company. Cash consideration of US$1,872,434 was paid and 1,500,000 shares of the Company were issued at closing with future consideration valued at US$824,245 payable over two years following the closing, based on revenues generated by the existing and identified prospective customers. An additional US$19,874 was recovered as a working capital adjustment.

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)	**$**	**2,344,230**
Contingent consideration		**1,043,000**
Share consideration		**990,000**
Total purchase consideration	**$**	**4,377,230**

The net cash outflow of the acquisition was as follows:

Consideration paid in cash	$	2,344,230
Cash balances acquired		(194,689)
Net cash outflow on acquisition	**$**	**2,149,541**

(in Canadian Dollars)

The Company allocated the purchase consideration as follows:

Net assets acquired	$	3,372,743
Goodw ill	$	1,004,487
Total purchase price	**$**	**4,377,230**

The transaction has been accounted for as a business combination under IFRS 3. IFRS 3 requires assets and liabilities acquired in a business combination to be recorded at their fair values as at the date of acquisition. The fair value of acquired intangible assets includes the fair value of customer relationships acquired of $2,642,000, and trademarks of $106,000.

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

		SeeLevel
Current Assets		
Cash and cash equivalents	$	194,689
Trade and other receivables		1,282,571
Contract assets		76,941
Prepaid expenses		20,529
		1,574,730
Non-Current Assets		
Customer relationships		2,642,000
Trademarks		106,000
		2,748,000
Total assets acquired	**$**	**4,322,730**
Current Liabilities		
Trade and other liabilities	$	539,777
Contract liabilities		215,126
Short-term debt		195,084
		949,987
Total liabilities assumed	**$**	**949,987**
Net assets acquired	**$**	**3,372,743**

The fair value of acquired trade receivables was $1,282,571. The gross contractual amount for trade receivables due was $1,282,571 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 2022.

The contingent consideration represents the discounted value of the liability. The contingent consideration is based on a percentage of revenues from existing and identified prospective customers over the first 24 months post-acquisition, with the percentages falling from 12.5% to 10% after the first 12 months.

For the post-acquisition period in 2021, SeeLevel contributed revenue of $1,323,063 and $142,154 in net income to the Company's consolidated results. Had the acquisition occurred on January 1, 2021, management estimates that the Company's proforma consolidated revenue would have increased by $4,206,206 and the net income would have increased by $613,430 for the year ended December 31, 2021.

16. CONTINGENT CONSIDERATION

As part of the acquisition of PerformaLogics and MobilForce, future consideration totalling up to $1,000,000 (up to $800,000 for PerformaLogics and up to $200,000 for MobilForce) is payable over two years following the closing, based on payments received from one key customer. When determining the amount of this future consideration, the Company employs a discounted cash flow

(in Canadian Dollars)

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 months, and the discount rate is 33.17%.
As of December 31, 2022, $435,692 of the contingent consideration was paid (2021- $273,098). In addition, the fair value of the future consideration was $3,234 (all current), resulting in a loss of $12,119 (2021- fair value was $153,707, with $132,088 current, and $21,618 non-current, resulting in a loss of $971).

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%.

As of December 31, 2022, $838,748 of the contingent consideration was paid (2021- $157,866). In addition, the fair value of the future consideration was $633,000 (all current), resulting in a loss of $185,403 (2021- fair value was $1,184,000, with $736,596 current, and $447,404 non-current, resulting in a loss of $297,764).

17. TRADE AND OTHER LIABILITIES

	As of December 31, 2022	As of December 31, 2021
Trade payables	**$ 355,726**	$ 478,290
Accrued liabilities and interest payable	**476,506**	430,330
Total accounts payable and accrued liabilities	**$ 832,232**	$ 908,620

18. SHORT TERM DEBT

On April 30, 2020, the Company entered into a Loan Agreement and Promissory Note (collectively the “PPP Loan”) with a US-based financial institution pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) administered by the U.S. Small Business Administration. The Company received total proceeds of USD 90,682 from the unsecured PPP Loan. The PPP Loan was scheduled to mature on April 30, 2022 and had an interest rate of 1.00% per annum and was subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The PPP Loan could have been prepaid by the Company at any time prior to its maturity with no prepayment penalties.

The PPP Loan contains customary events of default relating to, among other things, payment defaults and breaches of representations and warranties. Subject to certain conditions, the PPP Loan may be forgiven in whole or in part by applying for forgiveness pursuant to the CARES Act and the PPP. The amount of loan proceeds eligible for forgiveness is based on a formula based on a number of factors, including the amount of loan proceeds used by the Company during the 24 weeks after the loan origination for certain purposes, including payroll costs, rent payments on certain leases and certain qualified utility payments, provided that, among other things, at least 60% of the loan amount is used for eligible payroll costs, the employer maintaining or rehiring employees and maintaining salaries at certain levels. Following the requirements of the CARES Act and the PPP, the Company used the proceeds from the PPP Loan primarily for payroll costs. On March 23, 2021, the U.S. Small Business Administration approved the entirety of the PPP loan for forgiveness.

On October 1, 2021, the Company assumed SeeLevel’s Economic Injury Disaster Loan (“EIDL”) administered by the U.S. Small Business Administration of USD 154,168.00. On October 4, 2021, the loan was settled with a payment of USD 154,407.

(in Canadian Dollars)

19. LEASE LIABILITIES

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

	As of December 31, 2022
Less than one year	$ 211,266
Between one and five years	422,982
More than five years	-
Total lease payments	634,248
Amounts representing interest over the term of the lease	40,455
Present value of net lease payments	593,793
Current portion of lease obligation	$ 211,266
Non-current portion of lease obligation	$ 382,527

The following table shows the movement for lease liabilities for 2022:

	December 31, 2022
Balance, January 1, 2022	$ 811,895
Additions	-
Repayments	(249,633)
Interest portion of repayments	31,531
Ending balance	$ 593,793

For 2022, $nil (2021- $756) of lease payments was included in operating expenses as the underlying lease is less than twelve months.

The Company received COVID-19-related rent concessions during the prior year. Per an amendment to IFRS 16 published on May 28, 2020, rent concessions related to COVID-19 do not have to be accounted for as lease modifications. The Company utilized this amendment and did not treat the concessions as modifications.

Included as a reduction of operating expenses for 2022 is $nil (2021- $77,159) of Canada Emergency Rent Subsidy (CERS).

20. BANK BORROWINGS

a) Credit facilities

As of December 31, 2022, bank borrowings were $1,140,000 (2021- $840,000). 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 7.45% (prime plus 1%) [2021 –3.45% (prime plus 1%)], secured by a general security agreement. The Company was in compliance with its covenants as of December 31, 2022 (2021- lender issued a waiver of non-compliance with the covenant). The carrying amounts of any borrowings are a reasonable approximation of fair value.

21. 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.

(in Canadian Dollars)

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.

During the year ended December 31, 2021, the Company issued 2,455,642 common shares.

- 343,333 shares were issued by exercising stock options for gross proceeds of $153,658.
- 612,309 shares were issued through the settlement of restricted stock units (see Note 23)
- 1,500,000 shares were issued in conjunction with the acquisition of SeeLevel (see Note 15). These shares had a hold period of four months after issuance.

22. 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 765,000 options issued in 2022 (2021- 510,000). The employee compensation expense related to options vested in fiscal 2022 is $128,700 (2021- $87,220). The Company may issue up to 3,769,118 (2021 – 3,378,272) options for common shares under its stock option plan. At December 31, 2022, 1,729,118 common shares (2021- 1,384,939) 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, 2022 and December 31, 2021, and changes during the years ended on those dates, is presented below:

	2022		2021	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of year	**1,993,333**	**$ 0.49**	1,980,000	$ 0.42
Granted	**765,000**	**$ 0.56**	510,000	$ 0.72
Exercised	**(425,000)**	**$ 0.39**	(343,333)	$ 0.45
Forfeited	**(288,333)**	**$ 0.54**	(138,334)	$ 0.49
Expired	**(5,000)**	**$ 0.47**	(15,000)	$ 0.40
Outstanding, end of year	**2,040,000**	**$ 0.53**	1,993,333	$ 0.49

The weighted average share price at the date of exercise was $0.57 (2021 - $0.72).

(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 following table summarizes information about stock options as of December 31, 2021:

	Options Outstanding		**Options Exercisable**
Exercise prices	Number outstanding at Dec 31, 2021	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2021
$0.305	250,000	3.27	243,334
$0.340	5,000	2.25	3,333
$0.380	380,000	0.45	253,334
$0.390	10,000	2.67	6,666
$0.400	135,000	1.85	96,666
$0.420	120,000	1.93	116,666
$0.440	290,000	2.89	193,332
$0.455	28,333	2.90	16,666
$0.470	125,000	2.71	71,667
$0.480	25,000	1.23	25,000
$0.610	140,000	1.16	140,000
$0.670	30,000	4.61	-
$0.720	435,000	4.27	-
$0.790	20,000	4.66	-
$ 0.305 to $ 0.79	1,993,333	2.53	1,166,664

The weighted average exercise price was $0.46 in 2022 (2021 - $0.42) 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 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.

Assumptions for 2021 were: a weighted average share price of $0.72 and an exercise price of $0.72, risk-free interest rate of 0.50% to 1.05%, volatility of 46% to 69% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life.
The underlying expected volatility was determined by referencing historical data of the Company's shares over the expected life of the option.

(in Canadian Dollars)

The fair value of stock options granted during fiscal 2022 was $0.32/$0.33 (2021 - $0.25).

23. RESTRICTED SHARE UNIT PLAN ("RSU PLAN")

At the Company's annual and special meeting of shareholders held on June 19, 2020 (the "Meeting"), the Company's disinterested shareholders approved resolutions to adopt the new RSU Plan and an amendment to the existing Option Plan.

Under the new RSU Plan, directors and employees may be granted restricted share units ("RSUs"). The RSU Plan permits the Company to either redeem RSUs for cash or issue common shares of the Company from treasury to satisfy all or any portion of a vested RSU award. Grants of RSUs vest 100% on the first anniversary of the grant date. The maximum number of common shares of the Company which are issuable upon the redemption of all RSUs under the RSU Plan is 1,126,090 common shares of the Company.

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 October 5, 2020, the Company's Board of Directors approved the grant of 1,126,088 restricted share units ("RSU"), of which 431,785 were granted to directors and officers. The underlying share price on the date of the grant was $0.48.

On October 4, 2021, the Company issued 612,309 shares as settlement for the vesting of the RSUs. The remaining 424,207 RSUs were settled in cash. An amount of $293,151 was recorded to account for the cash settlement. Of this amount, $203,620 was booked to contributed surplus and $89,531 was booked to expense.

A summary of the status of the Company's issued and outstanding RSUs as of December 31, 2022, and December 31, 2021, and changes during the quarter and year ended on those dates, is presented below:

	2022		**2021**	
	Number of RSUs	Weighted average grant date fair value	Number of RSUs	Weighted average grant date fair value
Outstanding, beginning of year	**nil**	**nil**	1,118,434	$ 0.48
Granted	**-**	**-**	-	$ 0.48
Settled in cash	**-**	**-**	(424,207)	$ 0.48
Settled in common shares	**-**	**-**	(612,309)	$ 0.48
Forfeited	**-**	**-**	(81,918)	$ 0.48
Outstanding, end of year	**nil**	**nil**	nil	nil

The employee compensation expense related to RSUs in fiscal 2022 is $nil (2021- $391,612).

24. CASH FLOW INFORMATION

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

	2022	2021
Trade and other receivables	**$ (1,080,811)**	$ 179,496
Contract assets	**89,720**	(47,663)
Prepaid expenses	**(203,960)**	(44,722)
Trade and other liabilities	**(109,862)**	(255,474)
Contract liabilities	**121,096**	(215,195)
Net change in non-cash working capital	**$ (1,183,817)**	$ (383,558)

(in Canadian Dollars)

25. FINANCE COSTS

Finance costs may be analyzed as follows for the fiscal years ending 2022 and 2021:

		2022		2021
Interest expense on loans	$	191,462	$	119,555
Finance costs	$	**191,462**	$	119,555

26. INVESTMENT TAX CREDITS AND INCOME TAXES

Research and development expenses

The Company has investment tax credit carryforwards of $298,017 (2021 - $298,017) which may be utilized to reduce future Canadian federal taxes payable. These tax credits expire between 2028 and 2039. The future tax benefits associated with investment tax credit carryforwards have not been recognized in the financial statements.

The Company also has $586,538 (2021 - $760,082) of deductible research and development expenditures available to reduce future years' taxable income. The future tax benefits associated with this balance have not been recognized in the financial statements.

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

		December 31, 2022		December 31, 2021
Investment in associate	$	-	$	130,000
Intangible assets		-		233,940
Non-capital losses		3,295		451,272
Net capital losses		1,289		1,289
Investment tax credits recoverable		149,080		298,017
Foreign tax credits		135,592		117,058
Other		22,114		-
	$	311,370	$	1,231,576

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

		As at December 31, 2021		Recognized in net earnings		As at 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**

		As at December 31, 2020		Recognized in net earnings		As at December 31, 2021
Property and equipment	$	(121,131)	$	15,475	$	(105,656)
Intangible assets		(19,501)		19,501		-
Non-capital losses		140,632		(34,976)		105,656
	$	-		-	$	-

(in Canadian Dollars)

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

	December 31, 2022	December 31, 2021
Origination and reversal of timing differences	$ 45,805	$ 158,089
Adjustment of prior year deferred taxes	(16,079)	1,657
Tax effect of temporary differences for which no deferred tax assets were recorded	(212,726)	(159,746)
	$ (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 at December 31, 2022	As at December 31, 2021
Income (loss) before income taxes	$ 531,548	$ (276,542)
Combined Statutory tax rate	29.3%	26.5%
Expected tax expense (recovery)	155,744	(73,284)
Permanent differences	(16,279)	249,992
Tax rate differences	6	(7,944)
Current tax relating to prior years	-	-
Deferred tax relating to prior years	(16,079)	1,657
Effect of temporary differences not recognized as deferred tax assets	(212,726)	(159,746)
Other	11,018	28,194
	$ (78,316)	$ 38,869
Income tax comprises:		
Current tax recovery (expense)	$ (104,684)	$ (38,869)
Deferred tax recovery	183,000	-
Total tax recovery (expense)	$ 78,316	$ (38,869)

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

2031	$ 3,295
2038	-
2040	-

(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, 2022	December 31, 2021
Salaries and bonuses	$ 1,318,042	$ 1,443,166
Directors' fees	150,000	125,000
Share-based compensation	85,022	201,343
Total Key Management Compensation	$ 1,553,064	$ 1,769,509

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 400,000 stock options exercised by key management personnel in 2022 (2021 – 260,000). Also, 431,785 RSUs were issued to key management personnel in 2020. In 2021, of these RSUs, 38,271 RSUs were forfeited, 147,263 RSUs were settled in cash, and 246,251 RSUs were settled through the issuance of shares.

28. FINANCIAL INSTRUMENTS

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

	December 31, 2022	December 31, 2021
Financial assets:		
At amortized cost		
Cash and cash equivalents	$ 860,062	$ 740,078
Trade and other receivables	4,416,299	3,445,992
Contract assets	34,884	124,604
Total financial assets	$5,311,245	$4,310,674
Financial liabilities:		
At amortized cost		
Bank borrowings	$ 1,140,000	$ 840,000
Trade and other liabilities	832,232	908,620
Lease liabilities	593,793	811,895
At fair value		
Contingent consideration	636,234	1,337,707
Total financial liabilities	$3,202,259	$3,898,222

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.

	Trade receivables days past due					
	Current	1- 30 days	Over 30 days	Over 60 days	Over 90 days	Total
December 31, 2022	$ 3,494,238	$ 650,480	$ 211,015	$ 31,994	$ 56,963	$ 4,444,689
December 31, 2021	$ 2,283,255	$ 719,092	$ 207,924	$ 85,125	$ 72,949	$ 3,368,345

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.

(in Canadian Dollars)

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	
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, 2022. 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).

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.

(in Canadian Dollars)

The Company's exposure with two customers, in the tobacco and technology industries, that fell into this category as of December 31, 2021, on aggregate, accounted for 31% of the Company's total accounts receivable balance.

As of December 31, 2022, it was determined that an allowance for expected credit losses of $38,472 was required (2021- $1,065).

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, 2022 and 2021:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
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**
As of December 31, 2021:					
Bank borrowings	$ 840,000	$ -		$ -	$ 840,000
Trade and other liabilities	908,620	-	-	-	908,620
	$ 1,748,620	$ -	$ -	$ -	$ 1,748,620

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, 2022, the Canadian entities' US-dollar net monetary assets totaled approximately US$1,308,708 (CAD$1,772,514) (December 31, 2021- US$1,616,633/CAD$2,049,568) and the Company's United States subsidiary's US-dollar monetary net assets totaled approximately US$1,559,275 (CAD$2,111,882) (December 31, 2021- monetary net assets totaled approximately US$107,364 /CAD$136,116). A 10% strengthening in the Canadian dollar against the United States dollar as of December 31, 2022 would have decreased net income and decreased shareholders' equity by $353,127 (December 31, 2021 a decrease of $198,698 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 20) on December 31, 2022 and 2021.

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 not in compliance with a tangible net worth covenant as of December 31, 2021; however. the lender issued a waiver of non-compliance with the covenant, which was removed in the revised agreement.

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

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

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.

CAMERON WATT, B.COMM., M.B.A.
DIRECTOR, PRESIDENT AND CEO

With over 30 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.

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

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.

W. DAVID OLIVER, B.SC.

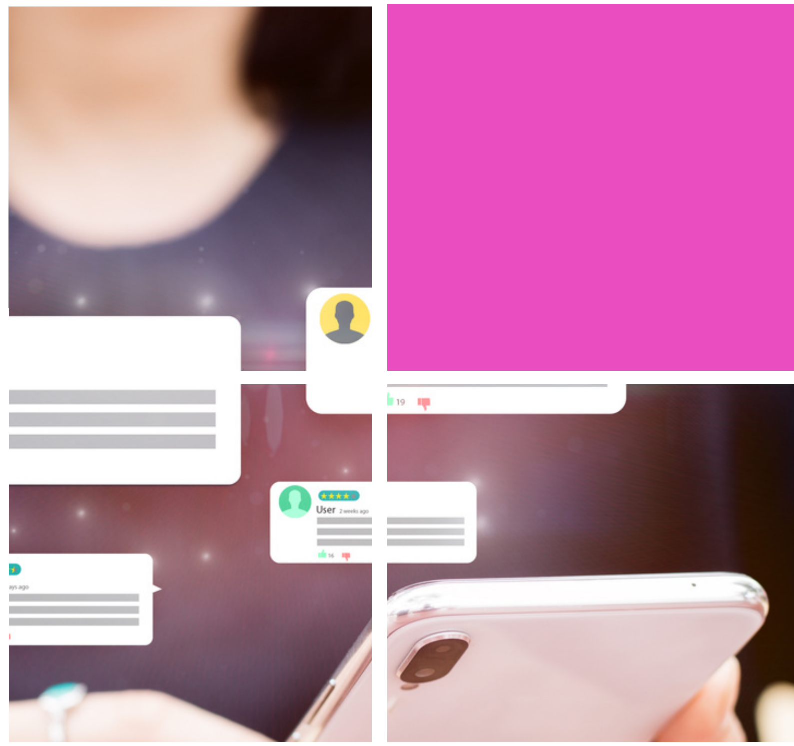
DIRECTOR

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.

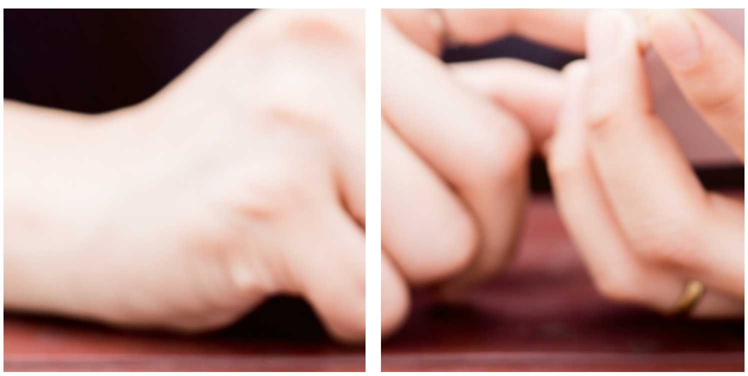
DIRECTOR

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.



Intouch Insight

Where execution exceeds expectations.



Questions? Contact us.

www.intouchinsight.com

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