



Interim Condensed Consolidated Financial Statements

Intouch Insight Ltd.

for the three and nine months ended September 30, 2021, and 2020

(Unaudited, expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Intouch Insight Ltd. have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

A handwritten signature in black ink, appearing to read 'Cameron Watt', with a large, sweeping flourish at the end.

Cameron Watt
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Cathy Smith', with a horizontal line extending to the right.

Cathy Smith
Chief Financial Officer

Intouch Insight Ltd.

Interim Condensed Consolidated Financial Statements (unaudited)

As at September 30, 2021

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INTOUCH INSIGHT LTD.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

Three and nine months ended September 30, 2021 and 2020
(Unaudited- in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		2021	2020	2021	2020
Revenue	3	\$3,927,301	\$ 2,965,928	\$10,562,819	\$ 9,180,184
Cost of services		1,811,343	1,408,721	4,860,969	4,320,150
Gross margin		2,115,959	1,557,207	5,701,851	4,860,034
Operating expenses					
Selling	4	258,064	130,503	678,653	515,744
General and administrative	5	1,349,134	796,705	3,971,117	3,129,763
Product development	6	526,670	144,781	1,346,594	663,713
Impairment of intangible assets and goodwill	11	-	844	-	538,174
Total operating expenses		2,133,868	1,072,833	5,996,364	4,847,394
Income (loss) from operating activities		(17,909)	484,374	(294,513)	12,640
Non-operating expenses					
Finance costs		(21,939)	(22,815)	(73,851)	(71,721)
Gain (loss) in fair value of contingent liabilities	13	(16,872)	46,804	10,783	118,838
Forgiveness of loan	14	-	-	115,456	-
Net earnings (loss) before income taxes		(56,721)	508,364	(242,126)	59,757
Income taxes	19				
Deferred tax expense		-	-	-	-
Current income tax expense (recovery)		-	(1,680)	(2,959)	(1,680)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		\$ (56,721)	\$ 510,044	\$ (239,167)	\$ 61,437
Earnings (loss) per share	7				
Basic		\$ (0.00)	\$ 0.02	\$ (0.01)	\$ 0.00
Diluted		\$ (0.00)	\$ 0.02	\$ (0.01)	\$ 0.00
Weighted average number of shares - basic		22,971,811	22,601,481	22,844,633	22,556,829
Weighted average number of shares - diluted		22,971,811	22,845,916	22,844,633	22,716,062

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

INTOUCH INSIGHT LTD.

Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2021 and December 31, 2020

(Unaudited- in Canadian Dollars)

Notes	September 30, 2021	December 31, 2020 (audited)
ASSETS		
<i>Current Assets</i>		
	\$ 1,050,895	\$ 1,865,620
	2,385,669	-
8	2,604,788	2,343,806
9	19,834	-
9	145,677	116,018
	6,206,862	4,325,444
<i>Non-Current Assets</i>		
	1,638,167	1,997,331
10	514,912	775,155
11	28,089	28,089
11	2,181,168	2,800,575
	\$ 8,388,030	\$ 7,126,019
TOTAL ASSETS		
LIABILITIES		
<i>Current Liabilities</i>		
	\$ 1,010,000	\$ -
	1,126,975	420,697
	489,544	645,568
	-	115,456
14	171,750	249,172
13	271,799	257,171
15	3,070,068	1,688,064
	3,070,068	1,688,064
<i>Non-Current Liabilities</i>		
	20,494	92,469
13	606,358	810,812
15	626,852	903,281
	3,696,920	2,591,345
	3,696,920	2,591,345
TOTAL LIABILITIES		
SHAREHOLDERS' EQUITY		
	5,739,195	5,560,955
16	1,895,934	1,678,571
	(2,944,019)	(2,704,852)
	4,691,110	4,534,674
	4,691,110	4,534,674
TOTAL SHAREHOLDERS' EQUITY		
	\$ 8,388,030	\$ 7,126,019
	\$ 8,388,030	\$ 7,126,019
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		

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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 interim condensed consolidated financial statements

INTOUCH INSIGHT LTD.

Interim Condensed Consolidated Statements of Changes in Equity

Three and nine months ended September 30, 2021 and 2020

(Unaudited- in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2020		22,511,811	\$ 5,518,848	\$ -	\$ 1,457,660	\$ (2,697,954)	\$ 4,278,554
Issuance of share capital related to the exercise of share options	16	135,000	41,735	-	(6,735)	-	35,000
Share-based compensation		-	-	-	53,151	-	53,151
Net loss and comprehensive loss		-	-	-	-	61,437	61,437
Balance as at September 30, 2020		22,646,811	\$ 5,560,583	\$ -	\$ 1,504,076	\$ (2,636,517)	\$ 4,428,142
Balance as at January 1, 2021		22,651,811	\$ 5,560,955	\$ -	\$ 1,678,571	\$ (2,704,852)	\$ 4,534,674
Issuance of share capital related to the exercise of share options	16	328,333	178,240	-	(30,506)	-	147,734
Settlement of restricted stock units in cash	23	-	-	-	(203,620)	-	(203,620)
Share-based compensation		-	-	-	451,489	-	451,489
Net income and comprehensive income		-	-	-	-	(239,167)	(239,167)
Balance as at September 30, 2021		22,980,144	\$ 5,739,195	\$ -	\$ 1,895,934	\$ (2,944,019)	\$ 4,691,110

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

INTOUCH INSIGHT LTD.

Interim Condensed Consolidated Statements of Cash Flows

Three and nine months ended September 30, 2021 and 2020

(Unaudited - in Canadian Dollars)

	Note	Three months		Nine months	
		2021	2020	2021	2020
Cash flows from operating activities					
Net income (loss)		\$ (56,721)	\$ 510,044	\$ (239,167)	\$ 61,437
Adjustments for non-cash items:					
Amortization of property and equipment	10	164,138	153,221	475,505	422,693
Amortization of intangible assets	11	85,648	104,740	260,243	326,863
Allowance for doubtful accounts		840	4,609	(41)	21,719
Finance costs		21,939	22,814	73,851	71,721
Impairment of intangible assets	11	-	844	-	212,334
Impairment of goodwill	11	-	-	-	325,840
Loss (gain) on contingent liabilities	13	16,872	(46,804)	(10,783)	(118,838)
Share-based compensation	17,18	154,397	17,717	451,489	53,151
Gain on disposal of property and equipment		-	-	(46)	-
Forgiveness of loan	14	-	-	(115,456)	-
Deferred tax expense	19	-	-	-	-
Net change in non-cash operating working capital	20	(2,353,010)	(1,723,044)	(2,349,469)	1,024,796
Net cash flows from (used in) operating activities		(1,965,896)	(955,859)	(1,453,874)	2,401,715
Cash flows from financing activities					
Increase in bank indebtedness		1,010,000	-	1,010,000	-
Issuance of share capital net of cash issue costs	16	12,834	15,400	147,734	35,000
Repayment of long-term debt		-	-	-	-
Repayment of lease liabilities	15	(76,405)	(58,738)	(189,825)	(178,596)
Repayment of contingent liabilities		(13,764)	(1,890)	(138,614)	(38,457)
Finance costs paid		(21,939)	(22,814)	(73,851)	(71,721)
Net cash flows from (used in) financing activities		910,726	(68,042)	755,444	(253,774)
Cash flows from investing activities					
Purchase of PerformaLogics, net of assumed cash	12	-	-	-	(513,700)
Purchase of MobilForce, net of assumed cash	12	-	-	-	(259,544)
Proceeds on disposal of property and equipment		-	-	2,764	-
Purchase of property and equipment	10	(34,210)	(1,172)	(119,058)	(725,617)
Net cash flows used in investing activities		(34,210)	(1,172)	(116,294)	(1,498,861)
NET INCREASE (DECREASE) IN CASH		(1,089,381)	(1,025,073)	(814,725)	649,081
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		2,140,276	3,056,449	1,865,620	1,382,296
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 1,050,895	\$ 2,031,377	\$ 1,050,895	\$ 2,031,377

Additional Information

Interest paid for leases	10,339	13,132	33,213	36,587
Income tax paid included in operating activities	-	-	-	-

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

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
Three and nine months ended September 30, 2021 and 2020
(Unaudited - in Canadian Dollars)

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 INXS. The address of Intouch's registered office and its principal place of business is 400 March Road, Ottawa, Ontario, Canada K2K 3H4.

Intouch and its subsidiaries offers a complete portfolio of customer experience management (CEM) products and solutions that help global brands delight their customers, strengthen brand reputation and improve financial performance. Intouch helps clients collect and centralize data from multiple customer touch points, and gives them actionable insights to identify, sense and continuously improve customer experience efforts in real-time. Founded in 1992, Intouch is trusted by franchise and multi-location businesses for their customer survey, mystery shopping, mobile forms, operational and compliance audits, and event marketing automation solutions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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. Consequently, there has been a widespread shut down of North American companies in the retail, foodservice and hospitality industries, which will negatively impact 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 continues to market and has available to its customers its recurring revenue services and software products, including its customer experience management platform; LiaCX™ and its forms and checklist automation product; IntouchCheck.

The future effect of COVID-19 on the economy and businesses, in general, remains uncertain. The medium and long term impacts to the Company from COVID-19 will depend on whether retail, foodservice and hospitality companies are required to close again, the financial solutions achieved with government, lenders, franchisees, and landlords, post COVID-19 consumer behaviours, and the macro impact on the overall economy.

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

(b) Basis of preparation and statement of compliance with IFRS

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2020.

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements. The only exception is the estimate used for the income tax provision. This provision is determined using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(c) Significant accounting policies

The Company's significant accounting policies are consistent with those disclosed in Note 2 of the Company's last annual audited consolidated financial statements for the year ended December 31, 2020.

(d) Critical accounting estimates and judgments

The Company's interim 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 measurement of assets, liabilities, income and expenses. 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.

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
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(Unaudited - in Canadian Dollars)

The estimates, judgments and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2020. The only exceptions are:

1. The estimate of the provision for income taxes which is determined in the interim consolidated financial statements using the estimated weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and
2. For computer equipment, amortization changes from 5 years straight-line to 3 years straight-line as of July 2021.

3. REVENUE

Geographical

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

	Three months		Nine months	
	2021	2020	2021	2020
Canada	\$ 1,337,965	\$ 799,611	\$ 3,182,966	\$ 2,956,856
US	2,570,885	2,155,951	7,323,730	6,170,585
Other	18,451	10,366	56,123	52,743
Total revenue	\$ 3,927,301	\$ 2,965,928	\$ 10,562,819	\$ 9,180,184

Major customers

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

	Three months		Nine months	
	2021	2020	2021	2020
Customer 1	\$ 616,224	\$ 184,836	\$ 1,733,855	\$ 1,015,120
Customer 2	515,664	368,295	1,528,704	1,335,026
Customer 3	453,967	628,293	1,136,905	1,210,950

Major trade accounts receivable

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

	September 30, 2021	September 30, 2020
Customer 1	\$ 521,405	\$ 471,418

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

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
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(Unaudited - in Canadian Dollars)

4. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	Three months		Nine months	
	2021	2020	2021	2020
Marketing expenses	\$ 79,168	\$ 24,625	\$ 226,936	\$ 128,873
Travel expenses	2,573	386	(1,989)	77,502
Salaries and benefits	186,310	186,184	511,746	462,419
Wage subsidy- Canada Emergency Wage Subsidy (CEWS)	(9,987)	(80,692)	(58,040)	(153,050)
Selling expenses	\$ 258,064	\$ 130,503	\$ 678,653	\$ 515,744

(1) Share-based compensation (a non-cash item) of \$9,661 for Q3 2021 and \$30,213 for YTD 2021 (Q3 and YTD 2020- nil) has been included in Salaries and Benefits

5. GENERAL AND ADMINISTRATIVE EXPENSES

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

	Three months		Nine months	
	2021	2020	2021	2020
Corporate administration	\$ 225,379	\$ 173,388	\$ 613,155	\$ 576,606
Rent relief- Canada Emergency Commercial Rent Assistance (CECRA) and Canada Emergency Rent Subsidy (CERS)	(17,614)	(42,390)	(73,976)	(105,976)
Consultant fees	14,444	495	18,654	95,667
Professional fees	117,163	15,927	205,416	299,035
Listing fees	55,954	15,041	157,781	83,090
Salaries and benefits ⁽¹⁾	903,353	689,557	2,789,250	2,177,753
Wage subsidy- CEWS	(52,893)	(293,365)	(294,674)	(596,901)
Loss (gain) on disposal of property and equipment	-	-	(46)	-
Loss (gain) on foreign exchange	(73,460)	45,293	37,880	(18,894)
Bad debt expense (recovery)	840	4,609	(41)	21,719
Amortization expense	175,968	188,151	517,718	597,663
General and administrative expenses	\$ 1,349,134	796,705	\$ 3,971,117	3,129,763

(1) Share-based compensation (a non-cash item) of \$105,327 (Q3 2020- \$17,717) has been included in Salaries and benefits. Year-to-date 2021, \$303,049 (YTD 2020- \$53,151) was included.

6. PRODUCT DEVELOPMENT EXPENSES

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

	Three months		Nine months	
	2021	2020	2021	2020
Salaries and benefits ⁽¹⁾	\$ 558,751	\$ 313,582	\$ 1,527,186	\$ 1,066,488
Wage subsidy- CEWS	(32,081)	(168,801)	(180,592)	(389,613)
Investment tax credits and other government contributions towards development	-	-	-	(13,163)
Total product development expenses	\$ 526,670	\$ 144,781	\$ 1,346,594	\$ 663,713

(1) Share-based compensation (a non-cash item) of \$32,579 for Q3 2021 and \$97,737 for YTD 2021 (Q3 and YTD 2020- nil) has been included in Salaries and Benefits

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
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(Unaudited - in Canadian Dollars)

7. EARNINGS (LOSS) PER SHARE

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

	Three months		Nine months	
	2021	2020	2021	2020
Weighted average number of common shares - basic	22,971,811	22,601,481	22,844,633	22,556,829
Additions to reflect the dilutive effect of employee stock options	-	244,435	-	159,233
Weighted average number of common shares - diluted	22,971,811	22,845,916	22,844,633	22,716,062

8. RESTRICTED CASH

Restricted cash consists of cash in trust for the SeeLevel acquisition, which closed on October 1 (See Subsequent Events).

9. TRADE, OTHER RECEIVABLES AND CONTRACT ASSETS

Trade and other receivables consist primarily of trade receivables from billings of recurring revenue including system use and license fees, consulting, custom development and reports as well as other receivables. Contract assets consist of services in process not yet billed.

	As at September 30, 2021	As at December 31, 2020
Trade accounts receivable, gross	\$ 2,575,436	\$ 2,223,330
Allowance for doubtful accounts	-	(5,804)
Trade accounts receivable, net	2,575,436	2,217,526
Sales taxes recoverable	30	1,582
Other receivables - CEWS	29,322	90,242
Other receivables	-	34,456
Contract assets	19,834	-
Trade, other receivables and contract assets	\$ 2,624,622	\$ 2,343,806

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

	As at September 30, 2021	As at December 31, 2020
1 - 60 days past due	\$ 193,902	\$ 524,329
Greater than 60 days past due	77,964	33,535
	\$ 271,866	\$ 557,864

Management considers that the above-stated financial assets, including those 1-60 days and greater than 60 days, are of good credit quality.

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
Three and nine months ended September 30, 2021 and 2020
(Unaudited - in Canadian Dollars)

10. 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, 2019	\$ 156,491	\$ 684,572	\$ 255,607	\$ 197,180	\$ 1,008,729	\$ 2,302,579
Additions	8,929	712,809	4,408	-	546,332	1,272,478
Disposals	-	-	-	-	-	-
At December 31, 2020	165,420	1,397,381	260,015	197,180	1,555,061	3,575,057
Additions	40,097	78,961	-	-	-	119,058
Disposals	(2,764)	-	-	-	-	(2,764)
At September 30, 2021	\$ 202,753	\$ 1,476,342	\$ 260,015	\$ 197,180	\$ 1,555,061	\$ 3,691,351
Accumulated Amortization:						
At December 31, 2019	\$ 77,867	\$ 404,095	\$ 120,215	\$ 129,317	\$ 270,251	\$ 1,001,745
Amortization	32,819	221,761	25,902	29,610	265,889	575,981
Disposals	-	-	-	-	-	-
At December 31, 2020	110,686	625,856	146,117	158,927	536,140	1,577,726
Amortization	32,016	218,029	19,501	5,465	200,493	475,504
Disposals	(46)	-	-	-	-	(46)
At September 30, 2021	\$ 142,656	\$ 843,885	\$ 165,618	\$ 164,392	\$ 736,633	\$ 2,053,184
Carrying amounts:						
At December 31, 2020	\$ 54,734	\$ 771,525	\$ 113,898	\$ 38,253	\$ 1,018,921	\$ 1,997,331
At September 30, 2021	\$ 60,097	\$ 632,457	\$ 94,397	\$ 32,788	\$ 818,428	1,638,167

For Q3 2021, amortization of \$73,817 (Q3 2020 - \$69,811) is included in cost of services while an amount of \$90,320 (Q3 2020 - \$83,411) is included in general and administrative expenses.

For YTD 2021, amortization of \$218,029 (YTD 2020 - \$151,892) is included in cost of services while an amount of \$257,475 (YTD 2020 - \$270,801) is included in general and administrative expenses.

INTOUCH INSIGHT LTD.
Notes to the Interim Condensed Consolidated Financial Statements
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(Unaudited - in Canadian Dollars)

11. INTANGIBLE ASSETS AND GOODWILL

Cost:	Acquired Trademarks	Acquired customer relationships	Acquired Shopper/ Auditor database	Software	Total intangible assets	Total goodwill
At December 31, 2019	\$ 173,646	\$ 2,534,226	\$ 179,199	\$ 388,216	\$ 3,275,287	\$ -
Additions	-	395,000	-	318,000	713,000	400,411
At December 31, 2020	\$ 173,646	\$ 2,929,226	\$ 179,199	\$ 706,216	\$ 3,988,287	\$ 400,411
Additions	\$ -	-	-	-	-	-
At September 30, 2021	\$ 173,646	\$ 2,929,226	\$ 179,199	\$ 706,216	\$ 3,988,287	\$ 400,411
Accumulated Amortization:						
At December 31, 2019	\$ 94,811	\$ 2,001,346	\$ 179,199	\$ 388,216	\$ 2,663,572	\$ -
Amortization	13,076	333,095	-	97,167	443,338	-
Impairment	25,401	80,822	-	-	106,223	372,322
At December 31, 2020	\$ 133,288	\$ 2,415,263	\$ 179,199	\$ 485,383	\$ 3,213,133	\$ 372,322
Amortization	8,601	172,142	-	79,500	260,243	-
Impairment	-	-	-	-	-	-
At September 30, 2021	\$ 141,889	\$ 2,587,405	\$ 179,199	\$ 564,883	\$ 3,473,376	\$ 372,322
Carrying Amounts:						
At December 31, 2020	\$ 40,358	\$ 513,964	\$ -	\$ 220,833	\$ 775,155	\$ 28,089
At September 30, 2021	\$ 31,757	\$ 341,822	\$ -	\$ 141,333	\$ 514,912	\$ 28,089

Amortization expense is recorded in general and administrative expenses (Note 5). The remaining amortization period of the customer relationships ends between December 31, 2021 and December 31, 2026.

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 three months ended September 30, 2021, the Company assessed that indicators of possible 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, and PerformaLogics/MobilForce).

The total carrying amount of goodwill and intangibles for these CGUs is as follows:

CGU:	Intangibles	Goodwill	Total
Statopex	\$ 65,589	\$ -	\$ 65,589
RetailTrack	2,507	-	2,507
GCS	5,663	-	5,663
PerformaLogics and MobilForce	441,153	28,089	469,242
Carrying Value - September 30, 2021	\$ 514,912	\$ 28,089	\$ 543,001

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 five-year forecast 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%

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- After-tax discount rate of 33.2%

The Company recorded no impairment for the three months ended September 30, 2021 (Q3 2020- \$844 impairment on intangible assets and no impairment on goodwill). For YTD 2021, the Company recorded no impairment (YTD 2020- \$212,334 impairment on intangible assets and \$325,840 impairment on goodwill).

12. ACQUISITION OF PERFORMALOGICS INC. AND MOBILFORCE INC.

On February 1, 2020, the Company purchased all outstanding shares of PerformaLogics Inc. and MobilForce Inc., two related companies both of whom were at arm's length to the Company. Cash consideration of \$750,600 (\$500,000 for PerformaLogics and \$250,600 for MobilForce) was paid at closing with future consideration totaling up to \$1,000,000 (up to \$800,000 for PerformaLogics and up to \$200,000 for MobilForce) payable over two years following the closing, based on payments received from one key customer. The future consideration was valued on February 1, 2020 at \$562,811 (\$450,249 for PerformaLogics and \$112,562 for MobilForce). An additional \$62,087 (\$41,358 for PerformaLogics and \$20,729 for MobilForce) was paid as a working capital adjustment.

This acquisition is in line with the Company's overall growth strategy which includes growing its software product lines from current services business customers.

The purchase consideration comprised the following:

Cash(including working capital adjustment)	\$ 812,687
Contingent consideration	562,811
Total purchase consideration	\$ 1,375,498

The net cash outflow of the acquisition was as follows:

	PerformaLogics	MobilForce	Total
Consideration paid in cash	\$ 541,358	\$ 271,329	\$ 812,687
Cash balances acquired	(27,658)	(11,785)	(39,443)
Net cash outflow on acquisition	\$ 513,700	\$ 259,544	\$ 773,244

The Company allocated the purchase consideration as follows:

	PerformaLogics	MobilForce	Total
Net assets acquired	\$ 634,071	\$ 341,016	\$ 975,087
Goodwill	357,536	42,875	\$ 400,411
Total purchase price	\$ 991,607	\$ 383,891	\$ 1,375,498

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

	PerformaLogics	MobilForce	Total
Current Assets			
Cash and cash equivalents	\$ 27,658	\$ 11,785	\$ 39,443
Trade and other receivables	303,334	15,997	319,330
Prepaid expenses	1,540	-	1,540
	332,532	27,782	360,314
Non-Current Assets			
Customer relationships	395,000	-	395,000
Software assets	-	318,000	318,000
	395,000	318,000	713,000
Total assets acquired	\$ 727,532	\$ 345,782	\$ 1,073,314
Current Liabilities			
Trade and other liabilities	\$ 93,461	\$ 4,766	\$ 98,227
	93,461	4,766	98,227
Total liabilities assumed	\$ 93,461	\$ 4,766	\$ 98,227
Net assets acquired	\$ 634,071	\$ 341,016	\$ 975,087

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Goodwill, which is not deductible for tax purposes, includes the assembled workforce, as well as expected synergies between the businesses which offered services and software that was in direct competition to those offered by the Company prior to the acquisition. The contingent consideration represents the discounted value of the liability. The contingent consideration is based on a percentage of revenues from one key client over the first 36 months post acquisition, with the percentages falling from 35% to 30% to 25% in each twelve-month period, respectively.

13. CONTINGENT LIABILITY

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

As at September 30, 2021, \$222,807 of the contingent liability was paid. In addition, the fair value of the future consideration was \$192,244 (\$171,750 is current, and \$20,494 is non-current), resulting in a gain of \$10,783 (September 30, 2020- gain of \$118,838).

14. 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 is scheduled to mature on April 30, 2022 and has an interest rate of 1.00% per annum and is subject to the terms and conditions applicable to loans administered by the U.S. Small Business Administration under the CARES Act. The PPP Loan may be 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-week period 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. In accordance with 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.

15. LEASE LIABILITIES

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

	As at
	September 30, 2021
Less than one year	\$ 273,316
Between one and five years	686,921
More than five years	-
Total lease payments	960,237
Amounts representing interest over the term of the lease	82,080
Present value of net lease payments	878,157
Current portion of lease obligation	\$ 271,799
Non-current portion of lease obligation	\$ 606,358

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The following table show the movement for lease liabilities for the nine months ended September 30, 2021:

	September 30, 2021
Balance, January 1, 2021	\$ 1,067,983
Additions	-
Repayments	(223,038)
Interest portion of repayments	33,212
Ending balance	\$ 878,157

For Q3 2021, nil (Q3 2020- \$3,554) lease payments were included in operating expenses as the underlying lease is less than twelve months. Year-to-Date 2021, nil (YTD 2020- \$21,248) lease payments were included in operating expenses.

The Company received COVID-19 related rent concessions during the 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 Q3 2021 (Q3 2020- \$42,390 of Canada Emergency Commercial Rent Assistance) is an amount of \$17,614 of Canada Emergency Rent Subsidy (CERS). For YTD 2021, \$73,976 is included as a reduction of operating expenses (YTD 2020- \$105,976 of Canada Emergency Commercial Rent Assistance).

16. SHARE CAPITAL

Authorized:

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 nine months ended September 30, 2021, the Company issued 328,333 common shares through the exercise of stock options for gross proceeds of \$147,734 (September 30, 2020- 135,000 common shares for gross proceeds of \$35,000).

17. STOCK OPTION PLAN

The stock option plan is applicable 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 terms of the plan, the options generally vest proportionately over a three-year period and expire five years from the date of the grant. The Board of Directors has the right to 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.

There were 475,000 options issued in YTD 2021 (YTD 2020 – 290,000). The employee compensation expense related to options vested YTD 2021 is \$59,877 (YTD 2020 - \$35,434). The Company may issue up to 3,378,272 (YTD 2020 – 3,378,272) options for common shares under its stock option plan. At September 30, 2021, 1,248,272 common shares (1,223,272 at September 30, 2020) are reserved for additional options under this plan.

A summary of the status of the Company's issued and outstanding stock options as of September 30, 2021 and December 31, 2020, and changes during the quarter and year ended on those dates, is presented below:

	September 30, 2021		December 31, 2020	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of period	1,980,000	\$ 0.42	2,255,000	\$ 0.40
Granted	475,000	\$ 0.72	370,000	\$ 0.35
Exercised	(295,000)	\$ 0.46	(140,000)	\$ 0.26
Forfeited	(30,000)	\$ 0.44	(220,000)	\$ 0.46
Expired	-	-	(285,000)	\$ 0.25
Outstanding, end of period	2,130,000	\$ 0.48	1,980,000	\$ 0.42

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The following table summarizes information about stock options as at September 30, 2021:

<u>Exercise prices</u>	Options Outstanding		Options Exercisable
	<u>Number outstanding at Sept 30, 2021</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable at Sept 30, 2021</u>
\$0.305	250,000	3.52	243,334
\$0.310	5,000	2.63	3,333
\$0.340	5,000	2.50	3,333
\$0.350	5,000	2.73	3,333
\$0.380	380,000	0.70	253,334
\$0.390	10,000	2.92	6,666
\$0.400	160,000	1.80	121,666
\$0.420	120,000	2.18	76,667
\$0.440	290,000	3.14	96,668
\$0.455	30,000	3.15	10,001
\$0.470	125,000	2.96	45,000
\$0.480	30,000	1.51	30,000
\$0.610	140,000	1.41	140,000
\$0.670	15,000	4.65	0
\$0.700	5,000	1.17	5,000
\$0.720	435,000	4.52	0
\$0.790	20,000	4.91	0
\$ 0.305 to \$ 0.79	2,025,000	2.73	1,038,335

The weighted average exercise price was \$0.49 at September 30, 2021 (September 30, 2020 - \$0.46) for exercisable options.

The following table summarizes information about stock options as at December 31, 2020:

<u>Exercise prices</u>	Options Outstanding		Options Exercisable
	<u>Number outstanding at Dec 31, 2020</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable at Dec 31, 2020</u>
\$0.305	255,000	4.27	240,000
\$0.310	5,000	3.38	1,667
\$0.320	20,000	0.50	20,000
\$0.340	5,000	3.25	1,667
\$0.350	5,000	3.48	1,667
\$0.380	415,000	1.35	161,666
\$0.385	100,000	3.77	33,333
\$0.390	10,000	3.67	3,334
\$0.400	160,000	2.55	83,334
\$0.420	125,000	2.98	73,333
\$0.440	290,000	3.89	96,668
\$0.455	30,000	3.90	10,001
\$0.470	125,000	3.72	45,000
\$0.480	270,000	0.69	181,667
\$0.610	155,000	2.16	103,329
\$0.700	10,000	1.92	10,000
\$ 0.305 to \$ 0.70	1,980,000	2.65	1,066,666

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Stock-based Compensation

The Company uses the Black-Scholes model to calculate option values. The assumptions using the Black-Scholes option pricing model for Q3 2021 were: a weighted average share price and an exercise price of \$0.79, risk free interest rate of 0.60% to 1.00%, volatility of 48% to 66% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life.

The assumptions using the Black-Scholes option pricing model for Q3 2020 were: a weighted average share price and an exercise price of \$0.305, risk free interest rate of 1.15% to 1.48%, volatility of 34% to 44% with no expected dividend yield, 0% assumed forfeiture and a five-year estimated life.

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected life of the option.

18. 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, restricted share units ("RSUs") may be granted to directors and employees. 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 date of the grant. 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.

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 of the Company. The underlying share price on the date of grant was \$0.48, and the RSUs will all vest on October 4, 2021.

A summary of the status of the Company's issued and outstanding RSUs as of September 30, 2021 and December 31, 2020, and changes during the quarter and year ended on those dates, is presented below:

	September 30, 2021		December 31, 2020	
	Number of RSUs	Weighted average grant date fair value	Number of RSUs	Weighted average grant date fair value
Outstanding, beginning of period	1,118,434	\$ 0.48	-	-
Granted	-	-	1,126,088	\$ 0.48
Settled in cash	-	-	-	-
Settled in common shares	-	-	-	-
Forfeited	(70,262)	\$ 0.48	(7,654)	\$ 0.48
Outstanding, end of period	1,048,172	\$ 0.48	1,118,434	\$ 0.48

The employee compensation expense related to RSUs in Q3 2021 is \$127,343 (Q3 2020 – nil). For YTD 2021, it is \$391,612 (YTD 2020 – nil).

19. INCOME TAXES

Income tax expense is recognized at each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year should the estimate of the annual income tax rate change. Future income taxes of \$nil were recorded in Q3 and YTD 2021 (Q3 and YTD 2020- \$nil).

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20. CASH FLOW INFORMATION

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

	Three months		Nine months	
	2021	2020	2021	2020
Restricted cash	\$ (2,385,669)	\$ -	\$ (2,385,669)	\$ -
Trade and other receivables	(377,668)	(984,618)	(260,941)	859,303
Contract assets	80,974	40,612	(19,834)	(127,045)
Prepaid expenses	(66,399)	(87,537)	(29,659)	(12,674)
Trade and other liabilities	455,532	(529,738)	502,658	(193,924)
Contract liabilities	(59,780)	(161,762)	(156,024)	499,137
Net change in non-cash working capital	\$ (2,353,010)	\$ (1,723,044)	\$ (2,349,469)	\$ 1,024,796

Non-cash transactions for the nine months ended September 30, 2021:

- Accrual of cash portion of settlement of RSUs (see Subsequent Events)

21. 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.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of Intouch Insight Ltd. for the three and nine months ended September 30, 2021 were approved and authorized for issue by the Audit Committee on November 25, 2021.

23. SUBSEQUENT EVENTS

a) Acquisition of SeeLevel HX

On October 1, 2021, the Company closed the acquisition ("Acquisition") of Mystery Researchers, LLC dba SeeLevel HX ("SeeLevel"), subject to TSX Venture Exchange acceptance. SeeLevel is a US customer experience measurement company who has provided services across the US since 2008. The definitive agreement was signed on September 24, 2021.

Based on unaudited figures, SeeLevel had calendar 2019 annual recurring revenues of US\$5,048,485, gross margin of 39%, compared to the Company's historical margins of 52%, and the transaction is arm's length from the Company. The purchase price for the acquisition is a combination of US\$2,725,000 in cash of which, US\$1,600,000 is payable at closing and an estimated US\$1,125,000 is payable over the next two years based on achievement of revenue targets, and the issuance 1,500,000 common shares at CA\$0.66 per share. The common shares issued have a statutory hold period of four months and one day from the date of issuance. The Company plans to finance the Acquisition from existing cash resources and with a possible five-year term bank loan for US\$1,600,000. No finder's fees are payable by the Company.

b) Vesting of RSUs

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 accrued on September 30, 2021 to account for the cash settlement. Of this amount, \$203,620 was booked to contributed surplus and \$89,531 was booked to expense.