



**Interim Condensed Consolidated Financial Statements**

**Intouch Insight Ltd.**

**for the three and nine months ended September 30, 2024, and 2023**

(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.

Cameron Watt  
President and Chief Executive Officer

Cathy Smith  
Chief Financial Officer

# Intouch Insight Ltd.

## Interim Condensed Consolidated Financial Statements (unaudited)

As of September 30, 2024

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# INTOUCH INSIGHT LTD.

## Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Three and nine months ended September 30, 2024 and 2023

(Unaudited- in Canadian Dollars)

	Note	Three months ended		Nine months ended	
		2024	2023	2024	2023
<b>Revenue</b>	3	<b>\$6,656,664</b>	\$ 5,634,594	<b>\$21,856,038</b>	\$ 16,413,744
<b>Cost of services</b>		<b>3,445,180</b>	2,719,682	<b>12,512,086</b>	7,929,400
<b>Gross margin</b>		<b>3,211,484</b>	2,914,912	<b>9,343,952</b>	8,484,344
<b>Operating expenses</b>					
Selling	4	<b>542,305</b>	502,653	<b>1,735,466</b>	1,643,131
General and administrative	5	<b>1,809,524</b>	1,602,194	<b>5,465,294</b>	4,789,039
Product development	6	<b>492,892</b>	551,534	<b>1,543,904</b>	1,651,915
<b>Total operating expenses</b>		<b>2,844,721</b>	2,656,381	<b>8,744,664</b>	8,084,085
<b>Income (loss) from operating activities</b>		<b>366,763</b>	258,531	<b>599,288</b>	400,259
<b>Non-operating expenses</b>					
Finance costs		<b>91,667</b>	61,998	<b>311,548</b>	148,436
Loss (gain) in fair value of contingent consideration payable	12	<b>(178,964)</b>	21,078	<b>(1,069,353)</b>	(43,602)
<b>Net earnings (loss) before income taxes</b>		<b>454,060</b>	175,455	<b>1,357,093</b>	295,425
<b>Income taxes</b>	18				
Deferred tax expense		-	-	-	-
Current income tax expense (recovery)		-	-	<b>6,799</b>	-
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>		<b>\$ 454,060</b>	\$ 175,455	<b>\$ 1,350,294</b>	\$ 295,425
<b>Earnings (loss) per share</b>	7				
Basic		<b>\$ 0.02</b>	\$ 0.01	<b>\$ 0.05</b>	\$ 0.01
Diluted		<b>\$ 0.02</b>	\$ 0.01	<b>\$ 0.05</b>	\$ 0.01
Weighted average number of shares - basic		<b>25,522,600</b>	25,515,594	<b>25,521,580</b>	25,515,594
Weighted average number of shares - diluted		<b>25,679,723</b>	25,558,160	<b>25,643,679</b>	25,609,789

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 of September 30, 2024 and December 31, 2023

(Unaudited- in Canadian Dollars)

Notes	September 30, 2024	December 31, 2023 (audited)
<b>ASSETS</b>		
<i>Current Assets</i>		
	\$ 898,843	\$ 898,135
Cash and cash equivalents		
Trade and other receivables	4,678,586	6,809,791
Contract assets	99,785	170,922
Prepaid expenses	240,093	305,665
<b>Total Current Assets</b>	<b>5,917,307</b>	<b>8,184,513</b>
<i>Non-Current Assets</i>		
Property and equipment	410,315	720,715
Deferred tax assets	145,099	145,099
Intangible assets	4,312,874	4,651,982
Goodwill	2,222,359	2,222,359
<b>Total Non-Current Assets</b>	<b>7,090,647</b>	<b>7,740,155</b>
<b>TOTAL ASSETS</b>	<b>\$ 13,007,954</b>	<b>\$ 15,924,668</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Bank borrowings	400,000	550,000
Trade and other liabilities	1,503,838	3,672,683
Contract liabilities	276,973	376,370
Short-term debt	-	181,777
Current portion of contingent consideration payable	79,349	511,224
Current portion of long-term debt	601,045	478,082
Current portion of lease liabilities	171,314	288,452
<b>Total Current Liabilities</b>	<b>3,032,519</b>	<b>6,058,588</b>
<i>Non-Current Liabilities</i>		
Long-term debt	1,745,234	2,197,918
Contingent consideration payable	220,651	958,776
Lease liabilities	227,713	412,331
<b>Total Non-Current Liabilities</b>	<b>2,193,598</b>	<b>3,569,025</b>
<b>TOTAL LIABILITIES</b>	<b>5,226,117</b>	<b>9,627,613</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	7,234,630	7,227,691
Contributed surplus	1,991,632	1,864,083
Deficit	(1,444,425)	(2,794,719)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,781,837</b>	<b>6,297,055</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 13,007,954</b>	<b>\$ 15,924,668</b>

Commitments and Contingencies

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ON BEHALF OF THE BOARD

"Eric Beutel"	Director
Eric Beutel	
"W. David Oliver"	Director
W. David Oliver	

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

# INTOUCH INSIGHT LTD.

## Interim Condensed Consolidated Statements of Changes in Equity

Three and nine months ended September 30, 2024 and 2023

(Unaudited- in Canadian Dollars)

		Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
	Note					
<b>Balance as at January 1, 2023</b>		25,515,594	\$ 7,227,691	\$ 1,714,206	\$ (2,410,401)	\$ 6,531,496
Issuance of share capital related to the exercise of share options	16	-	-	-	-	-
Share-based compensation		-	-	108,365	-	108,365
Net loss and comprehensive loss		-	-	-	295,425	295,425
<b>Balance as at September 30, 2023</b>		25,515,594	\$ 7,227,691	\$ 1,822,571	\$ (2,114,976)	\$ 6,935,286
<b>Balance as at January 1, 2024</b>		25,515,594	\$ 7,227,691	\$ 1,864,083	\$ (2,794,719)	\$ 6,297,055
Issuance of share capital related to the exercise of share options	16	7,006	6,939	(6,939)	-	-
Share-based compensation		-	-	134,488	-	134,488
Net income and comprehensive income		-	-	-	1,350,294	1,350,294
<b>Balance as at September 30, 2024</b>		25,522,600	\$ 7,234,630	\$ 1,991,632	\$ (1,444,425)	\$ 7,781,837

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, 2024 and 2023

(Unaudited - in Canadian Dollars)

	Note	Three months		Nine months	
		2024	2023	2024	2023
<b>Cash flows from operating activities</b>					
Net income (loss)		\$ 454,060	\$ 175,455	\$ 1,350,294	\$ 295,425
Adjustments for non-cash items:					
Amortization of property and equipment	9	44,429	145,268	143,361	450,757
Amortization of intangible assets	10	113,036	65,431	339,108	206,070
Allowance for doubtful accounts		-	9,789	(2,122)	(8,890)
Finance costs		91,667	61,998	311,548	148,436
Loss (gain) on contingent consideration	12	(178,964)	21,078	(1,069,353)	(43,602)
Share-based compensation	16, 17	51,660	40,533	134,488	108,365
Loss (gain) on disposal of property and equipment		-	-	(16,129)	3,236
Net change in non-cash operating working capital	19	(191,057)	(2,201,949)	(4,137)	(1,573,729)
<b>Net cash flows from (used in) operating activities</b>		<b>384,831</b>	<b>(1,682,397)</b>	<b>1,187,058</b>	<b>(413,932)</b>
<b>Cash flows from financing activities</b>					
Net proceeds (repayments) from bank borrowings		\$ 160,000	\$ 1,520,000	(150,000)	960,000
Repayment of short-term debt		-	-	(181,777)	-
Repayment of long-term debt	15	(147,139)	-	(329,721)	-
Repayment of lease liabilities	13	(34,237)	(47,233)	(110,108)	(140,122)
Repayment of contingent consideration payable		(76,893)	(118,900)	(138,704)	(493,972)
Foreign exchange loss (gain) on financing activities		(7,143)	(1,434)	42,370	(4,916)
Finance costs paid		(91,667)	(61,998)	(311,548)	(148,436)
<b>Net cash flows from (used in) financing activities</b>		<b>(197,079)</b>	<b>1,290,435</b>	<b>(1,179,488)</b>	<b>172,554</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	9	(3,367)	-	(6,862)	(4,092)
<b>Net cash flows used in investing activities</b>		<b>(3,367)</b>	<b>-</b>	<b>(6,862)</b>	<b>(4,092)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>184,385</b>	<b>(391,962)</b>	<b>708</b>	<b>(245,470)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>		<b>714,458</b>	<b>1,006,554</b>	<b>898,135</b>	<b>860,062</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>		<b>\$ 898,843</b>	<b>\$ 614,592</b>	<b>\$ 898,843</b>	<b>\$ 614,592</b>
<b>Additional Information</b>					
Interest paid		63,506	20,027	214,955	60,613
Income tax paid (recovered) 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, 2024 and 2023**  
**(Unaudited - in Canadian Dollars)**

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**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.

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**

(a) 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, 2023.

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.

(b) 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, 2023.

(c) 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.

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, 2023. 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.

**INTOUCH INSIGHT LTD.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
Three and nine months ended September 30, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**3. REVENUE**

**Geographical**

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

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Canada	\$ 1,267,945	\$ 1,493,084	\$ 3,742,217	\$ 4,261,394
US	5,365,355	4,118,734	18,041,852	12,084,414
Other	23,364	22,776	71,969	67,936
<b>Total revenue</b>	<b>\$ 6,656,664</b>	<b>\$ 5,634,594</b>	<b>\$ 21,856,038</b>	<b>\$ 16,413,744</b>

**Major customers**

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

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Customer 1	\$ 851,731	\$ 750,091	\$ 2,508,891	\$ 2,196,086
Customer 2	-	-	2,490,513	-
Customer 3	583,124	661,497	1,659,954	1,323,084

**Major trade accounts receivable**

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

	Sept. 30, 2024	Sept. 30, 2023
Customer 1	\$ 652,336	\$ 362,193
Customer 2	462,189	449,986
Customer 3	241,402	362,193

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

**4. SELLING EXPENSES**

Selling expenses for the Company are broken down as follows:

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Marketing expenses	\$ 174,890	\$ 181,228	\$ 568,487	\$ 521,933
Travel expenses	62,120	44,532	248,065	230,301
Salaries and benefits	305,295	276,893	918,914	890,897
<b>Selling expenses</b>	<b>\$ 542,305</b>	<b>\$ 502,653</b>	<b>\$ 1,735,466</b>	<b>\$ 1,643,131</b>

**INTOUCH INSIGHT LTD.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**Three and nine months ended September 30, 2024 and 2023**  
**(Unaudited - in Canadian Dollars)**

**5. GENERAL AND ADMINISTRATIVE EXPENSES**

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

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Corporate administration	\$ 302,699	\$ 247,806	\$ 965,082	\$ 718,593
Consultant fees	-	2,532	2,506	6,282
Professional fees	82,289	217,810	202,761	315,881
Public company fees	63,354	72,425	217,122	194,869
Salaries and benefits <sup>(1)</sup>	1,128,301	956,261	3,555,909	3,011,347
Loss (gain) on disposal of property and equipment	-	-	(16,129)	3,236
Loss (gain) on foreign exchange	75,416	(38,721)	57,696	119,854
Bad debt expense (recovery)	-	9,789	(2,122)	(8,890)
Amortization expense	157,465	134,292	482,469	427,867
<b>General and administrative expenses</b>	<b>\$ 1,809,524</b>	<b>1,602,194</b>	<b>\$ 5,465,294</b>	<b>4,789,039</b>

<sup>(1)</sup> Share-based compensation (a non-cash item) of \$51,660 (Q3 2023- \$40,533) has been included in Salaries and benefits.  
YTD 2024, \$134,488 (YTD 2023- \$108,365) was included.

**6. PRODUCT DEVELOPMENT EXPENSES**

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

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Salaries and benefits	\$ 492,892	\$ 551,534	\$ 1,543,904	\$ 1,651,915
<b>Total product development expenses</b>	<b>\$ 492,892</b>	<b>\$ 551,534</b>	<b>\$ 1,543,904</b>	<b>\$ 1,651,915</b>

**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	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Weighted average number of common shares - basic	25,522,600	25,515,594	25,521,580	25,515,594
Additions to reflect the dilutive effect of employee stock options	157,123	42,566	122,100	94,195
Weighted average number of common shares - diluted	25,679,723	25,558,160	25,643,679	25,609,789

**8. 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 and not yet billed.

	As of	As of
	Sept. 30, 2024	December 31, 2023
Trade accounts receivable, gross	\$ 4,684,229	\$ 6,799,807
Provision for expected credit losses	(10,158)	(11,358)
Trade accounts receivable, net	4,674,071	6,788,449
Sales taxes recoverable	4,515	21,343
Other receivables	-	-
Contract assets	99,785	170,922
<b>Trade, other receivables and contract assets</b>	<b>\$ 4,778,371</b>	<b>\$ 6,980,713</b>

**INTOUCH INSIGHT LTD.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**Three and nine months ended September 30, 2024 and 2023**  
**(Unaudited - in Canadian Dollars)**

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

	As of Sept. 30, 2024	As of December 31, 2023
1 - 60 days past due	\$ 619,212	\$ 1,954,375
Greater than 60 days past due	429,518	436,680
	<b>\$ 1,048,730</b>	<b>\$ 2,391,055</b>

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

**9. 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
<b>Cost:</b>						
At December 31, 2022	\$ 332,378	\$ 1,524,056	\$ 260,015	\$ 197,180	\$ 1,249,376	\$ 3,563,005
Additions	18,572	4,092	-	-	306,601	329,265
Disposals	-	-	(31,190)	-	-	(31,190)
Removal	(2,973)	-	-	-	-	(2,973)
At December 31, 2023	347,977	1,528,148	228,825	197,180	1,555,977	3,858,107
Additions	1,449	5,413	-	-	-	6,862
Disposals <sup>1</sup>	-	-	(39,439)	-	(679,784)	(719,223)
<b>At Sept. 30, 2024</b>	<b>\$ 349,426</b>	<b>\$ 1,533,561</b>	<b>\$ 189,386</b>	<b>\$ 197,180</b>	<b>\$ 876,193</b>	<b>\$ 3,145,746</b>
<b>Accumulated Amortization:</b>						
At December 31, 2022	\$ 268,264	\$ 1,217,613	\$ 198,121	\$ 173,499	\$ 714,207	\$ 2,571,704
Amortization	65,146	305,367	22,883	7,286	195,932	596,614
Disposals	-	-	(27,953)	-	-	(27,953)
Removal	(2,973)	-	-	-	-	(2,973)
At December 31, 2023	330,437	1,522,980	193,051	180,785	910,139	3,137,392
Amortization	5,005	2,489	14,533	5,465	115,869	143,361
Disposals <sup>1</sup>	-	-	(32,445)	-	(512,877)	(545,322)
<b>At Sept. 30, 2024</b>	<b>\$ 335,442</b>	<b>\$ 1,525,469</b>	<b>\$ 175,139</b>	<b>\$ 186,250</b>	<b>\$ 513,131</b>	<b>\$ 2,735,431</b>
<b>Carrying amounts:</b>						
At December 31, 2023	\$ 17,540	\$ 5,168	\$ 35,774	\$ 16,395	\$ 645,838	\$ 720,715
<b>At Sept. 30, 2024</b>	<b>\$ 13,984</b>	<b>\$ 8,092</b>	<b>\$ 14,247</b>	<b>\$ 10,930</b>	<b>\$ 363,062</b>	<b>\$ 410,315</b>

<sup>1</sup> Part of the termination of the Laval lease (Note 13).

As part of the disposal of the Laval lease (Note 13), furniture and equipment with a cost of \$39,439 and accumulated amortization of \$32,445 was disposed for \$nil proceeds. The right-of-use asset with a cost of \$679,784 and accumulated amortization of \$512,877 was disposed for \$nil proceeds.

For Q3 2024, amortization of \$363 (Q3 2023 - \$76,407) is included in cost of services while an amount of \$44,066 (Q3 2023 - \$68,860) is included in general and administrative expenses.

For YTD 2024, amortization of \$2,489 (YTD 2023 - \$228,960) is included in cost of services while an amount of \$140,872 (YTD 2023 - \$221,796) is included in general and administrative expenses.

**INTOUCH INSIGHT LTD.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
Three and nine months ended September 30, 2024 and 2023  
(Unaudited - in Canadian Dollars)

**10. INTANGIBLE ASSETS AND GOODWILL**

Cost:	Acquired			Total intangible	
	Trademarks	Acquired customer relationships	Software	assets	Goodwill
At December 31, 2022	\$ 279,646	\$ 5,158,264	\$ 706,216	\$ 6,144,126	\$ 1,404,898
Acquisition of business (Note 11)	137,000	2,209,000	-	2,346,000	1,217,872
<b>At December 31, 2023</b>	<b>\$ 416,646</b>	<b>\$ 7,367,264</b>	<b>\$ 706,216</b>	<b>\$ 8,490,126</b>	<b>\$ 2,622,770</b>
Additions	\$ -	-	-	-	-
<b>At Sept. 30, 2024</b>	<b>\$ 416,646</b>	<b>\$ 7,367,264</b>	<b>\$ 706,216</b>	<b>\$ 8,490,126</b>	<b>\$ 2,622,770</b>
<b>Accumulated Amortization:</b>					
At December 31, 2022	\$ 169,474	\$ 2,652,181	\$ 697,383	3,519,038	\$ 400,411
Amortization	22,662	287,611	8,833	319,106	-
At December 31, 2023	\$ 192,136	\$ 2,939,792	\$ 706,216	\$ 3,838,144	\$ 400,411
Amortization	23,995	315,113	-	339,108	-
<b>At Sept. 30, 2024</b>	<b>\$ 216,131</b>	<b>\$ 3,254,905</b>	<b>\$ 706,216</b>	<b>\$ 4,177,252</b>	<b>\$ 400,411</b>
<b>Carrying Amounts:</b>					
At December 31, 2023	\$ 224,510	\$ 4,427,472	\$ -	\$ 4,651,982	\$ 2,222,359
<b>At Sept. 30, 2024</b>	<b>\$ 200,515</b>	<b>\$ 4,112,359</b>	<b>\$ -</b>	<b>\$ 4,312,874</b>	<b>\$ 2,222,359</b>

Amortization expense is recorded in general and administrative expenses (Note 5). The remaining amortization period of the customer relationships ends between December 31, 2026 and September 30, 2036.

Impairment

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

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

Cash Generating Units	Intangibles	Goodwill	Total
Statopex	\$ 1,987	\$ -	\$ 1,987
RetailTrack	1,027	-	1,027
PerformaLogics and MobilForce	72,160	-	72,160
SeeLevel	2,082,120	1,004,487	3,086,607
Alta/Ardent/BEB	2,155,580	1,217,872	3,373,452
<b>Carrying Value - Sept. 30, 2024</b>	<b>\$ 4,312,874</b>	<b>\$ 2,222,359</b>	<b>\$ 6,535,233</b>

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

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

The Company recorded no impairment for the three and nine months ended September 30, 2024 (Q2 and YTD 2023- nil).

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**11. ACQUISITION OF BRAND EQUITY BUILDERS, INC.**

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

Cash consideration of US\$1,500,000 (C\$2,028,000) and a promissory note of US\$0.5 million (C\$676,000) were issued at closing with future consideration valued at US\$750,000 (C\$1,014,000) payable over four years following the closing (Note 13), based on achievement of Alta revenue targets and Ardent gross profits. An additional US\$243,439 (C\$329,129) was calculated as a working capital adjustment, with US\$137,439 (C\$181,777) owing as of December 31, 2023 (paid in March 2024). Of the cash consideration paid, US \$727,322 (C\$983,339) was returned to the Company to clear Alta and BEB’s outstanding loans.

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)	<b>\$ 1,192,014</b>
Working capital adjustment payable	<b>181,777</b>
Promissory notes	<b>676,000</b>
Contingent consideration	<b>1,014,000</b>
<b>Total purchase consideration</b>	<b>\$ 3,063,791</b>

The net cash outflow of the acquisition was as follows:

Consideration paid in cash	\$ 1,192,014
Cash balances acquired	(143,311)
<b>Net cash outflow on acquisition</b>	<b>\$ 1,048,703</b>

The Company allocated the purchase consideration as follows:

Net assets acquired	\$ 1,845,919
Goodwill	\$ 1,217,872
<b>Total purchase price</b>	<b>\$ 3,063,791</b>

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

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

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

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

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

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

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

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

## 12. CONTINGENT CONSIDERATION

As part of the acquisition of PermaLogics and MobilForce, future consideration totaling up to \$1,000,000 (up to \$800,000 for PermaLogics and up to \$200,000 for MobilForce) is payable over three years following the closing (February 1, 2020), based on payments received from one key customer. When determining amount of this future consideration, the Company employs a discounted cash flow model. The duration of the cash flow projections is based on estimates of the revenues to be earned from the customer over the three years following the closing of the acquisition. The probabilities for the estimates range from 75% to 100% for each 12-month period, and the discount rate is 33.17%.

The contingent consideration period ended in February 2023. A total of \$440,172 of the contingent consideration was paid. On September 30, 2023, the fair value of the future consideration is \$nil, resulting in a loss of \$1,247 being recorded YTD 2023.

As part of the acquisition of SeeLevel, future consideration is payable over two years following the closing (October 1, 2021), based on revenues generated by the existing and identified prospective customers. When determining the 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 equal 100% for each 12-month period, and the discount rate is 25.82%.

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As of September 30, 2023, \$1,209,340 of the contingent consideration was paid. In addition, the fair value of the future consideration was \$93,744 (all current), resulting in a gain of \$44,849 YTD 2023. The contingent consideration period ended in September 2023. A total of \$1,422,057 of the contingent consideration was paid.

As part of the acquisition of BEB and its subsidiaries Alta and Ardent, future consideration is payable over four years following the closing (October 1, 2023), based on a percentage of Alta customer experience revenues from existing and identified prospective customers. The first US\$3 million of annual eligible revenues are exempt from contingent consideration. Between US\$3 million and US\$5 million of annual eligible revenues, the percentage for the contingent consideration is 20%. For annual eligible revenues over \$5 million, the percentage is 10%. An additional contingent consideration of 50% of gross profits from the Ardent field services business is due over the first 48 months post-acquisition; this was valued at zero at the time of acquisition.

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

As of September 30, 2024, \$138,704 of the contingent consideration was paid. In addition, the fair value of the future consideration was \$300,000 (\$79,349 is current, \$220,651 is non-current), resulting in a gain of \$1,069,353.

**13. LEASE LIABILITIES**

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

	<b>As of Sept. 30, 2024</b>
Less than one year	\$ 171,314
Between one and five years	288,746
More than five years	-
Total lease payments	460,060
Amounts representing interest over the term of the lease	61,033
Present value of net lease payments	399,027
Current portion of lease obligation	\$ 171,314
Non-current portion of lease obligation	\$ 227,713

The following table show the movement for lease liabilities for the nine months ended September 30, 2024:

	<b>Sept. 30, 2024</b>
Balance, January 1, 2024	\$ 700,783
Termination of lease	(190,030)
Repayments	(137,782)
Interest portion of repayments	26,056
Ending balance	\$ 399,027

On January 14, 2024, the Company terminated its lease in Laval, Quebec, Canada, with the approval of its landlord. The lease ended on May 31, 2024.

Accordingly, the lease liability and its related right-of-use asset (Note 9) are de-recognized on January 14, 2024. The removal of the lease liability results in a gain of \$190,030, while the removal of the right-of-use asset results in a loss of \$166,907, resulting in a net gain of \$23,123.

For Q3 2024, \$nil (Q3 2023- \$nil) payments for leases less than twelve months were included in operating expenses.

For YTD 2024, \$39,019 (YTD 2023- \$nil) payments for leases less than twelve months were included in operating expenses.

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**14. BANK BORROWINGS**

a) Credit facilities

As of September 30, 2024, bank borrowings were \$400,000 (2023- \$2,100,000). 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%) [2023 –8.20% (prime plus 1%)], secured by a general security agreement. The Company was in compliance with its covenants as of September 30, 2024 (2023- compliant). The carrying amounts of any borrowings are a reasonable approximation of fair value.

**15. LONG-TERM DEBT**

	June 30, 2024	December 31, 2023
Promissory Notes	\$ 526,279	\$ 676,000
Long-Term Bank Loan	1,820,000	2,000,000
	\$ 2,346,279	\$ 2,676,000
Less: Current portion	(601,045)	(478,082)
	\$ 1,745,234	\$ 2,197,918

The following table shows the movement for the long-term debt YTD 2024:

	Interest Rate	December 31, 2023	Principal Paid	Interest Charged	Interest Paid	Sept. 30, 2024
Promissory Notes	8.5% per annum	\$ 676,000	(149,721)	47,821	(47,821)	526,279
Long-Term Bank Loan	Floating base rate + 0.6% (9.15%)	\$ 2,000,000	(180,000)	142,967	(142,967)	1,820,000
		\$ 2,676,000	(329,721)	190,788	(190,788)	2,346,279

a) Promissory Notes

The Company has outstanding long-term debt arising from promissory notes issued in connection with the acquisition of BEB on October 1, 2023. The promissory notes have a total principal amount of US\$500,000 (C\$676,000). The annual interest rate is 8.5%, and the term is for 2.75 years.

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

As of September 30, 2024, the total outstanding balance is US\$389,260 (C\$526,279), with US\$178,288 (C\$241,045) classified as short-term, and US\$210,972 (C\$285,234) as long-term.

b) Long-Term Bank Loan

On October 3, 2023 the Company received a long-term loan of \$2 million from a chartered Canadian bank to finance the acquisition of BEB. The annual interest rate is a floating base rate plus 0.6% (8.55% + 0.6% = 9.15%), and the term is for 4.75 years.

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

**16. 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, the repayment of capital and represent one vote at the shareholders' meetings.

During the nine months ended September 30, 2024, the Company issued 7,006 common shares (110,000 less 102,994 redeemed to allow for a cashless exercise) through the exercise of stock options for gross proceeds of \$nil (September 30, 2023- nil common shares for gross proceeds of \$nil).

**17. 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

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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 740,000 options issued YTD 2024 (YTD 2023 – 730,000). The employee compensation expense related to options vested YTD 2024 is \$134,488 (YTD 2023 - \$108,365). The Company may issue up to 3,639,118 (YTD 2023 – 3,769,118) options for common shares under its stock option plan. At September 30, 2024, 659,118 common shares (1,329,118 at September 30, 2023) 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, 2024 and December 31, 2023, and changes during the quarter and year ended on those dates, is presented below:

	<b>September 30, 2024</b>		December 31, 2023	
	<u>Number of Options</u>	<u>Weighted average exercise price</u>	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, beginning of period	<b>2,490,000</b>	<b>\$ 0.47</b>	2,040,000	\$ 0.53
Granted	<b>740,000</b>	<b>\$ 0.46</b>	860,000	\$ 0.35
Exercised	<b>(110,000)</b>	-	-	-
Forfeited	<b>(125,000)</b>	<b>\$ 0.50</b>	(250,000)	\$ 0.65
Expired	<b>(15,000)</b>	<b>\$ 0.38</b>	(160,000)	\$ 0.49
Outstanding, end of period	<b>2,980,000</b>	<b>\$ 0.47</b>	2,490,000	\$ 0.47

The following table summarizes information about stock options as of September 30, 2024

<u>Exercise prices</u>	<b>Options Outstanding</b>		<b>Options Exercisable</b>
	<u>Number outstanding at June 30, 2024</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable at June 30, 2024</u>
\$0.305	245,000	0.52	245,000
\$0.345	685,000	3.73	261,667
\$0.405	130,000	4.15	0
\$0.410	5,000	4.52	0
\$0.430	100,000	4.25	0
\$0.440	160,000	0.15	160,000
\$0.455	30,000	0.72	26,667
\$0.470	705,000	4.31	80,000
\$0.550	540,000	2.66	384,999
\$0.660	50,000	2.90	33,333
\$0.670	5,000	1.65	5,000
\$0.720	315,000	1.52	315,000
\$0.790	10,000	1.91	10,000
\$ 0.305 to \$ 0.79	2,980,000	2.96	1,521,666

The weighted average exercise price was \$0.50 at September 30, 2024 (September 30, 2023 - \$0.49) for exercisable options.

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

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

*Stock-based Compensation*

The Company uses the Black-Scholes model to calculate option values. The assumptions using the Black-Scholes option pricing model for Q1 2024 were: a weighted average share price and an exercise price of \$0.43, risk free interest rate of 3.90% to 4.00%, volatility of 72% to 81% with no expected dividend yield, 0% assumed forfeiture and a five-year estimated life.

The assumptions using the Black-Scholes option pricing model for Q2 2024 were: a weighted average share price and an exercise price of \$0.47, risk free interest rate of 3.90% to 3.95%, volatility of 72% to 89% with no expected dividend yield, 11% 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. 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 2024 (Q3 and YTD 2023- \$nil).

**19. CASH FLOW INFORMATION**

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

	Three months		Nine months	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Restricted cash	\$ -	\$ (2,028,000)	\$ -	\$ (2,028,000)
Trade and other receivables	543,510	(199,113)	2,133,327	856,633
Contract assets	41,142	3,893	71,137	(305,021)
Prepaid expenses	41,859	(72,957)	65,572	75,509
Trade and other liabilities	(810,598)	201,584	(2,174,776)	282,486
Contract liabilities	(6,970)	(107,356)	(99,397)	(455,336)
<b>Net change in non-cash working capital</b>	<b>\$ (191,057)</b>	<b>\$ (2,201,949)</b>	<b>\$ (4,137)</b>	<b>\$ (1,573,729)</b>

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**20. 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 believes 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.

**21. 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, 2024 were approved and authorized for issue by the Audit Committee on November 21, 2024.