



2024

ANNUAL REPORT



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Intouch Insight Ltd.

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About Intouch Insight

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

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

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

Software & Services

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

We offer:

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

Letter from the President & CEO



Dear Shareholders,

At our core, we believe in listening, interpreting, and acting—a principle we champion with our clients and practice ourselves. In early 2024, we heard your feedback loud and clear: prioritize profitability over low-margin growth.

In response, we made the deliberate decision to sunset a product line that, while contributing to top-line revenue, did not align with our long-term value creation goals. This strategic move led to a short-term dip in Q1 2025 revenue, but more importantly, drove a substantial increase in margins and profitability. These results are a testament to the strength, agility, and resilience of our organization—and to our commitment to acting on shareholder feedback.

2024 Performance Highlights

We are proud to share that our renewed focus has yielded exceptional results:

- **Operating profits of \$935K** — more than **double** last year's figure (up 104%)
- **Total revenue growth of 11%**
- **SaaS revenue growth of 7%**, marking the **ninth consecutive year** of growth
- **EBITDA of \$2.2M**
- **82% of revenue** generated from the United States

Furthermore, we have proactively undertaken a comprehensive review of our overall market positioning and strategy, including a thorough technology assessment. I am eager to share some encouraging details regarding key areas we analyzed, specifically organizational capability, market positioning, and technology.

Organizational Capability

It is truly worth reiterating that our team is among the best in the industry, and I am immensely proud of their unwavering passion, commitment, and professionalism. Over half of our employees have been with us for more than five years, and a quarter for over a decade — highlighting the deep-rooted stability and cultural strength that define our organization. We benefit from the perfect mix of fresh innovation and deep industry knowledge.

Our core product lines — **Mystery Shopping & Field Auditing, Customer Satisfaction Surveys, Forms & Checklist Automation, and Event Marketing Automation** — are all thriving. Each is tightly integrated through **IntouchIntelligence**, our proprietary data and reporting platform, giving clients a powerful, unified view of their operations. We go even further by enabling the integration of third-party data, positioning us as a **central hub for analysis, insight, and action**.

Our services division, encompassing mystery shopping and field auditing, proudly stands as the only provider in North America utilizing all three major industry platforms for recruiting independent contractors. This unique capability, requiring both significant scale and advanced data integration for reporting, sets us apart from competitors.

Our strong financial foundation has allowed us to navigate uncertainty, including a global pandemic and ongoing economic headwinds, while remaining EBITDA positive. Importantly, we've shown we can manage growth and profitability without shareholder dilution, preserving long-term value.

Market Position & Brand Recognition

It was gratifying to hear an industry expert recently describe Intouch as a “well-kept secret” after experiencing our company and technology firsthand. Years of dedicated effort in building our capabilities and establishing ourselves as thought leaders in the industries we serve are now yielding exciting results. Our **thought leadership** is now featured in top-tier publications including The Wall Street Journal, The Washington Post, and Harvard Business Review.

Our organically grown **SaaS business surpassed \$1.6M in 2024**, helping us become more embedded in our clients' day-to-day operations. With **IntouchSurvey®**, we deliver insights on customer sentiment tied to brand standards, while **IntouchCheck®** empowers clients to act with precision through checklists, tasks, and location-specific follow-ups. This end-to-end ecosystem enables brands to **both measure and improve execution** — a powerful value proposition.

Amid ongoing geopolitical uncertainty, it's important to emphasize that Intouch operates with strength and stability across both **Canada and the United States**. We maintain fully staffed offices, legal entities, and tax presence in both countries, which shields us from risks like tariffs or protectionist buying trends — leaving us well-positioned for the future.

Technology Leadership & Innovation

Intouch remains the **technology leader** in our services sector. With tools like **IntouchIntelligence, IntouchSurvey®, IntouchCheck®,** and our integration with all three third-party industry platforms, we offer the **most comprehensive tech suite** available.

Looking ahead, **artificial intelligence (AI)** is a key pillar of our strategy. We've identified three exciting areas where AI will elevate our capabilities:

- **Enhanced integration** and smarter use of industry platforms.
- **Operational efficiencies** in editing, quality control, and data capture.
- **Next-gen client reporting and analytics**, unlocking deeper insight and faster decision-making.

These investments will drive not only **cost savings** but also **differentiated, value-added offerings** that set us apart.

Beyond AI, we remain committed to ongoing innovation. In Q1 2025, we launched the mobile version of **IntouchCheck®** on both Apple and Google Play stores, making it easier than ever for clients to access our solutions. We will continue expanding our SaaS capabilities, deepening engagement with current clients, and delivering custom enterprise solutions that solve real-world challenges.



Looking Forward

As we look to the future, our goals are clear: **invest wisely in scalable growth, enhance our technology (including AI), and deliver dependable profitability.** With revenue now steadily at the **\$25M mark**, we are setting our sights on the next milestone – and planning to **double** it.

This growth will come through measured investments across technology, sales, marketing, and product development – all aimed at reinforcing our position as the **go-to provider of analytics and insights for multi-location businesses.**

We are steadfast in our commitment to:

- Sustaining strong, organic growth
- Driving innovation that matters
- Avoiding dilution and preserving shareholder value
- Becoming an indispensable partner to our clients

Thank you for your continued support. The best is yet to come – and we're excited to share the journey with you.

Sincerely,



Cameron Watt
President & CEO



Management's Discussion and Analysis

Intouch Insight Ltd.

Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

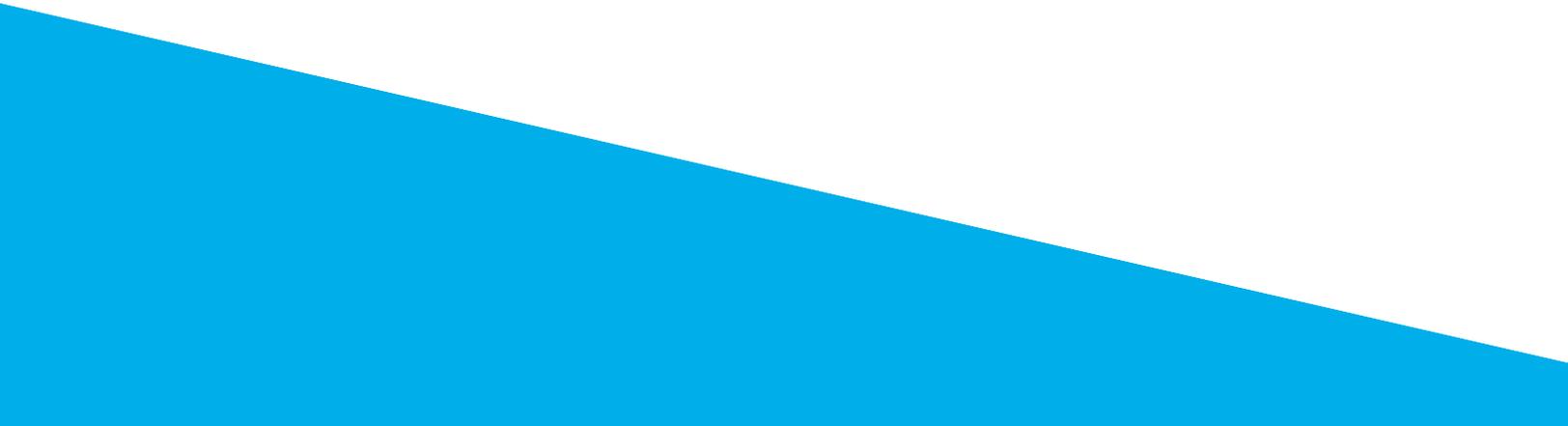


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INTOUCH INSIGHT LTD.
Management's Discussion & Analysis
Years ended December 31, 2024 and 2023
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The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited 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, 2024.

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 and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards). Dollar amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A is dated as of April 3, 2025

FORWARD-LOOKING STATEMENTS

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

OVERVIEW OF THE BUSINESS

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

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

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

Our Products and Services:

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

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

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- marketing program execution, and
- competitive intelligence.

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

IntouchCheck® is a powerful mobile application that helps organisations 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 automated issue management which allows users to flag issues, automatically alert key stakeholders, assign issues, set due dates, and track issues through to resolution. IntouchCheck also includes real-time reporting on performance and the ability to view performance by location, region, date and more. IntouchCheck is a perfect fit for any organization that needs to implement and measure ongoing operational execution, including the changes brought about by new and evolving health and safety concerns for their employees and/or their customers.

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

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

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

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

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

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FINANCIAL PERFORMANCE

Financial Highlights

	Year ended December 31		% change
	2024	2023	
Revenue	\$ 28,224,202	\$ 25,433,731	11%
Cost of services	15,656,698	13,677,101	14%
Gross Margin	12,567,504	11,756,630	7%
<i>Gross Margin %</i>	44.5%	46.2%	-2%
Operating Expenses	11,632,074	11,298,069	3%
Earnings (loss) from operating activities	935,430	458,561	
Other expenses (earnings)	(1,163,664)	690,444	
Net earnings (loss) and comprehensive income (loss) before income taxes	2,099,094	(231,883)	
Adjusted EBITDA ¹	\$ 2,223,350	\$ 1,524,275	

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

Balance Sheet - Highlights

	December 31, 2024	December 31, 2023
Cash	\$ 1,245,793	\$ 898,135
Working Capital	3,447,955	2,125,925
Total Assets	11,974,177	15,924,668
Total Liabilities	4,063,210	9,627,613
Share capital and contributed surplus	9,302,894	9,091,774
Accumulated deficit	(1,391,927)	(2,794,719)
Shares issued and outstanding	# 25,603,825	# 25,515,594

Highlights from the year December 31, 2024 compared to the same period in 2023:

- Revenue is 11% higher than the prior year. This increase was due to a combination of organic growth and the acquisition of both Alta360 Research, Inc (Alta) and its sister company, Ardent Retail Services Inc, (Ardent) in Q4 2023.
- Gross margin as a percentage of revenue was 44.5%, compared to 46.2% in the comparative period. This decrease is due to sales mix, including introducing the lower margin Ardent services revenues.
- Earnings from operations was \$935,430 compared to \$458,561 in the prior year. The improvement is due to increased revenues.
- Adjusted EBITDA (a non-IFRS measure) was \$2,223,350 compared to \$1,524,275 in 2023.
- Increase in working capital of \$1,322,030 was due to a decrease in trade and other liabilities, as well as borrowings, debt, lease liabilities, and contingent consideration payable.

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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

We are pleased with the financial results in 2024 having delivered one of the strongest Q4's in the company's history as well as significant full year profits through a focus towards profitability. We expect the repositioned Ardent business to deliver revenues in 2025, however there will not be any Ardent revenues in Q1. We will continue to pursue revenues which fit the model of profitability required.

In 2025 we expect to continue our thought leadership providing studies on the industries we serve for both media consumption as well as use by our clients and prospective clients. In Q1 2025 we launched an additional study around the pizza industry to join our other annual publications.

Given the current geopolitical environment, it is prudent that we address what this means for Intouch Insight. We are meeting government requirements in both countries. Therefore, Intouch should not be directly affected by nationalistic government policy or patriotic purchasing behavior in either country.

The general sense of unease that exists in the economy does affect general market optimism and spending in the industries that we serve and Intouch is subject to economic conditions. We had expected headwinds to subside after the election, but uncertainty has increased and is at an all-time high. We expect it to affect our short-term growth potential as companies are reluctant to increase spending, however, we anticipate organic growth in 2025 once you remove the Ardent revenues from prior year. We also remain confident in our long-term sales pipeline.

We have completed initial research into AI ("Artificial Intelligence") and its application to the business and have identified three key areas that we believe AI will give us a competitive advantage moving forward. We expect to have AI incorporated into many aspects of our products. We also expect to deliver continued profitability, the level of which will be determined in conjunction with investment decisions around the long-term growth of the company. Execution focus will continue around sustainable, profitable growth and ensuring that the organization has the resources required to deliver while ensuring dilution is unnecessary for the successful operation and advancement of the existing business.

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 2024 and 2023.

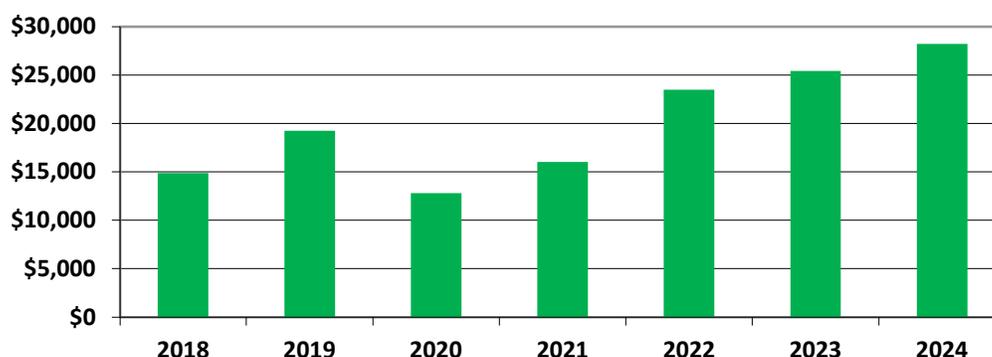
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	2024	2023	% change
Software-as-a-service (SaaS) revenue	\$ 1,647,844	\$ 1,544,078	7%
Event marketing automation revenue	1,814,376	1,979,554	-8%
Ardent services revenue	2,892,411	2,366,989	22%
Recurring services revenue	21,748,548	19,249,344	13%
Non-recurring services revenue	121,023	293,766	-59%
Total revenue	\$ 28,224,202	\$ 25,433,731	11%

The Company's 2024 revenues increased 11% from 2023 revenues, with its SaaS revenue increasing organically by 7%, its recurring services revenues increasing by 13%, and its event marketing automation revenue decreasing by 8%. Ardent services was a new category of revenue for the Company, as it was part of the fall 2023 acquisition. Ardent was scaled back after the first quarter of 2024 with the organizations shift to focus on profitability.

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

Yearly revenue (in '000s)



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

	2024	%	2023	%	% Change
Canada	\$ 4,918,322	17%	\$ 5,462,445	21%	-10%
U.S.	23,210,094	82%	19,877,172	78%	17%
Other	95,786	1%	94,114	1%	2%
Total revenue	\$ 28,224,202	100%	\$ 25,433,731	100%	11%

Revenue generated from Canadian clients in 2024 was 10% lower than 2023, while U.S. revenues increased by 17%. 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, 2024.

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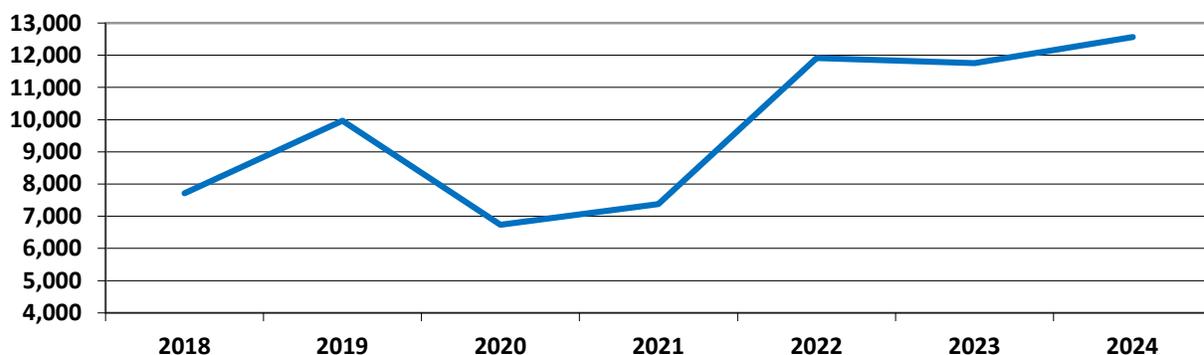
b) Cost of Services/Gross Margin

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 may be equipped with cellular or wireless technology to transmit results or program updates live in the field) and amortization associated to the data collection units.

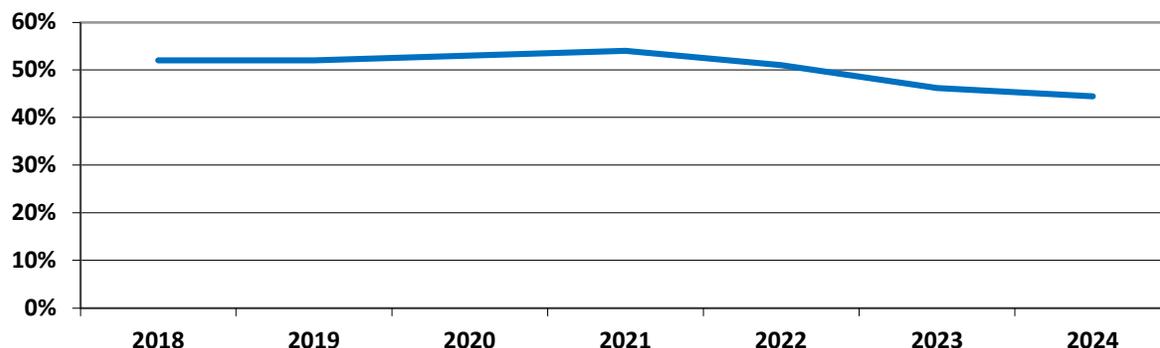
	2024	2023	%
Staff and contractor expense	\$ 11,018,785	\$ 9,274,161	19%
Delivery and communication costs	4,388,467	3,738,655	17%
Amortization	2,965	305,367	-99%
Commissions	246,481	358,918	-31%
Cost of services	\$ 15,656,698	\$ 13,677,101	14%
Gross margin	44.5%	46.2%	-1.7%

Consolidated cost of services increased 14% in 2024 compared to 2023 driven by additional revenues. For 2024, delivery and communication costs increased due to the increase in revenue from both Alta and Ardent. In particular, the costs paid to third party contractors as part of the Ardent delivery model. Management expects this expense to fluctuate throughout 2025 based on revenues and product mix.

Yearly gross margin (in '000s)



Yearly gross margin results as a percentage of revenue



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The consolidated gross margin increased by \$810,874 or 7% to \$12,567,504 in 2024 from \$11,756,630 in 2023 while decreasing the margin percentage to 44.5%.

c) Selling

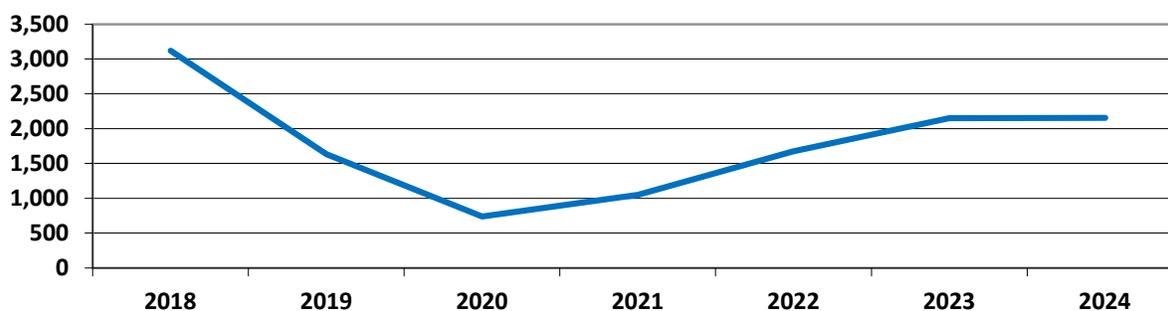
The Company includes marketing, travel, salaries and benefits in selling expenses and are broken down as follows:

	2024	2023	%
Salaries and benefits	\$ 1,232,966	\$ 1,197,281	3%
Marketing expenses	684,122	648,043	6%
Travel expenses	235,963	306,101	-23%
Selling expenses	\$ 2,153,051	\$ 2,151,425	0%

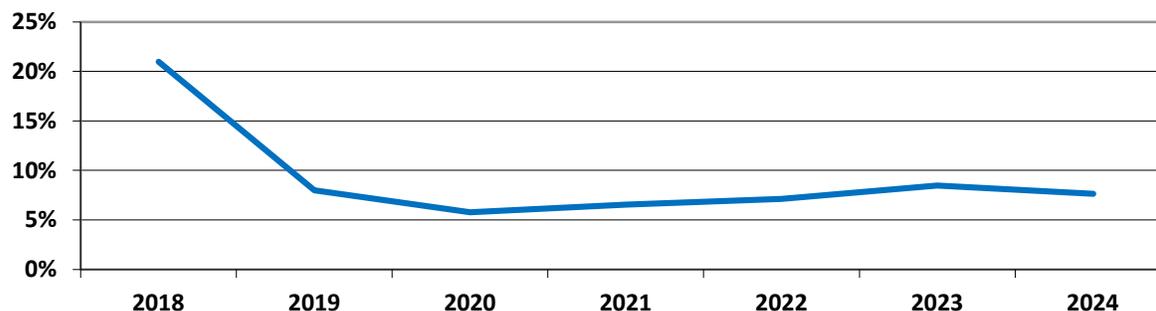
Selling expenses increased by nil in 2024 compared to 2023. As a percentage of revenue, the expense was 8% in 2024 (2023- 8%).

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

Yearly selling expenses (in '000s)



Yearly selling expenses as a percentage of revenue



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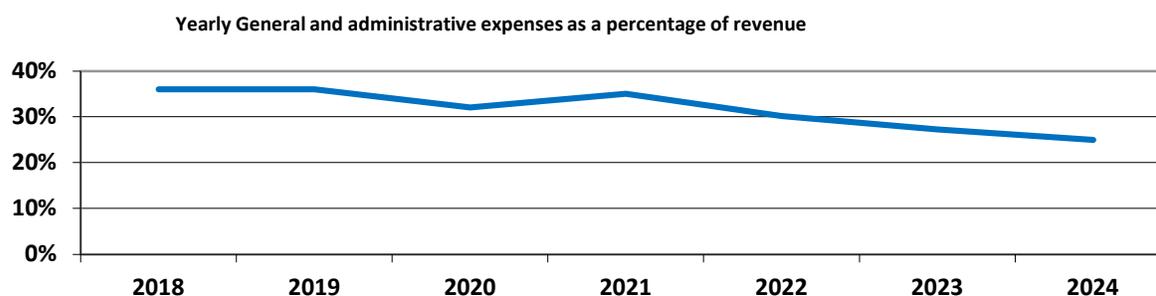
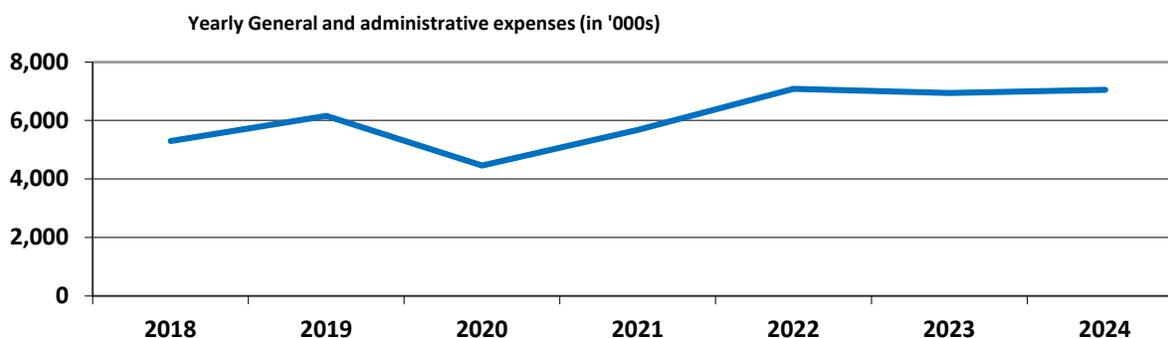
d) General and Administrative

	2024	2023	%
Corporate administration	\$ 1,310,974	\$ 1,041,119	26%
Consultant fees	2,506	6,282	-60%
Professional fees	273,204	385,989	-29%
Public company fees	280,023	268,989	4%
Salaries and benefits	4,717,747	4,400,597	7%
Loss (gain) on disposal of property and equipment	(32,291)	3,236	N/A
Loss (gain) on foreign exchange	(136,484)	215,749	N/A
Bad debt expense (recovery)	(13,174)	(2,699)	N/A
Amortization expense	639,502	610,470	5%
Total general and administrative expenses	\$ 7,042,007	\$ 6,929,733	2%

General and administrative (“G&A”) expenses increased by 2% overall in 2024 compared to 2023.

The increase is due to an increase in corporate administration related to the acquisition of Alta and Ardent which came with a physical office in the United States, as well as a reclass of salaries between G&A and Product Development.

Share-based compensation added \$187,245 in non-cash salary expense for 2024 compared to \$149,877 for 2023.



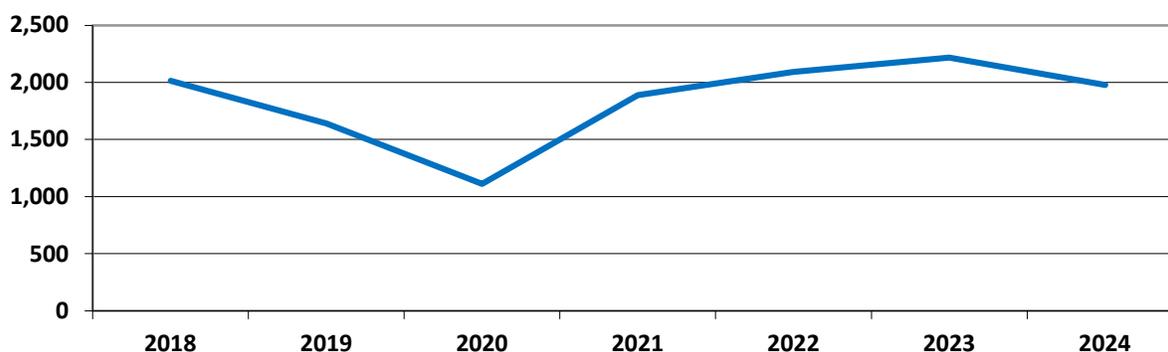
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e) Product Development

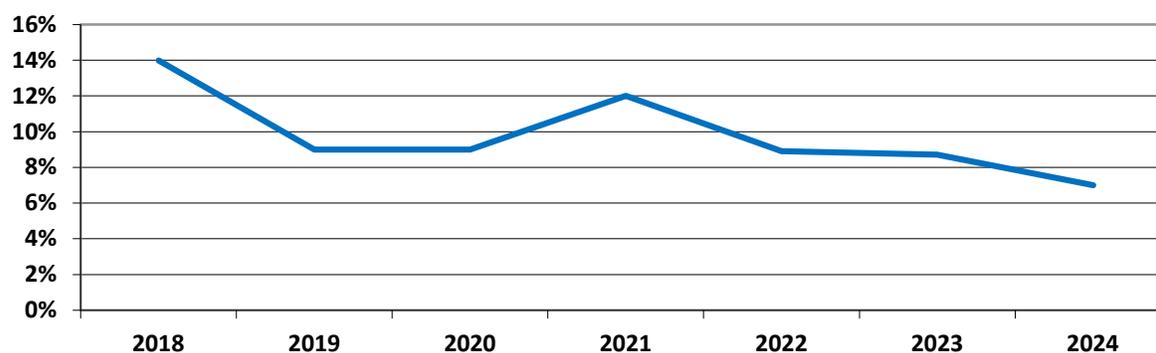
	2024	2023	%
Salaries and benefits expense	\$ 2,006,751	\$ 2,216,911	-9%
Investment tax credits and other government contributions towards development	(30,908)	-	N/A
Total product development expense	\$ 1,975,843	\$ 2,216,911	-11%

Product development expenses decreased by 11% 2024 compared to 2023 due to a reclass of salaries between G&A and Product Development and the receipt of investment tax credits.

Yearly Product development expenses (in '000s)



Yearly Product development expenses as a percentage of revenue



f) Earnings (loss) from operating activities

Earnings from operating activities in 2024 were \$935,430, an increase of \$476,869 compared to \$458,561 for 2023. The improvement is due to increased revenues.

Impairment costs of \$461,173 were recorded in 2024 in connection with the revaluation of the Company's intangible assets including goodwill as a result of revised forecasts for the acquired companies' portfolio of clients.

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g) Non-operating earnings (expenses)

For 2024, finance costs were \$404,736 (2023 - \$249,816). The increase is a result of the Company's increase in long-term debt related to the acquisition of Alta and Ardent.

The revaluation of the fair value of the contingent consideration related to the various acquisitions (SeeLevel, Alta, Ardent) resulted in a gain of \$1,299,343 in 2024 (2023- loss of \$440,628). The gain is due to decreased future expected revenue forecasted in 2025, particularly for the Ardent business, and the resulting lower purchase price payments.

For 2024, the Company recorded \$269,057 of investment tax credits which were applied to reduce the Company's 2024 taxes owing.

h) Net income (loss) before income taxes

The Company recorded net income before income taxes in 2024 of \$2,099,094 compared to net loss of \$231,883 in 2023.

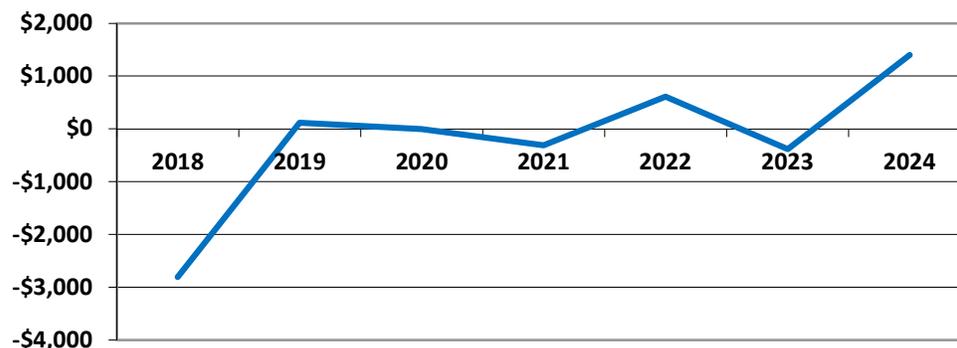
i) Income taxes

In 2024, the Company recorded a deferred tax expense of \$225,476 against its deferred tax assets (2023- \$37,901). A current income tax expense of \$470,826 was recorded for 2024 (2023 – \$114,534).

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

The Company reported net income and comprehensive income for 2024 of \$1,402,792 or \$0.05 per share basic and diluted compared to a net loss and comprehensive loss for 2023 of \$384,318 or \$0.02 per share basic and diluted.

Net income from continuing operations (in '000s)



k) Cash Flows

The Company's cash position was \$1,245,793 on December 31, 2024, compared to \$898,135 on December 31, 2023.

	2024	2023	%
Cash flows from operating activities before changes in working capital	\$ 1,976,392	\$ 1,410,162	40%
Changes in working capital	265,627	342,976	-23%
Cash flows from operating activities	2,242,019	1,753,138	28%
Cash flows from (used in) financing activities	(1,887,499)	(643,698)	193%
Cash flows used in investing activities	(6,862)	(1,071,367)	-99%
Increase (decrease) in cash	\$ 347,658	\$ 38,073	813%

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Operating activities:

This year's increase in operating cashflows was due to positive cash flows generated from the business.

Financing activities:

As of December 31, 2024, the Company drew \$nil from its line of credit (2023- \$550,000).

Share capital increased by \$23,875 from the issuance of common shares during 2024 due to the exercise of stock options (2023 - \$nil).

In 2024, \$181,777 of short-term debt owed to the former owner of Alta/Ardent was repaid. In 2023, the Company repaid \$271,637 of SBA loans and \$711,771 of the line of credit assumed with the acquisition of BEB and Alta.

In 2024, \$478,082 of long-term debt was repaid. The long-term debt was received in Q4 2023 to finance the acquisition of Alta and Ardent.

For 2024, \$145,437 was paid toward lease liabilities (2023- \$199,611).

For 2024, contingent consideration of \$209,005 was paid for the purchases of Alta and Ardent (2023- \$587,789).

Finance costs paid were \$404,736 (2023- \$249,816). The increase is due to the increase in long-term debt.

Investing activities:

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

In 2024, the Company invested \$6,862 in property and equipment, compared to \$22,664 in 2023.

I) Liquidity and Capital Resources

Working capital was \$3,447,955 as of December 31, 2024 compared to \$2,125,925 as of December 31, 2023. The table below shows other balance sheet accounts compared to previous year including the percentage change:

	2024	2023	%
Bank borrowings	\$ -	\$ 550,000	-100%
Short-term debt	\$ -	\$ 181,777	-100%
Contract liabilities	\$ 163,893	\$ 376,670	-56%
Trade and other liabilities	\$ 1,259,446	\$ 3,672,683	-66%
Current portion of lease liabilities	\$ 170,574	\$ 288,452	-41%
Lease liabilities	\$ 176,001	\$ 412,331	-57%
Current portion of contingent consideration payable	\$ -	\$ 511,224	-100%
Contingent consideration payable	\$ 15,001	\$ 958,776	-98%
Current portion of long-term debt	\$ 606,204	\$ 478,082	27%
Long-term debt	\$ 1,591,714	\$ 2,197,918	-28%

Debt to equity decreased from 1.53 at December 31, 2023 to 0.51 at December 31, 2024. The decrease is due to the decrease in trade and other liabilities, the repayment of short-term debt, the decrease in lease liabilities due to a lease termination, and the decrease in contingent consideration payable due to fair value revaluation.

The Company has a current ratio of 2.57:1 and credit facilities that include a \$3,000,000 demand operating loan. The Company had drawn \$nil on this facility as of December 31, 2024 (2023- \$550,000).

The Company had cash in the bank as of December 31, 2024, of \$1,245,793 and good quality accounts receivable of \$3,763,140. 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.

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Review of quarterly operating results ('000s)

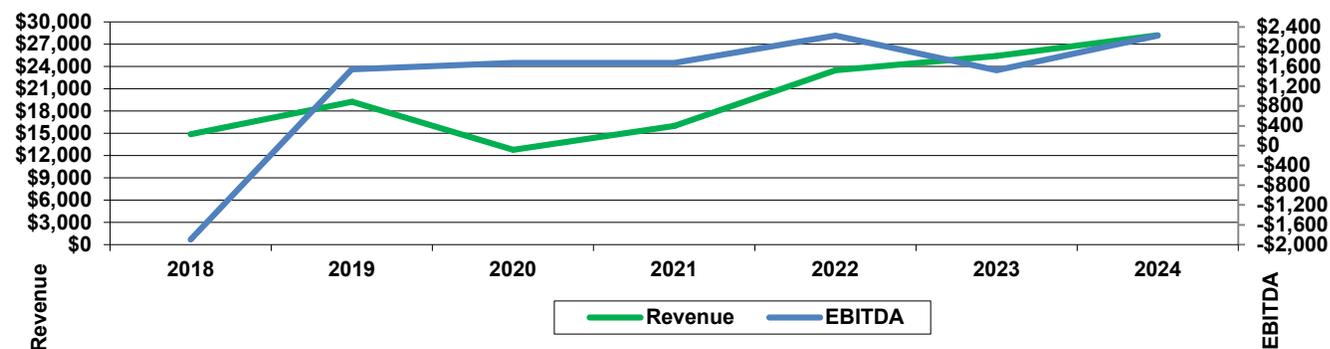
		2024				2023			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$	6,368	\$ 6,657	\$ 7,353	\$ 7,846	\$ 9,020	\$ 5,634	\$ 5,682	\$ 5,097
Cost of services		3,144	3,445	4,289	4,778	5,748	2,719	2,570	2,640
Gross margin		3,224	3,212	3,064	3,068	3,272	2,915	3,112	2,457
Total operating expenses		2,888	2,845	2,977	2,923	3,214	2,656	2,737	2,690
Earnings (loss) from operating activities	\$	336	\$ 367	\$ 87	\$ 145	\$ 58	\$ 259	\$ 375	\$ (233)
Investment tax credits		(269)	-	-	-	-	-	-	-
Loss (gain) in fair value of contingent consideration		(230)	(179)	(847)	(43)	484	21	26	(90)
Finance costs		93	92	101	118	101	62	45	42
Net earnings (loss) before income taxes	\$	742	\$ 454	\$ 833	\$ 70	\$ (527)	\$ 176	\$ 304	\$ (185)
Finance costs		93	92	101	118	101	62	45	42
Impairment of intangible assets and goodwill		461	-	-	-	-	-	-	-
Investment tax credits		(269)	-	-	-	-	-	-	-
Loss (gain) in fair value of contingent consideration		(230)	(179)	(847)	(43)	484	21	26	(90)
Amortization of property and equipment		44	44	44	55	146	145	153	153
Amortization of intangible assets		113	113	113	113	113	65	65	75
Share-based compensation		52	52	52	31	41	41	41	27
Adjusted EBITDA¹	\$	1,006	\$ 576	\$ 296	\$ 344	\$ 358	\$ 510	\$ 634	\$ 22

¹Adjusted 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.

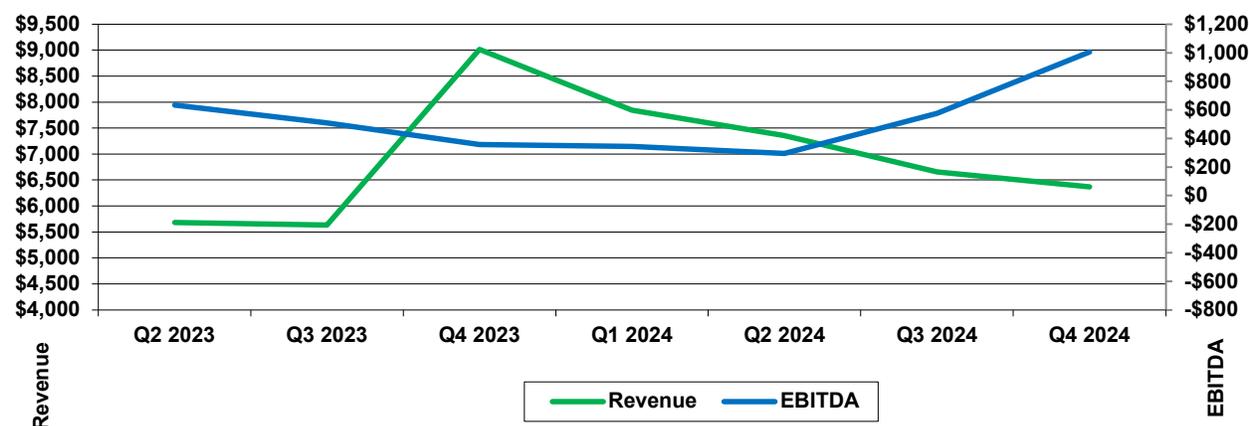
Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures and uses the metric for this purpose. We calculate Adjusted 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)



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Quarterly Adjusted EBITDA and revenue (in '000s)



ACCOUNTING POLICIES

a) Critical Accounting Estimates and judgments

The Company's unaudited interim condensed 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 third party service providers could perform them and do not involve significant customization of the licensed software.

Useful lives of intangible assets

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

Business combinations

On initial recognition, the acquired business's assets and liabilities and the consideration paid for them are included in the consolidated statement of financial position at their fair values. Management measures fair value using estimates of future cash flows and discount rates.

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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 taxable income will likely be available against which the losses can be utilized. These estimates are reviewed at every reporting date. 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 several 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 determining a suitable discount rate.

b) Statement of compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards. On April 3, 2025, 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, 2024 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, 2024 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 comprises three independent directors who are unrelated to the Company. One director owns more than 10% of the outstanding shares, and the other as Chief Executive Officer of the Company. The entire Board fulfils the Audit Committee and all directors other than the Chief Executive Officer fulfil the Compensation Committee mandates. The Board and Management will continue to ensure compliance with regulatory requirements.

RISK MANAGEMENT

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

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

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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) Economic Uncertainties

The North American economy is experiencing ongoing geopolitical tension creating an environment that is unpredictable and challenging. Risks associated with these economic uncertainties include:

- an increase in the cost of debt and working capital;
- additional risk from the potential of eroding the financial health of our clients

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 purchasing 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 nine 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 larger industry participants' marketing and pricing decisions, including large companies with 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. However, there can be no assurance that Intouch will be able to expand its operations cost-effectively or timely 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 its managerial, operational, and financial resources. Demands on Intouch's financial resources will grow rapidly with its expanding customer base. Additional working capital may be required, and there are no assurances that access to the capital required for 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. Employees may voluntarily terminate their employment with Intouch at any time. The loss of key personnel's services could have a material adverse effect on Intouch's business, financial condition, and results of operation.

g) Future Capital Needs

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

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h) Foreign Exchange Exposure

Intouch continues to expand its operations into the US market. Fluctuations in the currency exchange rate may affect the company's revenue and operations. 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 information technology networks and systems could interfere with the operations and could compromise the confidentiality of private customer data or proprietary information. While Intouch attempts 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, the Company remains potentially vulnerable to additional known or unknown threats. Intouch collects and stores sensitive data, including intellectual property, proprietary business information as well as personally identifiable information of its customers and employees in data centers and on information technology networks. The secure operation of these networks and systems is critical to business operations and strategy. Despite efforts to protect sensitive, confidential or personal data or information, Intouch 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 the Company's 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 reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

j) Artificial Intelligence

The introduction of artificial intelligence (AI) into society is rapid and accelerating. Changes to the fundamentals of how technology operates come with a myriad of risks. Intouch may be exposed to these risks through our interaction with both customers and suppliers who have introduced AI in addition to any AI related development ongoing internally. Risks associated with the exposure to AI include:

- Loss of control of technology that relies on AI
- Errors or biases introduced by AI
- Illegal or unethical behaviour of programs influenced by AI
- AI may lead to societal unrest
- Breaches or attacks that are AI-generated

If any of these risks damage the company, it could lead to damage to reputation or competitiveness, remediation or increased protection costs, litigation, or regulatory action.

CAPITAL MANAGEMENT

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

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

The Company was in compliance with all of its covenants as of December 31, 2024 (2023- compliant).

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

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The Company is not subject to any statutory capital requirements and has no commitments, other than options and restricted share units, to sell or otherwise issue common shares. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

FINANCIAL INSTRUMENTS

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

	December 31, 2024	December 31, 2023
Financial assets:		
At amortized cost		
Cash and cash equivalents	\$ 1,245,793	\$ 898,135
Trade and other receivables	3,763,140	6,809,791
Contract assets	334,333	170,922
Total financial assets	\$5,343,266	\$7,878,848
Financial liabilities:		
At amortized cost		
Bank borrowings	\$ -	\$ 550,000
Trade and other liabilities	1,259,446	3,672,683
Short-term debt	-	181,777
Long-term debt	2,197,918	2,676,000
Lease liabilities	346,575	700,783
At fair value		
Contingent consideration	15,001	1,470,000
Total financial liabilities	\$3,818,940	\$9,251,243

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, 2024, there were 88,231 shares issued resulting from the exercise of stock options (2023 – nil).

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.

INTOUCH INSIGHT LTD.
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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.

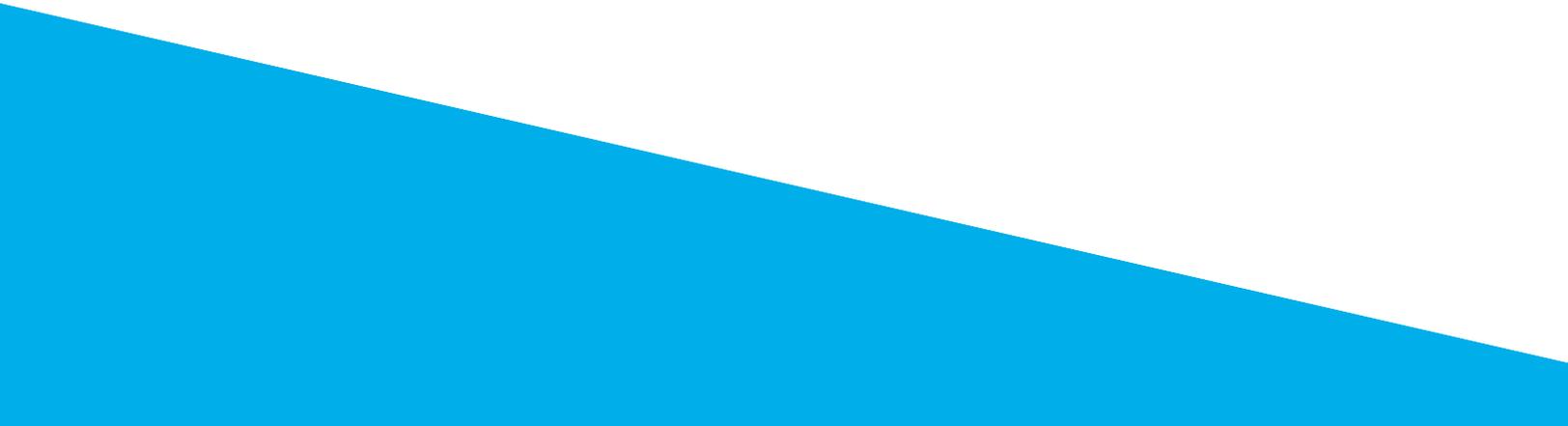
Additional information about the Company such as the 2024 audited consolidated financial statements can be found on SEDAR at www.sedar.com.

Consolidated Financial Statements

Intouch Insight Ltd.

Years ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)



Intouch Insight Ltd.
Consolidated Financial Statements
December 31, 2024 and 2023

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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 and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards), 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 four 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 3, 2025,

"Cameron Watt"

Cameron Watt
Chief Executive Officer

"Cathy Smith"

Cathy Smith
Chief Financial Officer

Independent Auditor's Report

To the Shareholders of Intouch Insight Ltd.

Opinion

We have audited the consolidated financial statements of Intouch Insight Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

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, 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 \$6,422,197 before impairment were tested for impairment as at December 31, 2024. An impairment loss of \$461,173 was recorded during the year, as detailed in Note 14. Management's accounting policy regarding impairment is included in Note 2(h).

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.



Independent Auditor's Report

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 \$15,001 at December 31, 2024 as detailed in Note 16.

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

How the key audit matter was addressed in the audit

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

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



Independent Auditor's Report

Other Information

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

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

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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 audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

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

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 3, 2025

INTOUCH INSIGHT LTD.

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

Years ended December 31, 2024 and 2023

(in Canadian Dollars)

	Note	2024	2023
Revenue	4	\$ 28,224,202	\$ 25,433,731
Cost of services	5	15,656,698	13,677,101
Gross margin		12,567,504	11,756,630
Operating expenses			
Selling	6	2,153,051	2,151,425
General and administrative	7	7,042,007	6,929,733
Product development	8	1,975,843	2,216,911
Impairment of intangible assets and goodwill	14	461,173	-
Total operating expenses		11,632,074	11,298,069
Income from operating activities		935,430	458,561
Non-operating expenses (income)			
Finance costs	25	404,736	249,816
Loss (gain) in fair value of contingent consideration payable	16	(1,299,343)	440,628
Investment tax credits		(269,057)	-
Net income (loss) before income taxes		2,099,094	(231,883)
Income taxes	26		
Deferred tax expense (recovery)		225,476	37,901
Current tax expense		470,826	114,534
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		1,402,792	(384,318)
Earnings (Loss) per share	10		
Basic		\$ 0.05	\$ (0.02)
Diluted		\$ 0.05	\$ (0.02)
Weighted average number of shares - basic		25,525,716	25,515,594
Weighted average number of shares - diluted		25,644,322	25,515,594

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(in Canadian Dollars)

	Notes	December 31, 2024	December 31, 2023
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 1,245,793	\$ 898,135
Trade and other receivables	12	3,763,140	6,809,791
Contract assets	12	334,333	170,922
Prepaid expenses		304,806	305,665
Total Current Assets		5,648,072	8,184,513
<i>Non-Current Assets</i>			
Property and equipment	13	365,081	720,715
Deferred tax assets	26	-	145,099
Intangible assets	14	4,199,838	4,651,982
Goodwill	14	1,761,186	2,222,359
Total Non-Current Assets		6,326,105	7,740,155
TOTAL ASSETS		11,974,177	15,924,668
LIABILITIES			
<i>Current Liabilities</i>			
Bank borrowings	21	\$ -	\$ 550,000
Trade and other liabilities	17	1,259,446	3,672,683
Contract liabilities	12	163,893	376,370
Short-term debt	18	-	181,777
Current portion of contingent consideration payable	16	-	511,224
Current portion of long-term debt	19	606,204	478,082
Current portion of lease liabilities	20	170,574	288,452
Total Current Liabilities		2,200,117	6,058,588
<i>Non-Current Liabilities</i>			
Long-term debt	19	1,591,714	2,197,918
Contingent consideration payable	16	15,001	958,776
Deferred tax liabilities	26	80,377	-
Lease liabilities	20	176,001	412,331
Total Non-Current Liabilities		1,863,093	3,569,025
TOTAL LIABILITIES		4,063,210	9,627,613
SHAREHOLDERS' EQUITY			
Share capital	22	7,272,952	7,227,691
Contributed surplus		2,029,942	1,864,083
Deficit		(1,391,927)	(2,794,719)
TOTAL SHAREHOLDERS' EQUITY		7,910,967	6,297,055
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		11,974,177	15,924,668

Commitments and Contingencies 31

ON BEHALF OF THE BOARD

"Eric Beutel" Director
Eric Beutel

"W. David Oliver" Director
W. David Oliver

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Changes in Equity

Years ended December 31, 2024 and 2023

(in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance as at January 1, 2023	22	25,515,594	\$ 7,227,691	\$ 1,714,206	\$ (2,410,401)	\$ 6,531,496
Share-based compensation		-	-	149,877	-	149,877
Net loss and comprehensive loss		-	-	-	(384,318)	(384,318)
Balance as at December 31, 2023	22	25,515,594	\$ 7,227,691	\$ 1,864,083	\$ (2,794,719)	\$ 6,297,055
Issuance of share capital from the exercise of share options	22	88,231	45,261	(21,386)	-	23,875
Share-based compensation		-	-	187,245	-	187,245
Net income and comprehensive income		-	-	-	1,402,792	1,402,792
Balance as at December 31, 2024		25,603,825	\$ 7,272,952	\$ 2,029,942	\$ (1,391,927)	\$ 7,910,967

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

INTOUCH INSIGHT LTD.

Consolidated Statements of Cash Flows

Years ended December 31, 2024 and 2023

(in Canadian Dollars)

	Note	2024	2023
Cash flows from operating activities			
Net income (loss)		\$ 1,402,792	\$ (384,318)
Adjustments for non-cash items:			
Amortization of property and equipment	13	187,358	596,614
Amortization of intangible assets	14	452,144	319,106
Recovery of doubtful accounts		(13,174)	(2,699)
Finance costs	25	404,736	249,816
Impairment of intangible assets and goodwill	14	461,173	-
Loss (gain) in fair value of contingent consideration	16	(1,299,343)	440,628
Share-based compensation	22, 23	187,245	149,877
Loss (gain) on disposal of property and equipment		(32,015)	3,237
Deferred tax expense (recovery)	26	225,476	37,901
Net change in non-cash operating working capital	24	265,627	342,976
Net cash flows from operating activities		2,242,019	1,753,138
Cash flows from financing activities			
Net repayments from bank borrowings		\$ (550,000)	\$ (590,000)
Issuance of share capital net of cash issue costs	22	23,875	-
Repayment of short-term debt	18	(181,777)	(983,408)
Proceeds (repayment) of long-term debt	19	(478,082)	2,000,000
Payment of lease liabilities	20	(145,437)	(199,611)
Repayment of contingent consideration payable	16	(209,005)	(587,789)
Foreign exchange loss (gain) on financing activities		57,663	(33,074)
Finance costs paid	25	(404,736)	(249,816)
Net cash flows from (used in) financing activities		(1,887,499)	(643,698)
Cash flows from investing activities			
Purchase of BEB and subsidiaries, net of cash acquired	15	-	(1,048,703)
Purchase of property and equipment	13	(6,862)	(22,664)
Net cash flows from (used in) investing activities		(6,862)	(1,071,367)
NET INCREASE IN CASH		347,658	38,073
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		898,135	860,062
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 1,245,793	\$ 898,135
Additional Information			
Interest paid		271,032	127,915
Income tax paid (recovered) included in operating activities		-	-

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

INTOUCH INSIGHT LTD.
Notes to the Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(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.

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 MATERIAL 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”) and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards) in effect at the closing date of December 31, 2024.

On April 3, 2025, 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(o).

(c) Basis of consolidation

The consolidated financial statements include the accounts of Intouch Insight Ltd., the ultimate parent, and its wholly owned subsidiaries Intouch Insight Inc, and Intouch Insight Corp. Intouch Insight Inc is incorporated in Canada. On January 1, 2022, former Canadian subsidiaries Performalogs Inc., and Mobilforce Incorporated were amalgamated with Intouch Insight Inc. Intouch Insight Corp. is incorporated in the United States of America and owns all outstanding shares of both Alta360 Research Inc and its sister company Ardent Retail Services Inc. On December 13, 2024, Brand Equity Builders Inc, the former parent company of Alta360 Research Inc and Ardent Retail Services Inc, was dissolved into Intouch Insight Corp. On the same date, Mystery Researchers LLC (dba SeeLevel HX) was also dissolved into Intouch Insight Corp.

Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

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

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

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

(d) Functional currency and foreign currency translation

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

Transactions in foreign currency are translated into the functional currency using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-

INTOUCH INSIGHT LTD.
Notes to the Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(in Canadian Dollars)

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, Alta360 Research Inc, and Ardent Retail Services Inc is the American dollar.

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

(e) Cash and cash equivalents

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

(f) Property and equipment

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

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

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

(g) Intangible assets

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

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

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

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. The discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

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

INTOUCH INSIGHT LTD.
Notes to the Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(in Canadian Dollars)

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 \$461,173 in impairment losses recognized for the year ended December 31, 2024, with \$nil for intangible assets, and \$461,173 for goodwill (December 31, 2023- \$nil).

(i) Revenue recognition

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

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 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.

INTOUCH INSIGHT LTD.
Notes to the Consolidated Financial Statements
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(in Canadian Dollars)

(j) Leases

At the inception of a lease contract, the Company assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the beginning of the lease. This is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The Company then amortizes this right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease period includes periods covered by an option to extend if the Company is reasonably certain to exercise that renewal option. Furthermore, the Company assesses for potential impairment losses at each reporting period.

The Company initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses the incremental borrowing rate. The Company adjusts the balance at each reporting period using the effective interest method. The lease liability may also be remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in management's estimate of the amount expected to be payable under a residual value guarantee, or if management changes its assessment of whether it will exercise a purchase, extension, or termination option. If remeasured, a corresponding adjustment is also made to the carrying amount of the right-of-use asset, or is recorded in the statement of net income (loss) ("P&L") if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

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

(k) Equity

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

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

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

(l) Earnings per share

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

(m) Share-based compensation

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

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

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

INTOUCH INSIGHT LTD.
Notes to the Consolidated Financial Statements
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An award with different vesting dates is considered a separate grant for calculating fair value and the resulting fair value is amortized over the vesting period of the respective grants.

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

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

(n) Income taxes

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

Deferred tax is recognized using the liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future and provided that the Company can control the reversal of those differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the expected tax rates applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

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

(o) Financial instruments

Classification

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

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

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

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

1. Held within a business model whose objective is to hold assets to collect contractual cash flows; and

INTOUCH INSIGHT LTD.
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2. Contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Measurement

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

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

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

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

Impairment

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

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

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Derecognition

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

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

(p) Segment reporting

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

(q) Critical accounting estimates and judgments

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

Contracts with clients

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

Useful lives of intangible assets

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

Business combinations

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

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

Contingent consideration

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

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

Deferred tax assets and investment tax credits are recognized for unused tax losses and credits to the extent that it is probable that taxable income will be available against which the losses can be utilized. These estimates are reviewed at every reporting date. Information about assumptions and estimation based upon the likely timing and the level of the reversal

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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.

3. RECENT ACCOUNTING PRONOUNCEMENTS AND FUTURE CHANGES IN ACCOUNTING POLICIES

Accounting Standards and Amendments Applied for the First Time

The following new standards and amendments to existing standards are effective for the annual reporting period beginning on or after 1 January 2024, and are therefore in effect for these financial statements:

IAS 1, Presentation of Financial Statements

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

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

In October 2022, the IASB published Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024. The amendments to IAS 1 have no material impact on the financial statements.

IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) relate to amendments to IAS 7 and IFRS 7 made in 2023. The amendments introduce new disclosures to help users of the financial statements to assess the effects of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk.

The amendments to IAS 7 and IFRS 7 are effective for annual reporting periods beginning on or after January 1, 2024. The amendments to IFRS 7/IAS 7 have no material impact on the financial statements.

Accounting Standards and Amendments Issued But Not Yet Effective

The following new standards and amendments to existing standards have been published with mandatory effective dates in future accounting periods.

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IAS 21 The Effects of Changes in Foreign Exchange Rates

Lack of Exchangeability (Amendment to IAS 21) relates to amendments to IAS 21 made in 2023. The amendments to IAS 21 are effective for annual reporting periods beginning on or after 1 January 2025. The Company is currently assessing the impact of adoption of this guidance.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9) relate to amendments to IFRS 9 made in 2024.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) relate to amendments to IFRS 9 and IFRS 7 made in 2024. The amendments ensure that financial statements more faithfully reflect the effects that renewable electricity contracts have on an entity.

The amendments to IFRS 9 and IFRS 7 are effective for annual reporting periods beginning on or after 1 January 2026. The Company is currently assessing the impact of adoption of this guidance.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 relates to a new standard on presentation and disclosure in financial statements, made in 2024. IFRS 18 improves how companies communicate their financial performance, providing better information to investors and reducing complexity and costs. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The Company is currently assessing the impact of adoption of this guidance.

4. REVENUE

Geographical revenue

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

	2024	2023
Canada	\$ 4,918,322	\$ 5,462,445
US	23,210,094	19,877,171
Other	95,786	94,115
Total revenue	\$ 28,224,202	\$ 25,433,731

Major customers

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

	2024	2023
Customer 1	\$ 3,396,259	\$ 3,030,431

Major trade receivables

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

	2024	2023
Customer 1	\$ 494,053	\$ 824,288
Customer 2	-	1,991,453

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

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5. COST OF SERVICES

During the year ended December 31, 2024, the Company recorded an amortization expense of \$2,965 (2023 - \$305,367) within cost of services. Salaries and benefits charged to cost of services were \$1,613,638 in 2024 compared to \$1,019,879 in 2023.

6. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	2024	2023
Salaries and benefits	\$ 1,232,966	\$ 1,197,281
Marketing expenses	684,122	648,043
Travel expenses	235,963	306,101
Selling expenses	\$ 2,153,051	\$ 2,151,425

7. GENERAL AND ADMINISTRATIVE EXPENSES

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

	2024	2023
Corporate administration	\$ 1,310,974	\$ 1,041,119
Consultant fees	2,506	6,282
Professional fees	273,204	385,989
Public company fees	280,023	268,989
Salaries and benefits ⁽¹⁾	4,717,747	4,400,597
Loss (gain) on disposal of property and equipment	(32,291)	3,236
Loss (gain) on foreign exchange	(136,484)	215,749
Bad debt expense (recovery)	(13,174)	(2,699)
Amortization expense	639,502	610,470
General and administrative expenses	\$ 7,042,007	\$ 6,929,733

⁽¹⁾ Share-based compensation (a non-cash item) of \$187,245 (2023 - \$149,877) has been included in Salaries and benefits

8. PRODUCT DEVELOPMENT EXPENSES

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

	2024	2023
Salaries and benefits	\$ 2,006,751	\$ 2,216,911
Investment tax credits and other government contributions towards development	(30,908)	-
Product development expenses	\$ 1,975,843	\$ 2,216,911

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Dodoname Inc.

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

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

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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:

	2024	2023
Weighted average number of common shares - basic	25,525,716	25,515,594
Additions to reflect the dilutive effect of employee stock options	118,606	-
Weighted average number of common shares - diluted	25,644,322	25,515,594

For the year ended December 31, 2024, 1,700,000 options (2023- 2,490,000) were excluded from the calculation of diluted common shares as their effect would have been anti-dilutive.

11. EMPLOYEE REMUNERATION

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

	2024	2023
Salaries and benefits	\$ 9,383,857	\$ 8,684,791
Share-based compensation	187,245	149,877
Total salaries, benefits and share-based compensation	\$ 9,571,102	\$ 8,834,668

12. TRADE, OTHER RECEIVABLES, CONTRACT ASSETS, AND CONTRACT LIABILITIES

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

	As of December 31, 2024	As of December 31, 2023
Trade accounts receivable, gross	\$ 3,752,251	\$ 6,799,807
Provision for expected credit losses	-	(11,358)
Trade accounts receivable, net	3,752,251	6,788,449
Sales taxes recoverable	10,889	21,343
Other receivables	-	-
Contract assets	334,333	170,922
Trade, other receivables and contract assets	\$ 4,097,473	\$ 6,980,713

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

	As of December 31, 2024	As of December 31, 2023
1 - 60 days past due	\$ 1,438,910	\$ 1,954,375
Greater than 60 days past due	366,881	436,680
	\$ 1,805,791	\$ 2,391,055

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

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

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	As of December 31, 2024	As of December 31, 2023
Revenue recognized for the year	\$ 28,224,202	\$ 25,433,731
Less: Billings	28,053,762	25,639,179
	\$ 170,440	\$ (205,448)
Contract assets	\$ 334,333	\$ 170,922
Contract liabilities	\$ 163,893	\$ 376,370

Contract balances

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on services revenues. There was \$nil of impairment on the amount of contract assets as of December 31, 2024 (December 31, 2023 – \$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.

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, 2024, the deferred income is \$163,893 (December 31, 2023 \$376,370). This will be recognized as revenue when the Company transfers control of promised services to those customers, which is expected to occur over the next year.

An amount of \$370,770 recognized in contract liabilities at the beginning of the period has been recognized as revenue for the period ended December 31, 2024(2023- \$713,828).

	2024	2023
Balance, beginning of year	\$ 376,370	\$ 766,595
Amounts invoiced and revenue deferred	158,293	323,603
Recognition of deferred revenue included in the balance at the beginning of year	(370,770)	(713,828)
Balance, end of year	\$ 163,893	\$ 376,370

All contracts do not extend beyond one year. Therefore, the amounts are expected to be recognized within the next year.

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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, 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 ²	1,449	5,413	-	-	247,213	254,075
Disposals ^{1,2}	-	-	(39,439)	-	(986,384)	(1,025,823)
At December 31, 2024	\$ 349,426	\$ 1,533,561	\$ 189,386	\$ 197,180	\$ 816,806	\$ 3,086,359
Accumulated Amortization:						
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 ¹	-	-	(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	6,672	2,964	19,265	7,287	151,169	187,357
Disposals ^{1,2}	-	-	(32,445)	-	(571,026)	(603,471)
At December 31, 2024	\$ 337,109	\$ 1,525,944	\$ 179,871	\$ 188,072	\$ 490,282	\$ 2,721,278
Carrying amounts:						
At December 31, 2023	\$ 17,540	\$ 5,168	\$ 35,774	\$ 16,395	\$ 645,838	\$ 720,715
At December 31, 2024	\$ 12,317	\$ 7,617	\$ 9,515	\$ 9,108	\$ 326,524	\$ 365,081

¹ Part of the termination of the Laval lease (Note 20).

² Part of the termination and renewal of the Toledo lease (Note 20).

All the above assets are pledged as security for debt obligations as identified in Note 21. There were no impairment indicators as of the end of December 2024. Amortization of \$2,965 (2023 - \$305,367) is included in cost of services while an amount of \$184,393 (2023 - \$291,247) is included in general and administrative expenses.

As part of the disposal of the Laval lease (Note 20), 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.

On August 31, 2024, the Toledo lease was terminated, and a new lease commenced on September 1, 2024. The right-of-use asset with a cost of \$306,600 and accumulated amortization of \$58,149 was disposed for \$nil proceeds.

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

- Ottawa, Ontario, Canada has a balance of \$99,912, 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 \$469,679.
- Toledo, Ohio, USA has a balance of \$226,612, recognized on September 1, 2024, leased for 3 years starting September 1, 2024, including a right to extend for one additional year, with a cost of \$247,214 and accumulated depreciation of \$20,602.

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14. 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 15)	137,000	2,209,000	-	2,346,000	1,217,872
At December 31, 2023	\$ 416,646	\$ 7,367,264	\$ 706,216	\$ 8,490,126	\$ 2,622,770
Additions	-	-	-	-	-
At December 31, 2024	\$ 416,646	\$ 7,367,264	\$ 706,216	\$ 8,490,126	\$ 2,622,770
Accumulated Amortization:					
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	31,993	420,151	-	452,144	-
Impairment	-	-	-	-	461,173
At December 31, 2024	\$ 224,129	\$ 3,359,943	\$ 706,216	\$ 4,290,288	\$ 861,584
Carrying Amounts:					
At December 31, 2023	\$ 224,510	\$ 4,427,472	\$ -	\$ 4,651,982	\$ 2,222,359
At December 31, 2024	\$ 192,517	\$ 4,007,321	\$ -	\$ 4,199,838	\$ 1,761,186

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

Impairment

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

As of December 31, 2024, the total carrying amount of goodwill and intangibles before impairment for these CGUs is as follows:

CGU:	Intangibles	Goodwill	Total
Statopex	\$ 186	\$ -	\$ 186
RetailTrack	904	-	904
PerformaLogics and MobilForce	64,143	-	64,143
SeeLevel	2,026,630	1,004,487	3,031,117
Alta/Ardent/BEB	2,107,975	1,217,872	3,325,847
Carrying Value Before Impairment	\$ 4,199,838	\$ 2,222,359	\$ 6,422,197

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

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

Impairment Review

In 2024, the Company recognized impairment losses of \$461,173 for goodwill (2023: \$nil).

The impairment losses are attributable to the following CGUs:

- \$163,211 for SeeLevel
- \$297,962 for Alta/Ardent/BEB

These losses have been recognized through the statement of net income (loss) and comprehensive income (loss).

Events and Circumstances Leading to Impairment

The following events and circumstances led to the recognition of impairment losses in the current year:

- SeeLevel: Loss of a specific client program.
- Alta/Ardent/BEB: Loss of a specific client program.

Recoverable Amount of CGUs

The recoverable amount of each CGU was determined based on value-in-use calculations, as these were higher than fair value less costs of disposal. These calculations cover detailed four to five-year forecasts based on past financial results and the Company's assessment of the future performance of each CGU.

The key assumptions used in the value-in-use calculations are as follows:

- Perpetual growth rate of 2%.
- After-tax discount rates applied to the CGUs are as follows:
 - Alta/Ardent/BEB: 19.65%
 - SeeLevel: 25.82%
 - PerformaLogics/MobilForce: 33.17%

The following table presents the carrying amount of goodwill and intangibles after impairment for these CGUs:

CGU:	Intangibles	Goodwill	Total
Statopex	\$ 186	\$ -	\$ 186
RetailTrack	904	-	904
PerformaLogics and MobilForce	64,143	-	64,143
SeeLevel	2,026,630	841,276	2,867,906
Alta/Ardent/BEB	2,107,975	919,910	3,027,885
Carrying Value Before Impairment	\$ 4,199,838	\$ 1,761,186	\$ 5,961,024

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15. ACQUISITION OF BRAND EQUITY BUILDERS, INC.

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

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

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

The purchase consideration comprised the following:

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

The net cash outflow of the acquisition was as follows:

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

The Company allocated the purchase consideration as follows:

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

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

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

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

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

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

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

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

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

16. CONTINGENT CONSIDERATION

As part of the acquisition on February 3, 2020 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) was payable over three years following the closing, based on payments received from one key customer. When determining amount of this future consideration, the Company employs a discounted cash flow model. The duration of the cash flow projections is based on estimates of the revenues to be earned from the customer over the three years following the closing of the acquisition. The probabilities for the estimates range from 75% to 100% for each 12-month period, and the discount rate is 33.17%.

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

As part of the acquisition on October 1, 2021 of SeeLevel, future consideration was 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

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the revenues to be earned from the customer over the two years following the closing of the acquisition. The probabilities for the estimates equal 100% for each 12 months, and the discount rate is 25.82%.

The contingent consideration period ended in September 2023. As of December 31, 2023, \$1,422,057 of the contingent consideration was paid. The gain recorded for 2023 was \$44,849.

As part of the acquisition of BEB and its subsidiaries Alta and Ardent, future consideration is payable over four years following the closing, based on a percentage of Alta customer experience revenues from existing and identified prospective customers. The first US\$3 million of annual eligible revenues are exempt from contingent consideration. Between US\$3 million and US\$5 million of annual eligible revenues, the percentage for the contingent consideration is 20%. For annual eligible revenues over US\$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 four years following the closing of the acquisition. The probabilities for the estimates equal 100% for each 12 months, and the discount rate is 19.65%.

As of December 31, 2024, \$209,005 of the contingent consideration was paid. In addition, the fair value of the future consideration was \$15,001 (all non-current), resulting in a gain of \$1,299,343.

17. TRADE AND OTHER LIABILITIES

	As of December 31, 2024	As of December 31, 2023
Trade payables	\$ 635,523	\$ 3,128,199
Accrued liabilities and interest payable	623,923	544,484
Total accounts payable and accrued liabilities	\$ 1,259,446	\$ 3,672,683

18. SHORT TERM DEBT

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

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

19. LONG-TERM DEBT

	2024	2023
Promissory Notes	\$ 467,918	\$ 676,000
Long-Term Bank Loan	1,730,000	2,000,000
	\$ 2,197,918	\$ 2,676,000
Less: Current portion	(606,204)	(478,082)
	\$ 1,591,714	\$ 2,197,918

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

	Interest Rate	December 31, 2023	Principal Paid	Interest Charged	Interest Paid	December 31, 2024
Promissory Notes	8.5% per annum	\$ 676,000	(208,082)	58,106	(58,106)	467,918
Long-Term Bank Loan	Floating base rate + 0.6% (8.15%)	\$ 2,000,000	(270,000)	182,430	(182,430)	1,730,000
		\$ 2,676,000	(478,082)	240,536	(240,536)	2,197,918

a) Promissory Notes

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

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

As of December 31, 2024, the total outstanding balance is US\$346,093 (C\$467,918), with US\$182,103 (C\$246,204) classified as short-term, and US\$163,990 (C\$221,714) 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% (December 31, 2024- 7.55% + 0.6% = 8.15%), and the term is for 4.75 years.

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

The loan agreement includes covenants as detailed in Note 30. As of December 31, 2024, the Company was in compliance with these covenants. However, it is important to note that if the Company breaches any of these covenants, the lender has the right to demand immediate repayment of the outstanding principal, which could have a material impact on the Company's financial position and results of operations.

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20. LEASE LIABILITIES

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

	As of December 31, 2024
Less than one year	\$ 170,574
Between one and five years	225,556
More than five years	-
Total lease payments	396,130
Amounts representing interest over the term of the lease	49,555
Present value of net lease payments	346,575
Current portion of lease obligation	\$ 170,574
Non-current portion of lease obligation	\$ 176,001

The following table shows the movement for lease liabilities for 2024:

	December 31, 2024
Balance, January 1, 2024	\$ 700,783
Additions	247,214
Termination of lease	(454,367)
Repayments	(180,416)
Interest portion of repayments	33,361
Ending balance	\$ 346,575

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 resulted in a gain of \$190,030, while the removal of the right-of-use asset resulted in a loss of \$166,907, with a net gain of \$23,123.

On September 20, 2024, the Company terminated its lease in Toledo, Ohio, USA (and signed a new lease on the same date), with the approval of its landlord. The prior lease ended on August 31, 2024, and the new lease began on September 1, 2024.

Accordingly, the lease liability and its related right-of-use asset for the old lease (Note 9) are de-recognized on August 31, 2024. The removal of the lease liability results in a gain of \$264,613, while the removal of the right-of-use asset results in a loss of \$248,452, with a net gain of \$16,161.

For 2024, \$39,019 (2023- \$ nil) of lease payments was included in operating expenses as the underlying lease is less than twelve months.

21. BANK BORROWINGS

a) Credit facilities

As of December 31, 2024, bank borrowings were \$nil (2023- \$550,000). 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 6.45% (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 December 31, 2024 (2023-compliant). The carrying amounts of any borrowings are a reasonable approximation of fair value.

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

22. SHARE CAPITAL

Authorized:

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

During the year ended December 31, 2024, the Company issued 88,231 common shares (230,000 less 141,769 redeemed to allow for a cashless exercise) through the exercise of stock options for gross proceeds of \$23,875.

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

23. STOCK OPTION PLAN

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

There were 790,000 options issued in 2024 (2023- 860,000). The employee compensation expense related to options vested in fiscal 2024 is \$187,245 (2023- \$149,877). At December 31, 2024, 1,039,118 common shares (2023- 1,279,118) are reserved for additional options under this plan.

A summary of the status of the Company's issued and outstanding stock options as of December 31, 2024 and December 31, 2023, and changes during the years ended on those dates, is presented below:

	2024		2023	
	Number of <u>Options</u>	Weighted average exercise <u>price</u>	Number of <u>Options</u>	Weighted average exercise <u>price</u>
Outstanding, beginning of year	2,490,000	\$ 0.47	2,040,000	\$ 0.53
Granted	790,000	\$ 0.46	860,000	\$ 0.35
Exercised	230,000	\$ 0.10	-	-
Forfeited	(250,000)	\$ 0.49	(250,000)	\$ 0.65
Expired	(320,000)	\$ 0.48	(160,000)	\$ 0.49
Outstanding, end of year	2,480,000	\$ 0.47	2,490,000	\$ 0.47

The weighted average share price at the date of exercise was \$0.48 (2023 - \$nil).

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The following table summarizes information about stock options as of December 31, 2024:

Exercise prices	Options Outstanding		Options Exercisable
	Number outstanding at Dec 31, 2024	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2024
\$0.305	170,000	0.27	170,000
\$0.345	610,000	3.48	203,334
\$0.355	50,000	4.83	-
\$0.405	125,000	3.90	41,669
\$0.410	5,000	4.27	0
\$0.430	100,000	4.00	-
\$0.455	5,000	3.28	1,667
\$0.470	630,000	4.30	30,000
\$0.550	455,000	2.41	303,332
\$0.660	50,000	2.65	33,333
\$0.670	5,000	1.40	5,000
\$0.720	265,000	1.27	265,000
\$0.790	10,000	1.66	10,000
\$ 0.305 to \$ 0.79	2,480,000	3.07	1,063,335

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

The weighted average exercise price was \$0.51 in 2024 (2023 - \$0.47) for exercisable options.

The Company uses the Black-Scholes model to calculate option values.

The assumptions using the Black-Scholes option pricing model for 2024 were: a weighted average share price and an exercise price of \$0.36-\$0.47, risk free interest rate of 3.10% to 4.00%, volatility of 72% to 90% with no expected dividend yield, 0-40% assumed forfeiture and a five-year estimated life.

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

The fair value of stock options granted during fiscal 2024 was \$0.21-\$0.29 (2023 - \$0.17-\$0.28).

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24. CASH FLOW INFORMATION

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

	2024	2023
Trade and other receivables	\$ 3,059,825	\$ (1,137,530)
Contract assets	(163,411)	(136,038)
Prepaid expenses	859	87,912
Trade and other liabilities	(2,419,169)	1,918,857
Contract liabilities	(212,477)	(390,225)
Net change in non-cash working capital	\$ 265,627	\$ 342,976

25. FINANCE COSTS

Finance costs may be analyzed as follows for the fiscal years ending 2024 and 2023:

	2024	2023
Interest expense on loans and lease liabilities	\$ 271,032	\$ 127,915
Other financial charges	133,704	121,901
Finance costs	\$ 404,736	\$ 249,816

26. INVESTMENT TAX CREDITS AND INCOME TAXES

Research and development expenses

The Company has investment tax credits available of \$65,721 (2023 - \$298,017) which may be utilized to reduce future Canadian taxable income. The Company also has \$Nil (2023 - \$266,920) of deductible research and development expenditures available to reduce future years' taxable income.

The Company recorded \$269,057 of investment tax credits which were applied to reduce the Company's 2024 taxes owing. The amount was recorded in investment tax credits on the consolidated statements of net income (loss) and comprehensive income (loss).

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

	As of December 31, 2023	Recognized in net earnings	As of December 31, 2024
Property and equipment	\$ (44,300)	\$ 61,729	\$ 17,429
Share issue costs	11,281	(3,195)	8,086
Intangible assets	(474,910)	158,252	(316,658)
Investment tax credits recoverable	219,042	(172,627)	46,415
Research and development expenditures	70,734	(132,974)	(62,240)
Non-capital losses	202,201	(138,930)	63,271
Foreign tax credits	161,051	2,269	163,320
	\$ 145,099	(225,476)	\$ (80,377)

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

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

	December 31, 2024	December 31, 2023
Origination and reversal of timing differences	\$ 245,181	\$ 601,930
Adjustment of prior year deferred taxes	(19,705)	(382,027)
Tax effect of temporary differences for which no deferred tax assets were recorded	-	(182,002)
	\$ 225,476	\$ 37,901

Tax rate reconciliation

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

	As of December 31, 2024	As of December 31, 2023
Income (loss) before income taxes	\$ 2,099,094	\$ (231,884)
Combined Statutory tax rate	26.5%	26.5%
Expected tax expense (recovery)	556,260	(61,449)
Permanent differences	122,715	726,367
Tax rate differences	-	(153,036)
Current tax relating to prior years	-	-
Deferred tax relating to prior years	(19,705)	(170,946)
Effect of temporary differences not recognized as deferred tax assets	-	(182,002)
Other	37,032	(6,499)
	\$ 696,302	\$ 152,435
Income tax comprises:		
Current tax expense	\$ 470,826	\$ 114,534
Deferred tax expense (recovery)	225,476	37,901
Total tax expense (recovery)	\$ 696,302	\$ 152,435

The Company also has US losses of \$165,482 US (2023 \$569,583 US) available to offset future taxable income. These losses have certain annual restrictions and can be carried forward indefinitely.

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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, 2024	December 31, 2023
Salaries and bonuses	\$ 1,374,106	\$ 1,115,294
Directors' fees	180,000	180,000
Share-based compensation	136,407	99,620
Total Key Management Compensation	\$ 1,690,513	\$ 1,394,914

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 120,000 stock options exercised by key management personnel in 2024 (2023 – nil).

28. FINANCIAL INSTRUMENTS

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

	December 31, 2024	December 31, 2023
Financial assets:		
At amortized cost		
Cash and cash equivalents	\$ 1,245,793	\$ 898,135
Trade and other receivables	3,763,140	6,809,791
Contract assets	334,333	170,922
Total financial assets	\$5,343,266	\$7,878,848
Financial liabilities:		
At amortized cost		
Bank borrowings	\$ -	\$ 550,000
Trade and other liabilities	1,259,446	3,672,683
Short-term debt	-	181,777
Long-term debt	2,197,918	2,676,000
Lease liabilities	346,575	700,783
At fair value		
Contingent consideration	15,001	1,470,000
Total financial liabilities	\$3,818,940	\$9,251,243

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

	Trade receivables days past due						Total
	Current	1- 30 days	Over 30 days	Over 60 days	Over 90 days		
December 31, 2024	\$ 1,946,460	\$ 945,801	\$ 493,109	\$ 122,941	\$ 243,941	\$ 3,752,251	
December 31, 2023	\$ 4,397,399	\$ 1,315,461	\$ 638,914	\$ 380,582	\$ 67,455	\$ 6,799,812	

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.

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

Credit risk

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

Cash and cash equivalents

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

Trade accounts receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2024. 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).

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The Company's exposure with one customer, in the quick service restaurant industry, that fell into this category as of December 31, 2024, on aggregate, accounted for 13% of the Company's total accounts receivable balance.

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

As of December 31, 2024, it was determined that an allowance for expected credit losses of \$nil was required (2023- \$11,358).

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, 2024 and 2023:

	Within 1 Year	1 to 3 years	3 to 5 years	Total
As of December 31, 2024:				
Bank borrowings	\$ -	\$ -	\$ -	\$ -
Trade and other liabilities	1,259,446	-	-	1,259,446
Long-term debt	\$ 606,204	\$ 1,591,714	\$ -	\$ 2,197,918
	\$ 1,865,650	\$ 1,591,714	\$ -	\$ 3,457,364

As of December 31, 2023:

Bank borrowings	\$ 550,000	\$ -	\$ -	\$ 550,000
Trade and other liabilities	3,672,683	-	-	3,672,683
Short-term debt	181,777	-	-	181,777
Long-term debt	478,082	1,547,918	650,000	2,676,000
	\$ 4,882,542	\$ 1,547,918	\$ 650,000	\$ 7,080,460

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, 2024, the Canadian entities' US-dollar net monetary assets totaled approximately US\$1,023,709 (C\$1,473,015) (December 31, 2023- US\$879,235/C\$1,162,876) and the Company's United States subsidiary's US-dollar monetary net assets totaled approximately US\$1,014,572 (C\$1,459,867) (December 31, 2023- monetary net assets totaled approximately US\$1,232,210/C\$1,629,721). A 10% strengthening in the Canadian dollar against the United States dollar as of December 31, 2024 would have decreased net income and decreased shareholders' equity by \$266,626 (December 31, 2023 a decrease of \$253,872 to net income and shareholders' equity). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Interest rate

The Company has bank borrowings with interest charged at prime plus 1% (Note 21) on December 31, 2024 and 2023. The Company also has long-term debt with interest charged at a floating base rate plus 0.60% on December 31, 2024 and December 31, 2023 (Note 19).

A 1% increase in the interest rate would result in additional interest of \$20,874 (2023- \$10,643) incurred.

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30. CAPITAL MANAGEMENT

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

The Company entered into a new agreement on February 1, 2022, amended June 27, 2022, with a Schedule 1 chartered Canadian bank, replacing an agreement from January 9, 2018. This agreement contains certain positive covenants that the Company must meet regarding its bank indebtedness, namely, a minimum fixed charge coverage ratio of 115% as well as adequate accounts receivable to support any operating line draw. The Company was in compliance on December 31, 2024 (December 31, 2023-compliant).

As part of the long-term loan with a chartered Canadian bank (Note 19), the Company must comply with certain positive covenants, namely, a fixed charge coverage ratio of 115%, as well as a funded debt to twelve trailing month EBITDA of 3.5x. The Company was in compliance on December 31, 2024.

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

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

31. COMMITMENTS AND CONTINGENCIES

Contingencies

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

Board of Directors



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

CHAIR

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



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

DIRECTOR, PRESIDENT AND CEO

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



JENNIFER BATLEY

DIRECTOR

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



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

DIRECTOR

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



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.



Where *execution*
exceeds expectations.

Questions? Contact us.

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