



**Management's Discussion & Analysis**

**Intouch Insight Ltd.**

**For the three months ended March 31, 2024, and 2023**

(Expressed in Canadian Dollars)

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This MD&A is a discussion and analysis of the financial condition and results of operations of Intouch for the three months ended March 31, 2024, and 2023 ("Q1 2024" and "Q1 2023", respectively). This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2024, and 2023, and with the audited consolidated financial statements for the year ended December 31, 2023. All amounts in the MD&A are stated in Canadian dollars unless otherwise indicated. The Company's financial statements follow the International Financial Reporting Standards ("IFRS").

This MD&A is dated as of May 16, 2024.

**FORWARD-LOOKING STATEMENTS**

The following MD&A contains forward-looking information and forward-looking statements. Except for statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve several 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. These risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors outlined in the MD&A and as discussed in public disclosure documents filed with Canadian regulatory authorities. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A and Intouch disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should not place undue reliance on the Company's forward-looking statements.

**OVERVIEW OF THE BUSINESS**

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

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

Intouch is unique in that it is one of very few, if not the only, company to offer such a comprehensive range of products to the industries it serves. All products are delivered in a single, unified platform ecosystem 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 our field data capture services and natively through our software applications.

Our Products and Services:

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

- information regarding the physical state of a business,
- employee's compliance with the execution of operational standards,

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

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

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

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

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

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

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**FINANCIAL PERFORMANCE**

**Financial Highlights**

	Three months ended March 31,		% change
	2024	2023	
Revenue	\$ 7,845,856	\$ 5,096,941	54%
Cost of services	4,778,174	2,639,604	81%
Gross Margin	3,067,682	2,457,337	25%
Gross Margin %	39.1%	48.2%	-9.1%
Operating Expenses	2,922,632	2,690,453	9%
Earnings (loss) from operating activities	145,050	(233,116)	N/A
Other expenses (earnings)	75,246	(48,602)	N/A
Net earnings (loss) and comprehensive income (loss) before income taxes	69,804	(184,514)	N/A
Adjusted EBITDA <sup>1</sup>	\$ 343,843	\$ 22,088	1457%

<sup>1</sup> 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**

	March 31, 2024	December 31, 2023
Cash	\$ 563,617	\$ 898,135
Working Capital	2,260,450	2,125,925
Total Assets	13,911,518	15,924,668
Total Liabilities	7,513,491	9,627,613
Share capital and contributed surplus	9,122,942	9,091,774
Accumulated deficit	(2,724,915)	(2,794,719)
Shares issued and outstanding	# 25,522,600	# 25,515,594

Highlights from the three months ended March 31, 2024, compared to the same period in 2023:

- Revenue is 54% higher than the prior year. This increase was due to a combination of organic growth and the acquisition of Brand Equity Builders, Inc("BEB"), the parent company of both Alta360 Research, Inc (Alta) and its sister company, Ardent Retail Services Inc (Ardent) in Q4 2023.
- Gross margin as a percentage of revenue was 39.1%, compared to 48.2% in the comparative period. This decrease is due to sales mix, including introducing the lower margin Ardent services revenues.
- In the comparative period, earnings from operations were \$145,050 compared to losses from operations of \$233,116. The improvement is due to increased revenues.
- Adjusted EBITDA (a non-IFRS measure) was \$343,843 compared to \$22,088 in Q1, 2023.

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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 how the integration of Alta360 Research Inc. (Alta) and Ardent Retail Services Inc. (Ardent) is progressing and has contributed to driving revenue growth. Q1 delivered 54% growth while providing EBITDA of \$343,843 and a positive net income. Traditional business lines comprised 20% of the growth, while Ardent delivered 34%. Gross margins were lower at 39.1% due to the lower margins received through the Ardent business.

The use of mystery shopping and customer experience measurement programs appears to be increasing as companies seek information to help them bridge the gap between customer expectations and current levels of customer service. In fact, customer service levels have been a topic of concern since service-based industries came out of the pandemic into a difficult labor market.

We are focused on taking advantage of the evolving environment and capturing future organic growth as we work with prospective clients to launch major programs in 2025. We are also working to leverage our most recent acquisition by introducing the Alta clients to our broader suite of products, including our SaaS offerings.

As we look forward in 2024, we have shifted some of our focus away from previously announced growth and towards EBITDA and profitability in response to market conditions and expectations. We expect Ardent revenues to soften while we continue to adjust the delivery model for this startup business.

There will be short-term financial pressures as we integrate Alta and continue investing to prepare the organization for future growth. As always, we continue to monitor economic pressures to ensure we are spending wisely and are ready to react to both positive and negative pressures. We remain committed to managing the business carefully, balancing growth and fiscal diligence. We expect the business to remain cash flow positive to ensure that the company can be supported without the need for additional funding. Final growth rates for the year may vary based on decisions regarding the balance between growth and profitability.

**RESULTS OF OPERATIONS**

**a) Revenue**

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

The Company's strategy is to focus on software applications and long-term service contracts and as a result tracks its recurring revenue from both software and services. The following chart shows the breakdown of revenues for the three months ended March 31, 2024, and 2023.

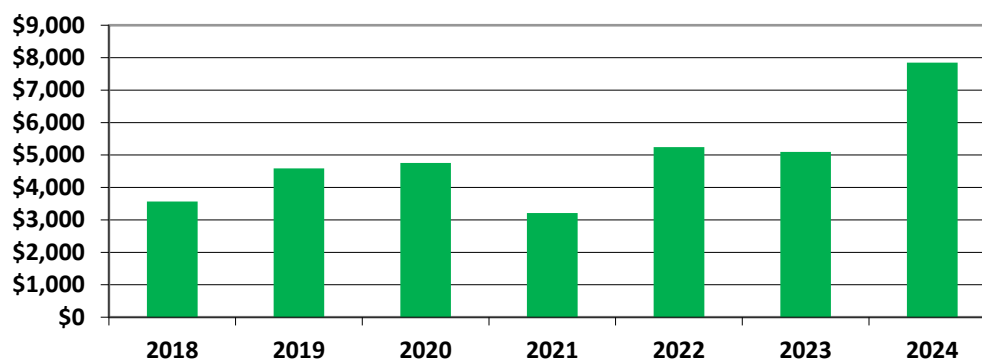
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	Three months		
	March 31, 2024	March 31, 2023	%
Software-as-a-service (SaaS) revenue	\$ 415,297	\$ 386,234	8%
Event marketing automation revenue	460,998	475,848	-3%
Ardent services revenue	1,714,715	-	N/A
Recurring services revenue	5,242,720	4,170,088	26%
Non-recurring services revenue	12,126	64,771	-81%
<b>Total revenue</b>	<b>\$ 7,845,856</b>	<b>\$ 5,096,941</b>	<b>54%</b>

The Company's Q1 2024 revenues increased 54% from Q1 2023 revenues, with its SaaS revenue increasing by 8%, its recurring services revenues increasing by 26%, and its event marketing automation revenue decreasing by 3% in the same period. Ardent services is a new revenue category for the Company, as it was part of the fall acquisition.

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

**Yearly Q1 Revenue (in '000s)**



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

	Three months					
	March 31, 2024	%	March 31, 2023	%	% Change	
Canada	\$ 1,196,791	15%	\$ 1,412,094	28%	-15%	
US	6,623,625	85%	3,663,482	72%	81%	
Other	25,440	nil	21,365	nil	19%	
<b>Total revenue</b>	<b>\$ 7,845,856</b>	<b>100%</b>	<b>\$ 5,096,941</b>	<b>100%</b>	<b>54%</b>	

For Q1 2024, revenue generated from Canadian clients was 15% lower than Q1 2023, while US revenues increased by 81%. The Company's U.S. revenues are subject to and were impacted by the foreign exchange fluctuation.

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

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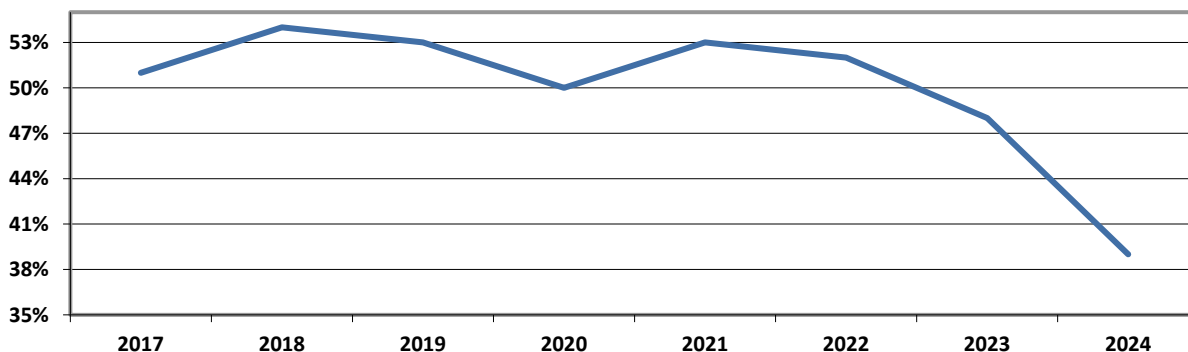
**b) Cost of Services/Gross Margin**

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

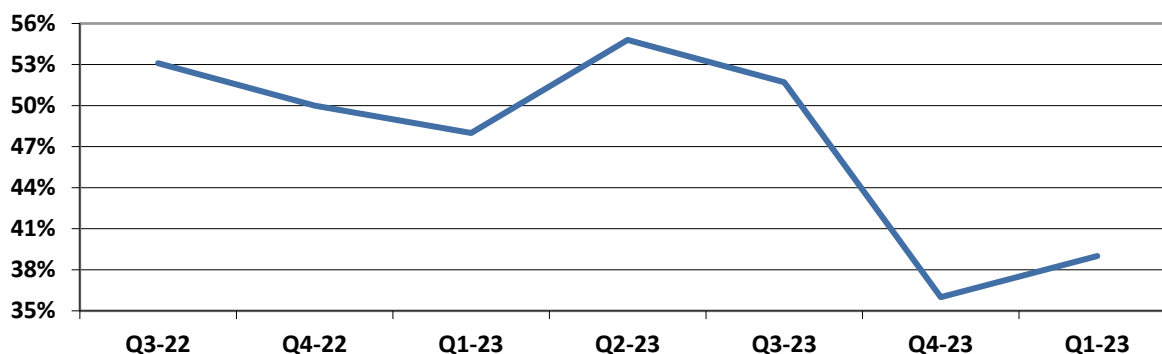
	Three months		
	March 31, 2024	March 31, 2023	%
Staff and contractor expense	2,692,339	\$ 2,103,715	28%
Delivery and communication costs	2,009,585	376,908	433%
Amortization	1,849	76,229	-98%
Commissions	74,401	82,752	-10%
<b>Cost of services</b>	<b>4,778,174</b>	<b>\$ 2,639,604</b>	<b>81%</b>
<b>Gross margin</b>	<b>39.1%</b>	<b>48.2%</b>	<b>-9.1%</b>

For Q1 2024, consolidated cost of services increased 81% compared to Q1 2023. Delivery and communication costs increased due to the increase in revenue from Ardent. Management expects this expense to fluctuate throughout 2024 based on revenues and product mix.

Yearly Q1 gross margin as a percentage of revenue



Quarterly gross margin results as a percentage of revenue





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The consolidated gross margin increased by \$610,345, or 25%, to \$3,067,682 in Q1 2024 from \$2,457,337 in Q1 2023, with a decrease in the margin percentage from 48.2% to 39.1%.

**c) Selling**

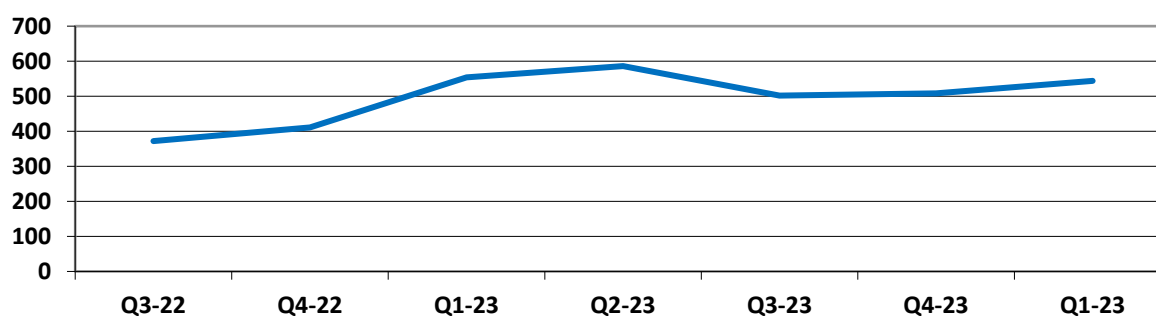
The Company includes marketing, travel, salaries, and benefits in selling expenses and are broken down as follows:

	Three months		
	March 31, 2024	March 31, 2023	%
Marketing expenses	\$ 132,905	\$ 162,954	-18%
Travel expenses	96,996	69,509	40%
Salaries and benefits	313,891	321,838	-2%
<b>Selling expenses</b>	<b>\$ 543,792</b>	<b>\$ 554,301</b>	<b>-2%</b>

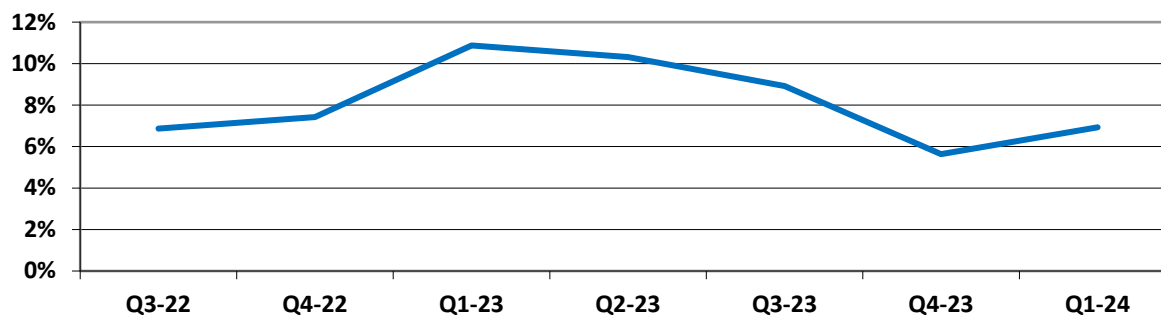
Selling expenses decreased by 2% in Q1 2024 compared to Q1 2023.

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

Quarterly selling expenses (in '000s)



Quarterly selling expenses as a percentage of revenue



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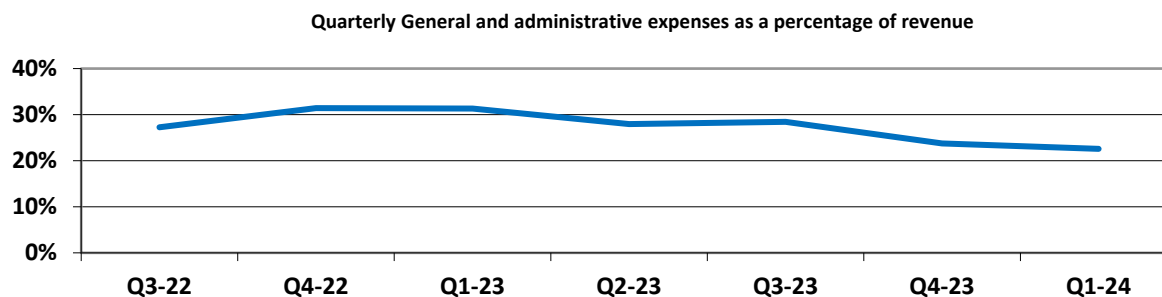
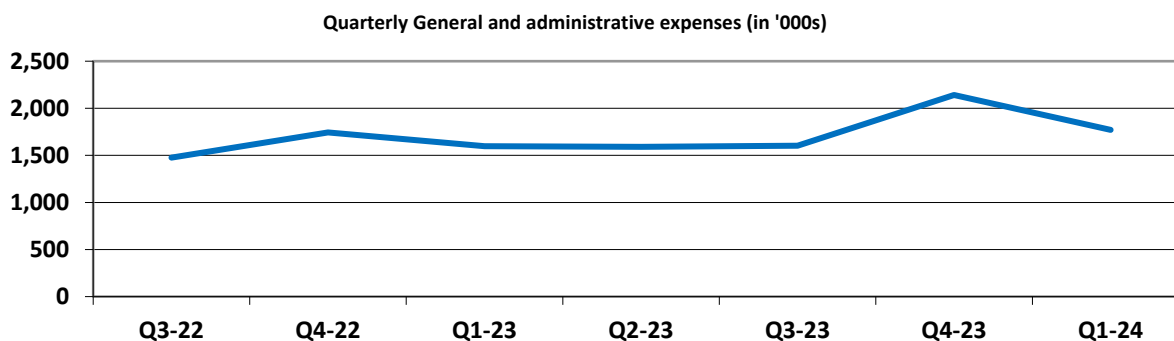
**d) General and Administrative**

	Three months		%
	March 31, 2024	March 31, 2023	
Corporate administration	\$ 343,851	\$ 243,038	41%
Consultant fees	2,506	3,750	-33%
Professional fees	68,902	63,480	9%
Public company fees	75,374	49,881	51%
Salaries and benefits	1,157,058	1,046,486	11%
Loss (gain) on disposal of property and equipment	(16,129)	3,236	N/A
Loss (gain) on foreign exchange	(26,462)	47,553	N/A
Bad debt expense (recovery)	-	(12,166)	N/A
Amortization expense	165,776	151,676	9%
<b>Total general and administrative expenses</b>	<b>\$ 1,770,876</b>	<b>\$ 1,596,934</b>	<b>11%</b>

General and administrative ("G&A") expenses increased by 11% overall in Q1 2024 compared to Q1 2023.

The quarterly increase is due to increases in corporate administration and increases in salaries and benefits related to the acquisition of Alta and Ardent.

Share-based compensation added \$31,168 in non-cash salary expense to Q1 2024 G&A expense compared to \$27,299 in Q1 2023.



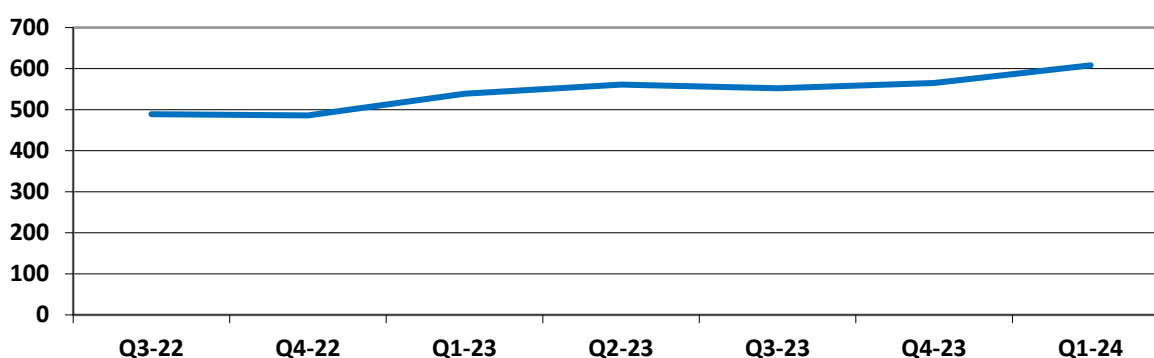
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e) **Product Development**

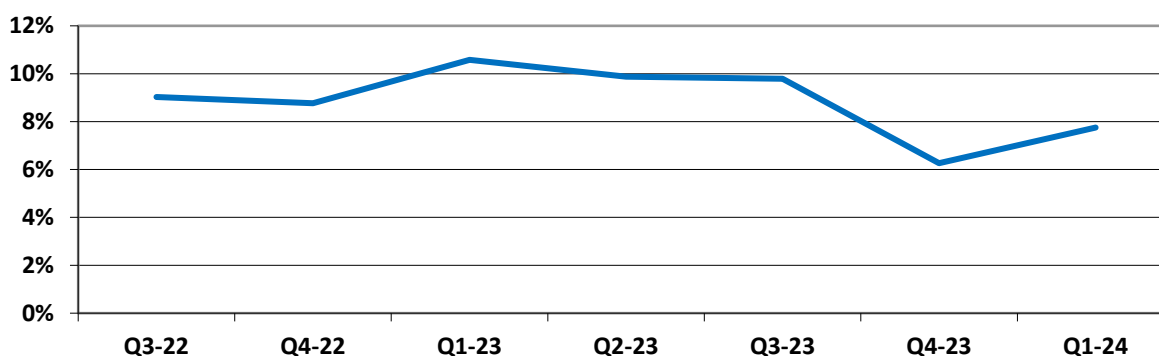
	Three months		
	March 31, 2024	March 31, 2023	%
Salaries and benefits expense	\$ 607,964	\$ 539,218	13%
<b>Total product development expense</b>	<b>607,964</b>	<b>\$ 539,218</b>	<b>13%</b>

Product development expenses increased by 13% in Q1 2024 compared to Q1 2023.

Quarterly Product development expenses (in '000s)



Quarterly Product development expenses as a percentage of revenue



f) **Earnings (loss) from operating activities**

Earnings from operating activities were \$69,804 in Q1 2024, compared to losses of \$184,514 in Q1 2023. The improvement is due to increased revenues year-over-year.

g) **Non-operating earnings (expenses)**

Finance costs for Q1 2024 were \$118,480, compared to \$41,767 in Q1 2023. The increase is due to the Company's increase in long-term debt related to the acquisition of Alta and Ardent.

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The revaluation of the fair value of the contingent consideration related to the various acquisitions (SeeLevel, Alta, Ardent, PerformaLogics, MobilForce) resulted in a gain of \$43,234 in Q1 2024, compared to a gain of \$90,369 in Q1 2023. The gain is due to decreased future expected revenue forecasted in 2024 vs year-end 2023.

**h) Net income (loss) before income taxes**

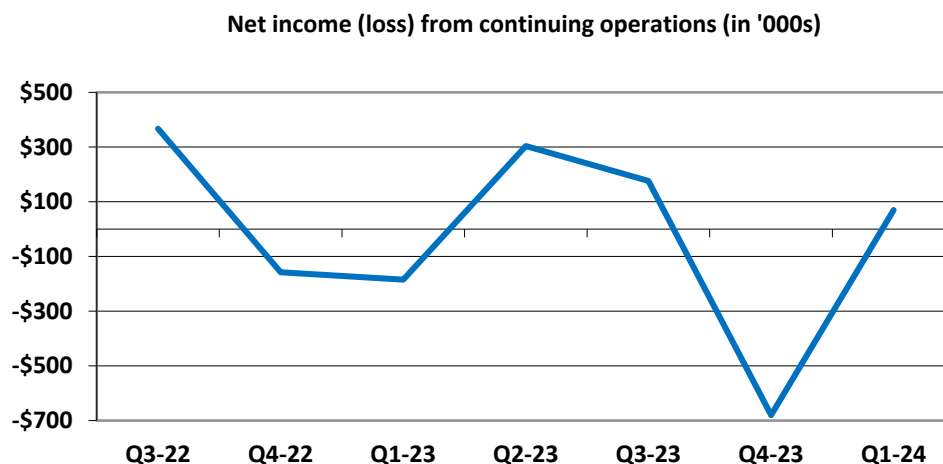
The Company recorded net income before income taxes of \$69,804 in Q1 2024 compared to a net loss of \$184,514 in Q1 2023.

**i) Income taxes**

The Company recorded income tax recovery of \$nil in Q1 2024, compared to \$nil in Q1 2023.

**j) Net income and comprehensive income**

The Company reported net income and comprehensive income of \$69,804 for Q1 2024 or \$0.00 per share basic and diluted, compared to a net loss and comprehensive loss of \$184,514 for Q1 2023 or \$(0.01) per share basic and diluted for Q1 2023.



**k) Cash Flows**

The Company's cash position was \$563,617 on March 31, 2024, compared to \$898,135 on December 31, 2023, and \$778,704 on March 31, 2023.

	Three months		
	March 31, 2024	March 31, 2023	%
Cash flows from operating activities before changes in working capital	\$ 327,714	\$ 13,158	2391%
Changes in working capital	175,996	792,876	-78%
Cash flows from operating activities	503,710	806,034	-38%
Cash flows from (used in) financing activities	(836,529)	(885,816)	-6%
Cash flows used in investing activities	(1,699)	(1,576)	8%
<b>Increase (decrease) in cash</b>	<b>\$ (334,518)</b>	<b>\$ (81,358)</b>	<b>311%</b>

Operating activities:

The quarterly decrease in operating cashflows was due largely to the fluctuations in working capital.

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Financing activities:

As of March 31, 2024, the Company drew \$120 thousand from its line of credit (March 31, 2023- \$570 thousand). For Q1 2024, \$42,178 was paid toward lease liabilities (Q1 2023 - \$46,184).

Share capital increased by \$6,939 from the issuance of common shares during Q1 2024 due to the exercise of stock options (Q1 2023 - \$nil).

Finance costs were \$118,480 in Q1 2024 (Q1 2023- \$41,767).

Contingent consideration of \$61,811 was paid in Q1 2024 for the various acquisitions, compared to \$227,657 in Q1 2023.

In Q1 2024, \$181,777 of short-term debt owed to the former owner of BEB was repaid.

In Q1 2024, \$36,641 of long-term debt was repaid. The long-term debt was received in Q4 2023 to finance the acquisition of BEB.

Investing activities:

In Q1 2024, the Company invested \$1,699 in property and equipment (Q1 2023- \$1,576).

**l) Liquidity and Capital Resources**

Working capital was \$2,260,450 as of March 31, 2024, compared to \$2,125,925 as of December 31, 2023. The table below shows other balance sheet accounts compared to the previous year-end, including the percentage change:

	March 31, 2024	December 31, 2023	%
Bank borrowings	\$ 120,000	\$ 550,000	-78%
Short-term debt	\$ -	\$ 181,777	-100%
Contract liabilities	\$ 319,188	\$ 376,670	-15%
Trade and other liabilities	\$ 2,572,987	\$ 3,672,683	-30%
Current portion of lease liabilities	\$ 170,690	\$ 288,452	-41%
Lease liabilities	\$ 296,267	\$ 412,331	-28%
Current portion of contingent consideration payable	\$ 476,825	\$ 511,224	-7%
Contingent consideration payable	\$ 918,175	\$ 958,776	-4%
Current portion of long-term debt	\$ 591,050	\$ 478,082	24%
Long-term debt	\$ 2,048,309	\$ 2,197,918	-7%

The contingent consideration payable relates to the acquisitions of BEB/Alta/Ardent.

Debt to equity decreased from 1.53 on December 31, 2023, to 1.17 on March 31, 2024. The decrease is due to the decrease in trade and other liabilities, the repayment of short-term debt, and the decrease in lease liabilities due to a lease termination.

The Company's current ratio is 1.53:1, and its credit facilities include a \$3,000,000 demand operating loan. As of March 31, 2024, the company had drawn \$120 thousand on this facility (December 31, 2023 – \$550 thousand).

The Company had cash in the bank as of March 31, 2024, of \$563,617 and good quality accounts receivable of \$5,545,830. Management believes the Company has sufficient cash resources to continue financing 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)**

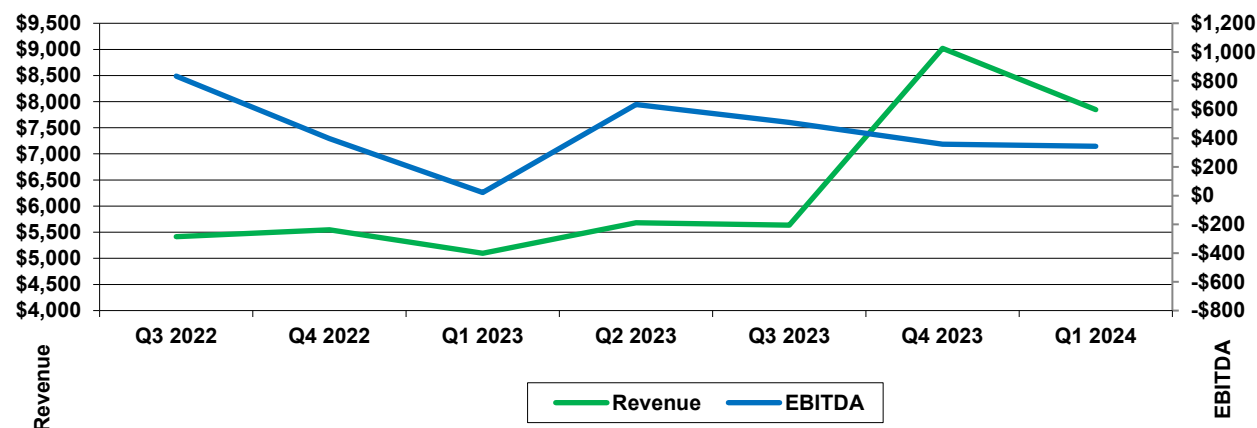
	2024		2023			2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
<b>Revenue</b>	\$ 7,846	\$ 9,020	\$ 5,634	\$ 5,682	\$ 5,097	\$ 5,545	\$ 5,415	\$ 7,283	
Cost of services	4,778	5,748	2,719	2,570	2,640	2,792	2,540	3,749	
Gross margin	3,068	3,272	2,915	3,112	2,457	2,753	2,875	3,534	
Total operating expenses	2,923	3,214	2,656	2,737	2,690	2,640	2,472	3,035	
<b>Earnings (loss) from operating activities</b>	\$ 145	\$ 58	\$ 259	\$ 375	\$ (233)	\$ 113	\$ 403	\$ 499	
Loss (gain) in fair value of contingent consideration	(43)	484	21	26	(90)	230	(9)	(151)	
Finance costs	118	101	62	45	42	41	45	61	
<b>Net earnings (loss) before income taxes</b>	\$ 70	\$ (527)	\$ 176	\$ 304	\$ (185)	\$ (158)	\$ 367	\$ 589	
Finance costs	118	101	62	45	42	41	45	61	
Impairment of intangible assets and goodwill	-	-	-	-	-	-	135	-	
Loss (gain) in fair value of contingent consideration	(43)	484	21	26	(90)	230	(9)	(151)	
Amortization of property and equipment	55	146	145	153	153	153	156	170	
Amortization of intangible assets	113	113	65	65	75	92	99	99	
Share-based compensation	31	41	41	41	27	39	39	38	
<b>Adjusted EBITDA<sup>1</sup></b>	\$ 344	\$ 358	\$ 510	\$ 634	\$ 22	\$ 397	\$ 831	\$ 806	

<sup>1</sup>Adjusted EBITDA

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

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

**Quarterly Adjusted EBITDA and revenue (in '000s)**



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**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.

*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 unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards. On May 16, 2024, the Company's Board of Directors approved these unaudited interim condensed consolidated financial statements and authorized them for issue.

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**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 March 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 March 31, 2024, and have concluded that they were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would have been known to them.

**CORPORATE GOVERNANCE**

The seven-person Board of Directors of Intouch comprises five independent directors who are unrelated to the Company. One director has been appointed as the Chair of the Board of Directors, and the other as Chief Executive Officer of the Company. The entire Board fulfils the Audit Committee and all directors other than the Chief Executive Officer fulfil the Compensation Committee mandates. The Board and Management will continue to ensure compliance with regulatory requirements.

**RISK MANAGEMENT**

The Board of Directors is responsible for establishing and overseeing the Company's risk management framework. The Board of Directors has established the Audit Committee 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 its financial performance and, ultimately, shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls, and sound business practices.

**RISK FACTORS AND UNCERTAINTIES**

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

**a) Economic Uncertainties**

Following the coronavirus pandemic, the North American economy has experienced increased inflation, labour shortages, supply chain disruptions, and interest rate increases, creating an environment that has been 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



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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.

**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

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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 adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, purchase and cancel previously issued shares, 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 the current portion), and net cash as its capital.

The Company also has certain positive covenants that it must meet with a Schedule 1 chartered Canadian bank regarding its bank indebtedness, as well as adequate accounts receivable to support any operating line draw. The Company was in compliance with its covenants as of March 31, 2024 (2023- compliant).

The Company's objectives when managing capital are to safeguard its 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 related to the Company's market share and performance, and risk mitigation. The Company is not subject to any statutory capital requirements and has no commitments other than options, restricted share units, and the pending acquisition to sell or otherwise issue common shares.

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

**SHARES**

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

During Q1 2024, 7,006 shares were issued resulting from the exercise of stock options (Q1 2023—nil shares).

**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 based on management's best estimates that have been made using careful judgment.

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.

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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 financial records are reliable for preparing financial statements.

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

Additional information about the Company, such as the 2023 audited consolidated financial statements, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).