# TRIBE PROPERTY TECHNOLOGIES INC.

Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

**TRIBE PROPERTY TECHNOLOGIES INC.**
**Condensed Consolidated Interim Statements of Financial Position**
(Expressed in Canadian Dollars)

| As at | March 31, 2023 (unaudited) | December 31, 2022 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents (Note 21) | $ 5,303,931 | $ 8,096,696 |
| Accounts receivable (Note 19) | 1,283,110 | 1,012,675 |
| Prepaid expenses | 466,785 | 452,387 |
| Investments | 68,002 | 67,689 |
| **Total current assets** | 7,121,828 | 9,629,447 |
| Property and equipment (Note 7) | 3,806,762 | 4,000,096 |
| Intangible assets (Note 8) | 7,380,271 | 7,227,498 |
| Goodwill (Note 8) | 5,197,808 | 5,197,808 |
| **TOTAL ASSETS** | $ 23,506,669 | $ 26,054,849 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities (Note 20) | $ 1,495,199 | $ 1,562,221 |
| Deferred revenue (Note 9) | 134,065 | 134,306 |
| Loans and borrowings (Note 10) | - | 27,180 |
| Current portion of lease obligations (Note 11) | 833,528 | 859,755 |
| Note payable (Note 12) | 945,100 | 940,543 |
| **Total current liabilities** | 3,407,892 | 3,524,005 |
| Lease obligations (Note 11) | 2,827,403 | 2,932,113 |
| Note payable (Note 12) | 1,934,554 | 1,924,647 |
| Deferred tax liability | 29,000 | 29,000 |
| **TOTAL LIABILITIES** | 8,198,849 | 8,409,765 |
| **SHAREHOLDERS’ EQUITY** | | |
| Share capital (Note 13) | 54,196,162 | 54,196,162 |
| Reserve (Notes 13 and 14) | 2,528,432 | 2,453,299 |
| Accumulated deficit | (41,416,774) | (39,004,377) |
| **TOTAL SHAREHOLDERS’ EQUITY** | 15,307,820 | 17,645,084 |
| **TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY** | $ 23,506,669 | $ 26,054,849 |

Subsequent Event (Note 22)

These consolidated financial statements were authorized for issue by the Board of Directors on May 29, 2023. They are signed on behalf of the Board of Directors by:

*/s/ “Joseph Nakhla”*
CEO and Director

*/s/ “Raymond Choy”*
Director

The accompanying notes form an integral part of these consolidated financial statements.

**TRIBE PROPERTY TECHNOLOGIES INC.**
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**
(Expressed in Canadian Dollars - unaudited)

| | For the Three Months ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| **REVENUE** (Note 5) | **$ 4,659,047** | $ 4,202,215 |
| **OPERATING EXPENSES** | | |
| Cost of software and services and software licensing fees | **2,831,201** | 2,367,169 |
| Selling, general and administrative expenses (Notes 6 and 17) | **3,690,442** | 3,316,416 |
| Depreciation (Note 7) | **217,078** | 209,264 |
| Amortization of intangible assets (Note 8) | **147,227** | 96,258 |
| Stock-based compensation (Notes 14 and 17) | **75,133** | 101,041 |
| | **6,961,081** | 6,090,148 |
| **LOSS FROM OPERATIONS** | **(2,302,034)** | (1,887,933) |
| **OTHER INCOME AND EXPENSES** | | |
| Interest expense (Notes 10, 11 and 12) | **(147,358)** | (193,852) |
| Interest income | **31,301** | 25,400 |
| Foreign exchange gain (loss) | **6,884** | (65) |
| Fair value gain (loss) on investment | **313** | (657) |
| Loss on revaluation of government grant (Note 10) | **(11,503)** | - |
| Loan forgiveness on government grant (Note 10) | **10,000** | - |
| **NET LOSS BEFORE TAX** | **(2,412,397)** | (2,057,107) |
| Income tax recovery | **-** | 282 |
| **NET LOSS** | **$ (2,412,397)** | $ (2,056,825) |
| **LOSS PER SHARE, BASIC AND DILUTED** | **$ (0.11)** | $ (0.10) |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, BASIC AND DILUTED** | **21,207,516** | 20,339,889 |

The accompanying notes form an integral part of these consolidated financial statements.

**TRIBE PROPERTY TECHNOLOGIES INC.**
**Condensed Consolidated Interim Statements of Cash Flows**
(Expressed in Canadian Dollars - unaudited)

| | For the Three Months Ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| **Cash flows provided by (used in):** | | |
| **OPERATING ACTIVITIES** | | |
| **Net loss** | **$ (2,412,397)** | $ (2,056,825) |
| **Adjustments for items not affecting cash:** | | |
| Income tax recovery | **-** | (282) |
| Depreciation | **217,078** | 209,264 |
| Amortization of intangible assets | **147,227** | 96,258 |
| Interest expense | **147,358** | 193,852 |
| Interest income | **(31,301)** | (25,400) |
| Fair value loss (gain) on investment | **(313)** | 657 |
| Stock-based compensation | **75,133** | 101,041 |
| Loss on revaluation of government grant | **11,503** | - |
| Loan forgiveness on government grant | **(10,000)** | - |
| | **(1,855,712)** | (1,481,435) |
| **Net changes in non-cash working capital items:** | | |
| Receivables and prepaid expenses | **(284,833)** | (31,435) |
| Accounts payable and accrued liabilities | **(135,721)** | (90,244) |
| Deferred revenue | **(241)** | (32,938) |
| | **(420,795)** | (154,617) |
| Interest paid | **(131,577)** | (174,347) |
| **Net cash flows used in operating activities** | **(2,408,084)** | (1,810,399) |
| **INVESTING ACTIVITY** | | |
| Purchase of property and equipment | **(23,744)** | (50,700) |
| Purchase of intangible assets | **(200,000)** | - |
| **Net cash flows used in investing activities** | **(223,744)** | (50,700) |
| **FINANCING ACTIVITIES** | | |
| Proceeds from issuance of shares, net of share issuance costs | **-** | 19,725,301 |
| Proceeds from exercise of stock options | **-** | 18,288 |
| Repayment of demand loan | **-** | (16,950) |
| Repayment of government grant | **(30,000)** | - |
| Repayment of note payable | **-** | (1,000,000) |
| Repayment of lease obligations | **(130,937)** | (156,763) |
| **Net cash flows provided (used) by financing activities** | **(160,937)** | 18,569,876 |
| **Net increase (decrease) in cash** | **(2,792,765)** | 16,708,777 |
| **Cash and cash equivalents, beginning** | **8,096,696** | 1,211,899 |
| **Cash and cash equivalents, ending** | **$ 5,303,931** | $ 17,920,676 |

The accompanying notes form an integral part of these consolidated financial statements.

**TRIBE PROPERTY TECHNOLOGIES INC.**
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**
(Expressed in Canadian Dollars - unaudited)

| | Number of shares | Amount | Reserve | Accumulated deficit | Total |
|---|---|---|---|---|---|
| **Balance, December 31, 2021** | **15,903,231** | **$ 34,697,639** | **$ 1,749,832** | **$ (28,460,117)** | **$ 7,987,354** |
| Shares issued for cash (Note 13) | 5,250,000 | 21,000,000 | - | - | 21,000,000 |
| Share issuance costs (Note 13) | - | (1,611,377) | 336,678 | - | (1,274,699) |
| Exercise of stock options (Note 14) | 6,650 | 29,185 | (10,897) | - | 18,288 |
| Stock-based compensation (Notes 14 and 17) | - | - | 101,041 | - | 101,041 |
| Net and comprehensive loss for the period | - | - | - | (2,056,825) | (2,056,825) |
| **Balance, March 31, 2022** | **21,159,881** | **$ 54,115,447** | **$ 2,176,654** | **$ (30,516,942)** | **$ 25,775,159** |
| | | | | | |
| **Balance, December 31, 2022** | **21,210,516** | **$ 54,196,162** | **$ 2,453,299** | **$ (39,004,377)** | **$ 17,645,084** |
| Stock-based compensation (Notes 14 and 17) | - | - | 75,133 | - | 75,133 |
| Treasury shares cancelled (Note 13) | (3,000) | - | - | - | - |
| Net and comprehensive loss for the period | - | - | - | (2,412,397) | (2,412,397) |
| **Balance, March 31, 2023** | **21,207,516** | **$ 54,196,162** | **$ 2,528,432** | **$ (41,416,774)** | **$ 15,307,820** |

The accompanying notes form an integral part of these consolidated financial statements.

## 1. REPORTING ENTITY

On March 15, 2021, the Company (then “Cherry Street Capital Inc.”, a Canadian capital pool company previously listed on the TSX Venture Exchange (the “Exchange”) under the symbol “CHSC.P”) (“Cherry Street”) acquired all of the outstanding shares of Tribe Property Technologies Inc. (“Tribe Private”) by way of a three-cornered amalgamation, pursuant to which a wholly-owned subsidiary of Cherry Street amalgamated with Tribe Private, with Tribe Private surviving as a wholly-owned subsidiary of Cherry Street under the name “Tribe Property Solutions Inc.” (the “Qualifying Transaction”). On March 15, 2021, Cherry Street changed its name to “Tribe Property Technologies Inc.” (“Tribe” or the “Company”) and on March 25, 2021, the Company was listed on the Exchange under the symbol “TRBE”. This transaction constituted Cherry Street’s qualifying transaction for the purposes of the Exchange’s policies and a reverse acquisition (the “RTO”) for the purposes of Canadian securities laws (Note 3). Tribe Private has been identified as the accounting acquirer, and accordingly, the Company is considered to be a continuation of Tribe Private, and the net assets of Cherry Street at the date of the RTO are deemed to have been acquired by Tribe Private. These financial statements include the results of operations of Cherry Street from March 15, 2021. The comparative figures are those of Tribe Private prior to the RTO.

The Company was incorporated under the *Business Corporations Act* (Ontario) on June 5, 2017 and changed its name to Tribe Property Technologies Inc. on March 15, 2021. The Company’s registered office is located at 2100-885 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 and its principal place of business is located at 1606-1166 Alberni Street, Vancouver, BC, V6E 3Z3.

The Company’s principal business activity is offering technology-enabled property management services to meet the needs of developers, condominium and residential communities, owners and residents. The services provided via its technology platform are focused on improving the living experience of the residents within each community, with a key focus on communication, information, education and protection. Through its technology platform, the Company provides on-demand access to important records and documents, simple communication tools, online payment options, bookable amenities and a ticketing system for residents to notify their developer or management of issues, warranty concerns and deficiencies.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the period ended December 31, 2022 and the notes thereto.

These condensed consolidated interim financial statements are based on the IFRS issued and effective as of May 29, 2023, the date these condensed consolidated interim financial statements were authorized for issuance by the Company’s Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements.

### *2.2 Significant accounting judgements, estimates and assumptions*

<u>Business combinations</u>

On the completion of business acquisitions, management's judgement is required to estimate the purchase price and to identify and determined the fair value of all assets acquired and liabilities assumed. The determination of the fair value of assets acquired and liabilities assumed is based on management’s estimates and certain assumptions generally included in a present value calculation of the related cash flows.

<u>Going concern</u>

Management has applied judgements in the assessment of the Company’s ability to continue as a going concern when preparing its consolidated financial statements. Management prepares its consolidated financial statements on a going concern basis unless management either intends to liquidate the Company or has no realistic alternative other than to do so.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the Cash Generating Unit ("CGU") to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The fair value calculation requires management's estimate of future revenues and a suitable revenue multiplier.

The Company tests goodwill for impairment at least annually in accordance with the requirements of IAS 36 *Impairment of Assets*. The recoverable amounts of CGU's are determined based on the greater of their fair value less costs of disposal and value in use.

For the purposes of impairment testing, assets are grouped into CGU's that have been identified as being the smallest identifiable group of assets that generate cash inflows that are independent of cash inflows of other assets or groups of assets. The determination of these CGU's is based on management's judgement in regards to shared infrastructure, geographical proximity, product type and other relevant factors.

Determination of useful life

Each significant component of property and equipment and intangible assets are depreciated over their estimated useful lives. Estimated useful lives are determined based on current facts and past management experience and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.

## 3. REVERSE ACQUISITION TRANSACTION (RTO)

On March 15, 2021, Cherry Street acquired all of the outstanding shares of Tribe Private by way of a three-cornered amalgamation and changed its name to "Tribe Property Technologies Inc." (Note 1). The transaction was completed by way of a share exchange between the shareholders of Cherry Street and the shareholders of Tribe Private. In exchange for 100% of the issued and outstanding shares of Tribe Private, the shareholders of Tribe Private received an aggregate of 15,529,257 common shares of the Company. Stock options of Cherry Street and Tribe Private were exchanged for stock options of the Company.

The transaction resulted in Tribe Private obtaining control of the combined entity by obtaining control of governance and management decision-making processes, and the resulting authority to govern the financial and operating policies of the combined entity.

The transaction constituted a RTO of Cherry Street by Tribe Private and has been accounted for as a RTO transaction in accordance with IFRS 2, Share-based payments. Cherry Street did not meet the definition of a business in accordance with IFRS 3, Business combinations, as such, the transaction does not constitute a business combination.

For accounting purposes, Tribe Private is treated as the accounting parent (legal subsidiary) and Cherry Street as the accounting subsidiary (legal parent). The fair value of the consideration paid by Tribe Private less the fair value of net assets acquired of Cherry Street constitutes listing expense and has been recorded in the statement of loss and comprehensive loss.

The RTO was measured at the fair value of the shares that Tribe Private would have had to issue to the shareholders of Cherry Street, being 361,000 common shares, to give the shareholders of Cherry Street the same percentage of equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Tribe Private acquiring Cherry Street.

(In Canadian dollars)

## 3. REVERSE ACQUISITION TRANSACTION (RTO) (continued)

| | | |
|---|---|---|
| **Consideration paid on RTO** | | |
| 361,000 common shares (Note 13) | $ | 1,805,000 |
| Fair value of replacement options [1] (Note 14) | | 67,169 |
| Total consideration | | 1,872,169 |
| | | |
| **Fair value of net assets acquired** | | |
| Cash | | 673,611 |
| Accounts payable | | (182,870) |
| Net identifiable assets acquired | | 490,741 |
| **Excess consideration over net assets acquired** | | **1,381,428** |
| | | |
| Transaction costs | | 253,028 |
| **Listing expenses** | **$** | **1,634,456** |

(1) Fair value of 36,100 options issued upon completion of the RTO.

## 4. BUSINESS COMBINATIONS

On December 31, 2020, the Company acquired 100% of the common shares of Gateway Property Management Corp. (“Gateway”) and R.D.C. Property Services Ltd. (“RDC”) for 200,000 common shares of the Company and a promissory note of $9,000,000 (Note 12). Included in the agreement are purchase price adjustments that were based on revenue targets for the year ended December 31, 2021. In connection with the acquisition, the Company incurred and expensed transaction costs of $110,000.

During the year ended December 31, 2021, the working capital payment was increased by $31,208 to $1,000,000 to account for delayed payment and adjustment of security (Notes 8 and 12). During the year ended December 31, 2022, the working capital adjustment payment was made (Note 12). No other adjustments were made to the purchase price allocation.

On June 30, 2022, the Company acquired 100% of the outstanding share capital of Southview Property Management Inc. (“Southview”) for 76,635 common shares of the Company, $347,747 cash consideration, and up to $100,000 in cash consideration that is deferred until twelve months after the closing date, and subject to certain adjustments based on revenue and customer contracts. All common shares issued are subject to a voluntary lock-up from which one-third of the shares will be released every six months for a period of eighteen months.

In accordance with the measurement requirements set out under IFRS 3, Business Combinations, the purchase price allocation based on the fair value of assets and liabilities assumed is as follows:

| | | |
|---|---|---|
| Fair value of Tribe shares | $ | 133,985 |
| (76,635 common shares at $1.96 per share) (Note 13) | | |
| Deferred cash consideration | | 14,409 |
| Cash consideration | | 347,747 |
| **Fair value of purchase consideration** | **$** | **496,141** |
| **Allocated to:** | | |
| Cash and cash equivalents | $ | 37,461 |
| Accounts receivable | | 4,725 |
| Prepaid expenses | | 20,656 |
| Equipment | | 21,709 |
| Right-of-use assets (Note 7) | | 65,605 |
| Intangible assets (Note 8) | | 109,000 |
| Goodwill (Note 8) | | 340,292 |
| Deferred tax liability | | (29,000) |
| Lease liabilities (Note 11) | | (65,605) |
| Accounts payable and accrued liabilities | | (8,702) |
| **Total** | **$** | **496,141** |

(In Canadian dollars)

## 4. BUSINESS COMBINATIONS (continued)

The goodwill represented the excess of the purchase price over the fair value of net assets acquired. It is attributable to the workforce acquired and expected synergies from combining operations. None of the goodwill is deductible for tax purposes. The goodwill was added to the Gateway CGU (Note 8).

The receivables acquired in the transaction had a fair value of $4,725 which approximated the gross contractual amounts receivable. The best estimate at the acquisition date of the contractual cash flows for which collection is uncertain is $0.

## 5. REVENUE

A disaggregation of revenue from contracts with customers is as follows:

| | Three Months ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| Software and service fees | $ 4,192,503 | $ 3,698,526 |
| Transactional revenues | 375,990 | 403,541 |
| Software and services | 4,568,493 | 4,102,067 |
| Software licensing fees | 90,554 | 100,148 |
| Total revenue | $ 4,659,047 | $ 4,202,215 |

## 6. SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses are comprised of:

| | Three Months ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| Salaries and wages | $ 2,544,968 | $ 2,065,642 |
| Office expenses | 698,111 | 722,712 |
| Professional fees | 198,847 | 251,777 |
| Subcontractors | 110,358 | 142,106 |
| Investor relations | 79,435 | 72,502 |
| Advertising and promotion | 58,723 | 61,677 |
| Total selling, general and administrative expenses | $ 3,690,442 | $ 3,316,416 |

(In Canadian dollars)

## 7. PROPERTY AND EQUIPMENT

| | Computer hardware | Computer software | Furniture and equipment | Leasehold improvements | Right-of-use assets | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, December 31, 2021 | $ 297,150 | $ 1,095,546 | $ 172,900 | $ 336,772 | $ 4,625,687 | $ 6,528,055 |
| Additions (Note 11) | 89,231 | 102,071 | 33,893 | - | 502,587 | 727,782 |
| Disposals | - | - | - | (168,858) | - | (168,858) |
| Assets acquired (Note 4) | - | - | - | - | 65,605 | 65,605 |
| Balance, December 31, 2022 | 386,381 | 1,197,617 | 206,793 | 167,914 | 5,193,879 | 7,152,584 |
| Additions | 4,854 | 18,890 | - | - | - | 23,744 |
| Balance, March 31, 2023 | $ 391,235 | $ 1,216,507 | $ 206,793 | $ 167,914 | $ 5,193,879 | $ 7,176,328 |
| **Accumulated amortization** | | | | | | |
| Balance, December 31, 2021 | $ 219,181 | $ 857,768 | $ 81,039 | $ 189,639 | $ 1,079,651 | $ 2,427,278 |
| Depreciation | 56,640 | 81,957 | 22,521 | 21,987 | 710,963 | 894,068 |
| Disposals | - | - | - | (168,858) | - | (168,858) |
| Balance, December 31, 2022 | 275,821 | 939,725 | 103,560 | 42,768 | 1,790,614 | 3,152,488 |
| Depreciation | 11,692 | 19,029 | 5,134 | 5,602 | 175,621 | 217,078 |
| Balance, March 31, 2023 | $ 287,513 | $ 958,754 | $ 108,694 | $ 48,370 | $ 1,966,235 | $ 3,369,566 |
| **Net book value** | | | | | | |
| Balance, December 31, 2022 | $ 110,560 | $ 257,892 | $ 103,233 | $ 125,146 | $ 3,403,265 | $ 4,000,096 |
| Balance, March 31, 2023 | $ 103,722 | $ 257,753 | $ 98,099 | $ 119,544 | $ 3,227,644 | $ 3,806,762 |

(In Canadian dollars)

## 8. INTANGIBLE ASSETS AND GOODWILL

| | | Customer Relationships | | Goodwill |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance, December 31, 2021 | $ | 7,700,608 | $ | 4,857,516 |
| Additions (Note 4) | | 684,000 | | 340,292 |
| Disposals | | (77,288) | | - |
| Purchase price adjustment | | 9,368 | | - |
| Balance, December 31, 2022 | | 8,316,688 | | 5,197,808 |
| Additions | | 300,000 | | - |
| Purchase price adjustment | | - | | - |
| Balance, March 31, 2023 | $ | 8,616,688 | $ | 5,197,808 |
| **Accumulated amortization** | | | | |
| Balance, December 31, 2021 | $ | 549,168 | | - |
| Amortization | | 547,383 | | - |
| Disposals | | (7,361) | | - |
| Balance, December 31, 2022 | | 1,089,190 | | - |
| Amortization | | 147,227 | | - |
| Balance, March 31, 2023 | $ | 1,236,417 | $ | - |
| **Net book value** | | | | |
| Balance, December 31, 2022 | $ | 7,227,498 | $ | 5,197,808 |
| Balance, March 31, 2023 | $ | 7,380,271 | $ | 5,197,808 |

For the purposes of assessing impairment of goodwill and non-financial assets, the Company must identify its CGUs. Determination of what constitutes a CGU is subject to management judgment. Management has determined that the Company has two CGUs: Tribe CGU and Gateway CGU. Both CGUs belong to the Software and Services segment as they pertain to the property management business associated with the Company's community-living technology platform.

At December 31, 2021, the Company tested its CGUs for impairment.

For the Gateway CGU, it was determined that the estimated recoverable amount of $10,511,813 exceeded its carrying amount of $9,278,310. The estimated recoverable amount of the Gateway CGU was calculated as the fair value of the assets less cost of disposal. The Company used a pre-tax discount rate of 8.7% that reflected current market assessments of the time value of money and the risks specific to the CGU. As certain inputs to the valuation are not based on observable market data, the recoverable value of Gateway CGU is categorized in Level 3 of the fair value measurement hierarchy. The Company recorded $nil impairment.

For the Tribe CGU, it was determined that the carrying amounts of $1,573,109 exceeded its estimated recoverable amount $915,720. The estimated recoverable amount of the Tribe CGU was calculated as value in use. The value in use was determined with a discounted cash flow approach based on the Company's historical performance. The Company used a risk adjusted discount rate of 16.5% over a 5-year period with terminal value. The Company recorded an impairment charge of $657,389 in operating expenses. The impairment was primarily attributable to an increase in selling, general and administrative expenses over historical periods as salaries and wages increased. A 1% increase in the assumed discount rate would result in an additional impairment of $49,000.

At December 31, 2022, the carrying amount of goodwill allocated to the Gateway CGU is $3,419,141 and the carrying amount of goodwill allocated to the Tribe CGU is $59,667.

At December 31, 2022, the Company tested its CGUs for impairment. The inputs for the calculated recoverable amounts below are not based on observable market data. As such, the recoverable amounts of both the Gateway and Tribe CGUs are categorized in Level 3 of the fair value measurement hierarchy.

For the Gateway CGU, the estimated recoverable amount was calculated using a revenue multiple of 1 based on 2022 revenues, less costs of disposal. This resulted in a recoverable amount of $11,713,377, exceeding the CGU carrying amount of $10,341,464. The revenue multiple used reflected current market assessments and the acquisition history of the Company. A 1% change in the recoverable amount is a difference of $117,134 and would not yield a different result. The Company recorded $nil impairment.

(In Canadian dollars)

## 8. INTANGIBLE ASSETS AND GOODWILL (continued)

For the Tribe CGU, the estimated recoverable amount was calculated using a revenue multiple of 1 based on 2022 revenues, less costs of disposal. This resulted in a recoverable amount of $5,848,432, exceeding the CGU carrying amount of $992,903. The revenue multiple used reflected current market assessments and the acquisition history of the Company. A 1% change in the recoverable amount is a difference of $58,484 and would not yield a different result. The Company recorded $nil impairment.

During the year ended December 31, 2021, the Company completed acquisitions of three sets of property management contracts for total consideration of $415,000. Of this amount, $50,000 was settled through the issuance of common shares (Note 13). During the year ended December 31, 2022, there was a purchase price adjustment of $9,368 on one of the acquisitions.

During the year ended December 31, 2022, the Company added Customer Relationships and Goodwill through its acquisition of Southview (Note 4).

During the year ended December 31, 2022, the Company added Customer relationships through its acquisition of Martello Property Services Inc for total consideration of $550,000. The Company paid $475,000 on the closing date of July 31, 2022, with $75,000 payable on the date that is thirteen months after the closing date, and up to $170,000 payable upon the future delivery of property management contracts related to buildings that are currently under development. The $170,000 payable related to buildings under development was not added to intangible assets and not accrued as there is no certainty that the property management contracts for the buildings under development will be signed.

During the year ended December 31, 2022, the Company paid $25,000 related to previous customer relationship acquisitions price adjustments.

During the year ended December 31, 2022, the Company sold customer relationships with a carrying value of $69,927 to Team Approach Property Services Ltd., for consideration of $42,540.

During the three months ended March 31, 2023, the Company added customer relationships through its acquisition of Warrington PCI Management for total consideration of $300,000. The Company paid $200,000 on the closing date of January 5, 2023, with $100,000 payable on the date that is thirteen months after the closing date, and up to $75,000 payable upon the future delivery of property management contracts related to buildings that are currently under development. The $75,000 payable related to buildings under development was not added to intangible assets and not accrued as there is no certainty that the property management contracts for the buildings under development will be signed.

## 9. DEFERRED REVENUE

| | | |
|---|---|---|
| Balance, December 31, 2021 | $ | 238,258 |
| Billings | | 110,402 |
| Revenue recognized | | (214,354) |
| Balance, December 31, 2022 | | 134,306 |
| Billings | | 45,468 |
| Revenue recognized | | (45,709) |
| Balance, March 31, 2023 | $ | 134,065 |

## 10. LOANS AND BORROWINGS

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| CEBA loan | $ - | $ 27,180 |
| | $ - | $ 27,180 |

*Operating line of credit*

The Company has a $1,000,000 operating line of credit with the Toronto-Dominion Bank ("TD") available to be drawn at the Company's discretion. The interest rate is prime + 1.25% per annum and is calculated daily and payable monthly in arrears. All amounts are repayable immediately on demand by TD and the credit facility may be terminated by TD at any time.

(In Canadian dollars)

## 10. LOANS AND BORROWINGS (continued)

*CEBA loan*

On April 30, 2020, the Company received a $40,000 line of credit under the Canada Emergency Business Account ("CEBA") program funded by the Government of Canada. The CEBA line of credit is non-interest bearing and can be repaid without penalty at any time.

On June 30, 2021, the outstanding balance on the CEBA line of credit of $40,000 automatically converted to a 2-year interest-free term loan (the "CEBA term loan"). If 75% of the CEBA term loan is repaid on or before December 31, 2023, the remaining 25% will be forgiven. If, on December 31, 2023, the Company exercises the option for a 2-year term extension, interest of 5% per annum will apply to any remaining balance during the extension period. The Company recorded the CEBA term loan at fair value using an effective interest rate of 13.3%. The fair value of the CEBA term loan is accreted up to its cost and during the three months ended March 31, 2023, interest accretion of $1,317 (March 31, 2022 - $802) was recognized.

The Company repaid $30,000, which is 75% of the loan, on February 21, 2023, and thus qualified for the 25% loan forgiveness of $10,000. This resulted in a loss on revaluation of the CEBA loan of $11,503 for the three months ended March 31, 2023 (March 31, 2022 - $nil).

## 11. LEASES

The Company leases office space for its operations as well as computers and related equipment. The leased assets and liabilities were measured at the present value of the lease payments plus the anticipated exercise of renewal options, discounted using the incremental borrowing rate which was estimated to be between 10% and 13%.

The Company's lease liabilities are as follows:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Current portion of lease obligations | $ 833,528 | $ 859,755 |
| Non-current portion of lease obligations | 2,827,403 | 2,932,113 |
| | $ 3,660,931 | $ 3,791,868 |

The lease liability interest expense recognized in profit and loss and lease payments recognized in the financing component of statement of cash flows is as follows:

| | |
|---|---|
| Balance, December 31, 2021 | $ 3,806,945 |
| New leases (Note 7) | 502,587 |
| Leases acquired (Note 4) | 65,605 |
| Interest expense | 392,097 |
| Payments | (975,366) |
| Balance, December 31, 2022 | 3,791,868 |
| Interest expense | 94,597 |
| Payments | (225,534) |
| Balance, March 31, 2023 | $ 3,660,931 |

As at March 31, 2023, the Company is committed to minimum lease payments as follows:

| | March 31, 2023 |
|---|---|
| Less than one year | $ 860,303 |
| One to five years | 2,862,306 |
| More than five years | 1,669,743 |
| Total undiscounted lease liabilities | $ 5,392,352 |

The Company did not designate any leases as low-value or short-term under IFRS 16.

(In Canadian dollars)

## 12. NOTE PAYABLE

In connection with the acquisition of Gateway, the Company owed a note payable of $9,000,000 plus a working capital payment of $1,000,000 (Note 4). In the year ended December 31, 2022, the working capital payment adjustment was made. The note payable bears interest at 5% per annum, which is accrued and paid monthly. The principal is repayable as follows:

- $5,000,000, plus accrued interest, paid on March 29, 2021;
- $1,000,000, plus accrued interest, paid on December 31, 2022;
- $1,000,000 payable on December 31, 2023;
- $1,000,000 payable on December 31, 2024;
- The remaining principal and any accrued interest outstanding, on December 31, 2025.

The note payable has been recorded at its fair value, using a market discount rate of 7.5% per annum:

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Current portion of note payable | $ 945,100 | $ 940,543 |
| Non-current portion of note payable | 1,934,554 | 1,924,647 |
| Total note payable | $ 2,879,654 | $ 2,865,190 |

## 13. SHARE CAPITAL

*13.1 Authorized*

Authorized, unlimited number of voting common shares without par value.

*13.2 Issued common shares*

In connection with the RTO, Tribe Private consolidated its common shares on the basis of one post-consolidation common share for every 9.1719 pre-consolidation common shares. All share figures have been recast to reflect the consolidation (Note 3). As at March 31, 2023 and March 31, 2022, the Company had 21,207,516 and 21,210,516 common shares outstanding, respectively.

On March 15, 2021, the RTO was completed by way of a share exchange between the shareholders of Cherry Street and the shareholders of Tribe Private (Note 3). The RTO was measured at the fair value of the shares that Tribe Private would have had to issue to the shareholders of Cherry Street, being 361,000 common shares, to give the shareholders of Cherry Street the same percentage of equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Tribe Private acquiring Cherry Street (Note 3).

On November 8, 2021, the Company issued 12,977 common shares with a fair value of $50,000 in connection with an acquisition of property management contracts (Note 8).

On January 14, 2022, the Company completed a private placement equity financing pursuant to which the Company raised gross proceeds of $21,000,000 from the sale of units of the Company (each, a "Unit") at a price of $4.00 per Unit (5,250,000 common shares issued). Each Unit consists of one common share and one common share purchase warrant ("Warrant") of the Company. Each Warrant entitles the holder to acquire one common share at a price of $5.10 per common share, until January 14, 2025, subject to adjustment in certain events. No value was attributed to the Warrants under the residual value method. Total issuance costs incurred was $1,274,699, of which $1,197,000 was paid to agents. The Company issued to the agents 299,248 compensation warrants (each, a "Compensation Option") at a price of $5.10 per Compensation Option, until January 14, 2025, subject to adjustment in certain events. The Compensation Options were valued at $336,678 using the Black-Scholes-Merton option pricing model, using an exercise price of $5.10, expected life of 3 years, volatility of 50%, and risk-free rate of 1.25%.

On June 30, 2022, the Company issued 76,635 common shares with a fair value of $133,985 in connection with the acquisition of Southview (Note 4).

*13.3 Normal-Course Issuer Bid*

On June 9, 2022, the Company filed a Notice of Intention to make a Normal-Course Issuer Bid ("NCIB") with the Exchange, which would allow the Company to purchase outstanding common shares of the Company. Under the NCIB, the Company may acquire up to an aggregate of 907,337 Shares over the 12-month period commencing on June 13,

(In Canadian dollars)

## 13. SHARE CAPITAL (continued)

2022 and ending on June 12, 2023, representing approximately 10% of the public float as of May 31, 2022. Under the NCIB, the Company may not acquire more than 2% of the issued and outstanding common shares in any 30-day period. All common shares purchased by the Company under the NCIB will be returned to treasury and cancelled.

During the year ended December 31, 2022, the Company purchased 29,000 common shares at a total price of $53,270, and subsequently cancelled 26,000 shares in the year ended December 31, 2022. As of December 31, 2022, the Company was in the process of cancelling the remaining 3,000 common shares purchased, and the shares were classified as treasury shares. During the three months ended March 31, 2023, the Company cancelled the 3,000 treasury shares.

## 14. STOCK, COMPENSATION OPTIONS AND WARRANTS

The Company has a rolling stock option plan ("SOP") whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of stock options. The terms of the granted stock options are fixed by the Board of Directors and are not to exceed ten years. The exercise price of stock options is determined by the Board of Directors.

Stock options granted under the SOP may vest immediately on grant, or over a period as determined by the Board of Directors, or in respect of stock options granted for investor relations services, as prescribed by the Exchange policy.

### *14.1 Employee Stock Options*

There were no employee stock options granted during the three months ended March 31, 2023.

Total stock-based compensation expense from employee stock options during the three months ended March 31, 2023, was $69,174 (March 31, 2022 - $76,196) using the Black-Scholes-Merton option pricing model.

A continuity schedule of the Company's outstanding employee stock options for the three months ended March 31, 2023 and December 31, 2022 is as follows:

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| **Outstanding, beginning** | 1,182,550 | $ 3.55 | 849,670 | $ 3.96 |
| Granted | - | - | 380,500 | 2.80 |
| Exercised | - | - | (6,650) | 2.75 |
| Forfeited | (61,620) | 3.24 | (40,970) | 5.00 |
| **Outstanding, ending** | 1,120,930 | $ 3.57 | 1,182,550 | $ 3.55 |
| **Exercisable, ending** | 635,913 | $ 3.76 | 601,683 | $ 3.53 |

(In Canadian dollars)

## 14. STOCK, COMPENSATION OPTIONS AND WARRANTS (continued)

At March 31, 2023, the Company had outstanding employee stock options as follows:

| Expiry date | Options outstanding | Options exercisable | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|
| April 30, 2025 | 344,280 | 344,280 | $ 2.75 | 2.08 |
| January 31, 2026 | 200,000 | 120,000 | $ 5.00 | 2.84 |
| February 21, 2026 | 220,400 | 143,300 | $ 5.00 | 2.90 |
| December 31, 2026 | 76,250 | 20,000 | $ 5.00 | 3.75 |
| December 31, 2026 | 50,000 | 8,333 | $ 3.50 | 3.75 |
| December 31, 2027 | 90,000 | - | $ 2.00 | 4.75 |
| December 31, 2027 | 140,000 | - | $ 1.55 | 4.75 |
| | 1,120,930 | 635,913 | | 3.11 |

*14.2 Consultant Stock Options*

There were no consultant stock options granted during the three months ended March 31, 2023.

Total stock-based compensation expense from consultant stock options during the three months ended March 31, 2023, was $nil (March 31, 2022 - $4,611) using the Black-Scholes-Merton option pricing model.

A continuity schedule of the Company's outstanding consultant stock options for the three months ended March 31, 2023 and December 31, 2022 is as follows:

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| **Outstanding, beginning** | 70,000 | $ 5.00 | 70,000 | $ 5.00 |
| Expired | (70,000) | 5.00 | - | - |
| **Outstanding, ending** | - | $ - | 70,000 | $ 5.00 |
| **Exercisable, ending** | - | $ - | 70,000 | $ 5.00 |

*14.3 Broker Compensation Options*

There were no broker compensation options granted during the three months ended March 31, 2023.

(In Canadian dollars)

## 14. STOCK, COMPENSATION OPTIONS AND WARRANTS (continued)

A continuity schedule of the Company's outstanding broker compensation options for the three months ended March 31, 2023 and December 31, 2022 is as follows:

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| **Outstanding, beginning** | 457,582 | $ 5.07 | 158,334 | $ 5.00 |
| Expired | (158,334) | 5.00 | 299,248 | 5.10 |
| **Outstanding, ending** | 299,248 | $ 5.10 | 457,582 | $ 5.07 |
| **Exercisable, ending** | 299,248 | $ 5.10 | 457,582 | $ 5.07 |

At March 31, 2023, the Company had outstanding broker compensation options as follows:

| Expiry date | Options outstanding | Options exercisable | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|
| January 15, 2025 | 299,248 | 299,248 | $ 5.10 | 1.79 |

*14.4 Board Stock Options*

There were no board stock options granted during the three months ended March 31, 2023.

Total stock-based compensation expense from board stock options during the three months ended March 31, 2023 was $5,959 (March 31, 2022 - $20,234) using the Black-Scholes-Merton option pricing model.

A continuity schedule of the Company's outstanding board stock options for the three months ended March 31, 2023 and December 31, 2022 is as follows:

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| **Outstanding, beginning** | 125,900 | $ 4.04 | 90,900 | $ 5.00 |
| Granted | - | - | 35,000 | 1.55 |
| **Outstanding, ending** | 125,900 | $ 4.04 | 125,900 | $ 4.04 |
| **Exercisable, ending** | 90,900 | $ 5.00 | 65,450 | $ 5.00 |

(In Canadian dollars)

## 14. STOCK, COMPENSATION OPTIONS AND WARRANTS (continued)

At March 31, 2023, the Company had outstanding board stock options as follows:

| Expiry date | Options outstanding | Options exercisable | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|
| February 21, 2026 | 90,900 | 90,900 | $ 5.00 | 2.90 |
| December 31, 2027 | 35,000 | - | $ 1.55 | 4.75 |
| | 125,900 | 90,900 | | 3.41 |

*14.5 Warrants*

The Company issued common share purchase warrants in connection with the brokered private placement on January 14, 2022 (Note 13).

A continuity schedule of the Company's outstanding common share purchase warrants for the three months ended March 31, 2023 and December 31, 2022 is as follows:

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Number outstanding | Weighted average exercise price | Number outstanding | Weighted average exercise price |
| **Outstanding, beginning** | 5,250,000 | $ 5.10 | - | $ - |
| Issued | - | - | 5,250,000 | 5.10 |
| **Outstanding, ending** | 5,250,000 | $ 5.10 | 5,250,000 | $ 5.10 |

At March 31, 2023, the Company had outstanding common share purchase warrants exercisable as follows:

| Expiry date | Warrants outstanding | Exercise price | Weighted average remaining contractual life (in years) |
|---|---|---|---|
| Jan 14, 2025 | 5,250,000 | $ 5.10 | 1.79 |

(In Canadian dollars)

## 15. FINANCIAL INSTRUMENTS

*15.1 Categories of financial instruments and fair value measurements*

The Company's financial assets and liabilities are classified as follows:

| | Level | March 31, 2023 | December 31, 2022 |
|---|---|---|---|
| **Financial assets:** | | | |
| ***Fair value through profit and loss*** | | | |
| Cash and cash equivalents | 1 | $ 5,303,931 | $ 8,096,696 |
| Investments | 1 | 68,002 | 67,689 |
| ***Amortized cost*** | | | |
| Accounts receivable, net of allowance for doubtful accounts | 2 | 1,283,110 | 1,012,675 |
| **Financial liabilities:** | | | |
| ***Financial liabilities at amortized cost*** | | | |
| Accounts payable | 2 | $ 788,380 | $ 852,433 |
| Short-term debt | 2 | - | 27,180 |
| Note payable | 2 | 2,879,654 | 2,865,190 |

*15.2 Fair value information*

The fair values of the Company's financial instruments approximate their carrying amounts due to the short-term nature of these instruments.

IFRS 13 *Fair Value Measurement* establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*15.3 Management of financial risks*

There were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2023, and 2022. As at March 31, 2023 and December 31, 2022, the Company's cash and cash equivalents, and investments were valued using Level 1 inputs of the fair value hierarchy.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at March 31, 2023:

| | Within 12 months | After 12 months |
|---|---|---|
| Accounts payable and accrued liabilities | $ 1,495,199 | $ - |
| Note payable | 945,100 | 1,934,554 |
| **Total** | **$ 2,440,299** | **$ 1,934,554** |

The undiscounted note payable contractual maturities are $1,000,000 within 12 months and $2,000,000 after 12 months, respectively.

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

*Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company has a significant number of customers which minimizes concentration of credit risk. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company deals only with financially sound counterparties and,

**15. FINANCIAL INSTRUMENTS (continued)**

accordingly, does not anticipate loss for non-performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Over 75% of accounts receivable is current. The amounts disclosed in the balance sheet represent the maximum credit risks. Credit risk that arises from accounts receivable is considered low. The Company's cash is also exposed to credit risk. Cash is held with a major financial institution, consequently, the risk is assessed as low.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rates on its short-term debt, note payable and demand loan are fixed. Management monitors its interest rates compared to market rates on a regular basis. The Company does not use derivative instruments to reduce its exposure to interest rate risk. Accordingly, interest rate risk is assessed as low.

*Currency risk*

Currency risk is the risk that the Company's net loss will vary from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company has not entered into any forward currency contracts or other financial derivatives to hedge foreign exchange risk. The Company is exposed to limited foreign currency transactions and has assessed the currency risk as low.

*Liquidity risk*

The Company's objective is to have sufficient liquidity to meet its liabilities when they become due. The Company monitors its cash balances and cash flows generated from operations to meet its requirements. As at March 31, 2023, the most significant financial liabilities are its accounts payables and note payable. As at March 31, 2023, the Company assessed liquidity risk as moderate.

(In Canadian dollars)

## 16. SEGMENTED INFORMATION

Management determined the Company's operating segments based on information reviewed by the Company's chief operating decision-maker, which consists of the Chief Executive Officer and the leadership team; largely on the basis of services offered and the classes of customers served.

The Company has three operating segments: (1) software and services, (2) software licensing fees, and (3) corporate. Software and services refers to the property management business associated with the Company's community-living technology platform. Software licensing fees refers to the Company's deficiency management software provided to developers and rental management software provided to landlords. The Company's corporate segment refers to the strategic and operational leadership of management, and shared corporate services to the group through the Company's head office operations. Financial performance and balances by segment are as follows:

| | Software and Services | Software Licensing Fees | Corporate | Total |
|---|---|---|---|---|
| **For the three months ended March 31, 2023** | | | | |
| Revenue | $ 4,568,493 | $ 90,554 | $ - | $ 4,659,047 |
| Expenses | 5,208,786 | 1,176,737 | 685,921 | 7,071,444 |
| Net loss | $ (640,293) | $ (1,086,183) | $ (685,921) | $ (2,412,397) |
| **For the three months ended March 31, 2022** | | | | |
| Revenue | $ 4,102,067 | $ 100,148 | $ - | $ 4,202,515 |
| Expenses | 4,205,478 | 1,310,702 | 743,142 | 6,259,322 |
| Net loss | $ (103,411) | $ (1,210,554) | $ (743,142) | $ (2,057,107) |
| **As at March 31, 2023** | | | | |
| Assets | $ 17,475,031 | $ 6,031,638 | $ - | $ 23,506,669 |
| Liabilities | 7,542,056 | 656,793 | - | 8,198,849 |
| Property and equipment | 3,503,893 | 302,869 | - | 3,806,762 |
| Intangible assets | 7,380,271 | - | - | 7,380,271 |
| **As at December 31, 2022** | | | | |
| Assets | $ 17,077,383 | $ 8,977,466 | $ - | $ 26,054,849 |
| Liabilities | 7,836,722 | 573,043 | - | 8,409,765 |
| Property and equipment | 3,687,613 | 312,483 | - | 4,000,096 |
| Intangible assets | 7,227,498 | - | - | 7,227,498 |

(In Canadian dollars)

## 17. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Board of Directors and members of the executive team.

In the normal course of business, the Company enters into transactions with its related parties that are considered to be arm's length transactions and made at normal market prices and on normal commercial terms.

a) Key management compensation was as follows:

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2023** | **March 31, 2022** |
| Salaries | $ 293,521 | $ 231,063 |
| Board of Directors' fees | 46,875 | 40,625 |
| Short-term benefits | 3,888 | 5,146 |
| Stock-based compensation | 54,550 | 77,708 |
| | $ 398,834 | $ 354,542 |

b) During the three months ended March 31, 2023, the Company made lease payments for office space of $125,045 to a company affiliated with a member of the executive team. As at March 31, 2023, the office leases have an average remaining term of 7.75 years, and the minimum remaining lease payments total $4,401,584. For the same period in 2022, the Company paid $125,045 for the same purpose.

## 18. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to execute on its strategic operating plan, continue as a going concern and to maximize its financial flexibility by maintaining strong liquidity and by utilizing alternative sources of capital including equity, debt and bank loans or lines of credit to fund continued growth. In the management of capital, the Company includes the components of shareholders' equity and short-term liabilities, as well as cash. The Company sets the amount of capital in proportion to risk and based on the availability of funding sources. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. Additional debt and/or equity financing may be pursued in the future as deemed appropriate to balance debt and equity. To maintain or adjust the capital structure, the Company may issue new shares, take on additional debt or sell assets to reduce debt. The Company is not subject to any externally imposed capital requirements and the Company does not pay out dividends. There were no changes in the Company's approach to capital management during the period.

## 19. ACCOUNTS RECEIVABLE

The balance of accounts receivable is comprised of the following:

| | **March 31, 2023** | **December 31, 2022** |
|---|---|---|
| Accounts receivable, net of allowance for doubtful accounts | $ 1,265,720 | $ 973,111 |
| Other receivables | 17,390 | 39,564 |
| | $ 1,283,110 | $ 1,012,675 |

As at March 31, 2023, an allowance for doubtful accounts of $33,561 (December 31, 2022 - $33,561) has been provided for balances outstanding over 90 days.

(In Canadian dollars)

## 20. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts payable | $ 788,380 | $ 852,433 |
| Accrued liabilities | 706,819 | 709,788 |
| | $ 1,495,199 | $ 1,562,221 |

## 21. CASH AND CASH EQUIVALENTS

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash | $ 1,278,986 | $ 1,531,315 |
| Cashable investment | 4,024,945 | 6,565,381 |
| | $ 5,303,931 | $ 8,096,696 |

As at March 31, 2023, the Company held a 1-year cashable GIC investment with a balance of $4,024,945 (December 31, 2022 - $6,565,381), interest yield of 2.23% annually, and maturity date of April 25, 2023.

## 22. SUBSEQUENT EVENT

On April 25, 2023, the 1-year cashable GIC investment held by the Company matured and was transferred to the Company's cash account (Note 21).