# TRIBE PROPERTY TECHNOLOGIES INC.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended March 31, 2024

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Tribe Property Technologies Inc. ("Tribe", the "Company", "we", "us" or "our") is for the three months ended March 31, 2024. This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023, and our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024, prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), together with the notes thereto. This MD&A complements and supplements, but does not form part of, our financial statements. All dollar amounts in this MD&A are expressed in Canadian dollars ("CAD"), unless otherwise stated.

This MD&A contains non-IFRS measures, including Gross Profit, Gross Profit Percentage and Adjusted EBITDA. Refer to the section "Selected Annual Financial Information" for information on the calculation of these non-IFRS measures. Non-IFRS measures have limitations as analytical tools and should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS and should be read in conjunction with the consolidated financial statements for the periods indicated.

Date

The date of this MD&A is May 28, 2024, the date on which it was approved by the Board of Directors.

Additional information relating to Tribe can be obtained from the System for Electronic Document Analysis and Retrieval ("SEDAR+") and is available for review under our profile on the SEDAR+ website at http://www.sedarplus.ca.

**FORWARD-LOOKING INFORMATION**

This MD&A contains forward-looking information within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "estimates", "intends", "anticipates", "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken to occur or be achieved. Forward-looking information in this MD&A include, but are not limited to our expectations regarding industry trends and challenges, overall market growth rates and our growth rates and growth strategies; addressable markets for our solutions; the achievement of advances in and expansion of our offerings and markets; expectations regarding our revenue and the revenue generation potential of our products, services and other solutions; our business plans and strategies including expected acquisitions; our expectations regarding certain of our future results, including, among others, revenue, expenses, sales growth, expenditures, operations and use of future cash flow; our ability to execute on our strategic growth priorities and to successfully integrate acquisition targets; our competitive position in our industry and our expectations regarding competition; our anticipated cash needs and needs for additional financing; our plans for the timing and expansion of our services; our ability to attract and retain personnel; payment obligations under existing commercial agreements; future prospective consolidation in the rental management sector; industry trends; and prospective benefits of our platform. To the extent that any forward-looking information contained herein may be considered future-oriented financial information or a financial outlook, such information has been included to provide readers with an understanding of management's expectations with respect to revenue generation and readers are cautioned that the information may not be appropriate for other purposes.

Forward-looking information is necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such information. Forward-looking information is based upon a number of estimates and assumptions that, while considered reasonable by us at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause our actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking information include, without limitation, our ability to capitalize on growth opportunities and implement our growth strategy; our ability to retain key personnel; our ability to maintain existing customer relationships and to continue to expand our customers' use of our product solutions; our ability to acquire new customers; our ability to enhance our offerings to remain at the forefront of our industry; the impact of competition; the successful integration of future acquisitions; the absence of material adverse changes in our business, our industry or the global economy; and that the risks and uncertainties described under "*Risks and Uncertainties*" will not materialize.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, but are not limited to, fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or the United States, or other countries in which we may carry on business; international conflicts; integration of acquired businesses; business opportunities that may be presented to, or pursued by us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with business activities; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits; adverse changes in our credit rating; risks related to third parties passing off or otherwise leveraging our branding and/or messaging; risks related to intellectual property protection including cybersecurity risks and ransomware risks; and the occurrence of natural disasters, hostilities, acts of war or terrorism. The factors identified above are not intended to represent a complete list of the factors that could affect us. Additional factors are noted under the heading "*Risks and Uncertainties*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered, and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to us is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. We do not undertake any obligation to update the forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## COMPANY OVERVIEW

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." and on March 25, 2021, the Company was listed on the Exchange under the symbol "TRBE".

We were incorporated under the *Business Corporations Act* (Ontario) on June 5, 2017 under the name "Cherry Street Capital Inc." As noted, in connection with the Qualifying Transaction, we changed our name to "Tribe Property Technologies Inc." on March 15, 2021. Our head office is located at 1606-1166 Alberni Street, Vancouver, BC, V6E 3Z3 and our registered office is located at Suite 3200, Bay Adelaide Centre – North Tower, 40 Temperance Street, Toronto, Ontario, M5H 0B4.

Our principal business activity is offering technology-enabled property management services to meet the needs of developers, condominium and residential communities, and owners and residents. The services provided via our 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 our technology platform, we provide 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.

Our community-living technology platform provides strata councils and residents with on-demand access to important records and documents, simple communication tools, online payment options and bookable amenities. Our community-living platform strengthens communications, empowers residents and builds community. It offers high value for community residents with features that allow councils, boards and homeowners' associations to protect their real estate investment through improved communication, greater collaboration and self-service tools for residents. Examples include secure and easy communications tools with easy-to-find records, on-demand access to shared community documents, amenity booking and a help desk ticketing system.

Our deficiency management software for real estate developers provides developers and residents with a ticketing system for residents to notify their developer or management of issues, warranty concerns or deficiencies. This deficiency management software is used by property developers to organize and streamline post-construction workflow from pre-inspection and owner walk-throughs to post-occupancy and beyond. Developers can digitally track and manage home issues, while owners can access digital homeowner manuals and submit warranty issues upon move-in, directly to customer care teams.

Our rental management software for landlords provides landlords and tenants with an online tool designed to streamline landlord tasks. The tool eliminates tedious tasks and streamlines every step in the rental process, allowing users to take advantage of listing websites, online rental applications, tenant vetting and onboarding, digital lease agreements, cashflow management, online rent collection and financial reporting. This software is available to owner-investors within our end-to-end community solution.

## CORPORATE HIGHLIGHTS

- On January 5, 2023, we completed the acquisition of a portfolio of strata property management assets from Warrington PCI Management ("Warrington"). We paid Warrington with consideration as follows:

  a) $200,000 cash on the closing date;
  b) $75,000 payable in common shares of the Company, upon the future delivery of property management contracts related to two buildings that are currently under development;
  c) $100,000 payable on the date that is one month after the first anniversary of the closing date.

- On March 9, 2023, we partnered with VendorPM, which allows our property managers to connect with more than 30,000 service providers, to receive quotations for services in a streamlined manner.

- On May 30, 2023, we appointed our Chief Operating Officer, Dan Feeny. He was previously our Chief Technology Officer and interim COO.

- On July 12, 2023, we partnered with OctoAI Technologies Corp. to provide condominium boards and strata councils with enhanced reporting and benchmarking capabilities to better understand the operational and financial health of their buildings.

- On July 27, 2023, we partnered with KnockNok, an app which connects maintenance and repair services to residents requiring service in our communities. It will be available on the Tribe Home – Market platform.

- On October 5, 2023, we signed a definitive loan agreement with a Canadian Schedule A bank, which provides a senior term loan facility for up to $15 million. The facility consists of a $3 million operating line to support the company's working capital requirements, and an M&A facility of $7 million, with an additional accordion feature of $5 million.

- On October 10, 2023, we appointed our new Chief Financial Officer, Angelo Bartolini. He has over 12 years of experience in a public company setting, where he led as the CFO of Altus Group.

- On November 30, 2023, we acquired 100% of the outstanding share capital of Meritus Group Management Inc. ("Meritus") for 143,678 common shares (with a fair value of $133,985) of the Company, $400,000 cash consideration, and a $300,000 promissory note.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information of the results of operations for the three months ended March 31, 2024 and 2023 as follows:

| | For the three months ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Revenue | $ 5,338,192 | $ 4,659,047 |
| Cost of software and services and software licensing fees (1) | 3,362,210 | 3,036,026 |
| Operating expenses (1) | 3,957,297 | 3,925,055 |
| Operating loss | (1,981,315) | (2,302,034) |
| Other expenses | (227,272) | (158,861) |
| Other income | 5,640 | 48,498 |
| Net loss before income taxes | (2,202,947) | (2,412,397) |
| Income tax recovery | - | - |
| Net loss | $ (2,202,947) | $ (2,412,397) |
| Basic and diluted loss per share | $ (0.10) | $ (0.11) |
| Adjusted EBITDA (2) | $ (1,362,464) | $ (1,862,569) |

The following table sets forth gross profit information for the years ended December 31, 2023 and 2022 as follows:

| | For the three months ended | |
|---|---|---|
| | March 31, 2024 | March 31, 2023 |
| Revenue, excluding ancillary revenues | $ 4,684,216 | $ 3,833,566 |
| Cost of software and services and software licensing fees (excluding costs related to ancillary revenues) | 2,847,301 | 2,396,684 |
| Gross profit (3) | 1,836,915 | 1,436,882 |
| Gross profit percentage (3) | 39.2% | 37.5% |

(1) During the current year, the Company reassessed certain salaries and wages in operating expenses recognized during the three months ended March 31, 2023, and concluded that it was cost of software and services. Therefore, the Company has revised the presentation of the expenses from operating expenses to cost of software and services. The effect of the change was a reduction of operating expenses from $4,129,880 to $3,925,055 and an increase of cost of software and services from $2,831,201 to $3,036,026. No other amounts were affected.

(2) Non-IFRS measures: Adjusted EBITDA is also not a measure recognized in accordance with IFRS and does not have a prescribed or standardized meaning by IFRS. We define Adjusted EBITDA attributed to shareholders as net income or loss excluding severance and acquisition costs, interest expense and finance costs, foreign exchange gains and losses, current and deferred income taxes, depreciation and amortization, stock-based compensation, fair value gains and losses on investments, and other expenses. It should be noted that Adjusted EBITDA is not defined under IFRS and may not be comparable to similar measures used by other entities. We believe Adjusted EBITDA is a useful measure as it provides important and relevant information to our management about our operating and financial performance. Adjusted EBITDA also enables our management to assess our ability to generate operating cash flow to fund future working capital needs, and to support future growth. Excluding these items does not imply that they are non-recurring or not useful to investors. Investors should be cautioned that Adjusted EBITDA attributable to shareholders should not be construed as an alternative to net income (loss) or cash flows as determined under IFRS.

(3) Non-IFRS measures: Gross profit and gross profit percentage do not have a standardized meaning under IFRS, and therefore may not be comparable to similar measures presented by other issuers. We define gross profit as revenue, excluding ancillary revenues, less cost of software and services and software licensing fees. Cost of software and services include direct costs of community managers, client accounting staff and accounting software, excluding client administration and other administrative applications. We define gross profit percentage as gross profit calculated as a percentage of revenues, excluding ancillary revenues. Gross profit and gross profit percentage should not be construed as an alternative for revenue or net loss in accordance with IFRS. We believe that gross profit and gross profit percentage are meaningful metrics in assessing our financial performance and operational efficiency.

The following table sets forth our total assets and non-current financial liabilities as March 31, 2024 and December 31 2023:

| As at | March 31, 2024 | December 31, 2023 |
|---|---|---|
| Total assets | $ 13,453,980 | $ 14,398,217 |
| Note payable, non-current portion | 630,509 | 626,007 |

**Reconciliation of Net Loss to Adjusted EBITDA**

The following table sets forth the reconciliation of net loss to adjusted EBITDA for the three months ended March 31, 2024 and 2023:

| | Three months ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Net loss | $ (2,202,947) | $ (2,412,397) |
| Depreciation | 213,312 | 217,078 |
| Amortization of intangible assets | 237,393 | 147,227 |
| Amortization of deferred financing asset | 24,858 | - |
| Stock-based compensation | 53,350 | 75,133 |
| Fair value gain on investment | (5,590) | (313) |
| Interest expense [(1)] | 226,951 | 147,358 |
| Interest income | (50) | (31,301) |
| Foreign exchange loss (gain) | 321 | (6,884) |
| Acquisition costs | 53,802 | - |
| Severance costs | 28,593 | - |
| Loss on revaluation of government grant | - | 11,503 |
| Standby fees | 7,543 | - |
| Loan forgiveness on government grant | - | (10,000) |
| Adjusted EBITDA | $ (1,362,464) | $ (1,862,596) |

[(1)] Interest expense incurred on short-term debt, demand loan, note payable and amounts due to related parties

**DISCUSSION OF OPERATIONS**

**Revenue**

The following table sets forth a breakdown of revenue for the three months ended March 31, 2024 and 2023:

| | Three months ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Software and service fees | $ 4,489,316 | $ 4,192,503 |
| Transactional revenues | 745,755 | 375,990 |
| Software and services | 5,235,071 | 4,568,493 |
| Software licensing fees | 103,121 | 90,554 |
| Total revenue | $ 5,338,192 | $ 4,659,047 |

During the three months ended March 31, 2024, we generated total revenue of $5,338,192, an increase of 15% over the same period in 2023. The increase in revenue was primarily due to a 7% increase in software and service fees as a result of pricing adjustments and the acquisition of Meritus. Furthermore, there was a 98% increase in transactional revenues due to an increase in financial services revenues associated with our banking partnership, and a 14% increase in software licensing fees.

**Consolidated gross profit and gross profit percentage**

Gross profit increased by $400,033 and gross profit percentage increased to 39.2% for the three months ended March 31, 2024 from 37.5% compared to the same period in 2023. The increase in gross profit was a result of the addition of service contracts through organic growth and acquisitions, and restructuring efforts.

**Selling, general and administrative expenses**

The following table sets forth a breakdown of selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2024 and 2023:

| | Three months ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Salaries and wages | $ 2,319,476 | $ 2,340,143 |
| Office expenses | 690,649 | 698,111 |
| Professional fees | 253,663 | 198,847 |
| Subcontractors | 94,101 | 110,358 |
| Investor relations | 41,845 | 79,435 |
| Standby fees | 7,543 | - |
| Advertising and promotion | 21,107 | 58,723 |
| Total SG&A | $ 3,428,384 | $ 3,485,617 |

During the three months ended March 31, 2024, our SG&A decreased by $57,233 or 1.6% compared to the same period in 2023.

The decrease in salaries and wages during the three months ended March 31, 2024 compared to the same period in 2023 was due to restructuring efforts, partially offset by the acquisition of Meritus.

The increase in professional fees for the three months ended March 31, 2024 compared to the same period in 2023 was due to services required for preparation for M&A and financing activity. The decrease in subcontractor expenses during the three months ended March 31, 2024 compared to the same period in 2023 was due to continued streamlining efforts of our product technology team. The decrease in investor relations for the three months ended March 31, 2024 compared to the same period in 2023 was due to restructuring efforts.

**Stock-based compensation**

Stock-based compensation for the three months ended March 31, 2024 was $53,350 compared to $75,133 for the same period in 2023. The timing of cancelled stock options for the three months ended March 31, 2024 contributed to the decrease. Stock-based compensation is calculated at fair value using the Black-Scholes-Merton option pricing model.

**Other expenses**

During the three months ended March 31, 2024, other expenses were $227,272 compared to $158,861 for the same period in 2023. The increase was due to interest expense on the operating and M&A facilities for the three months ended March 31, 2024. This was partially offset by decreased interest expense on the Gateway promissory note, which we continue to make principal and interest payments towards. We made a $1,000,000 payment on December 31, 2023.

**Other income**

During the three months ended March 31, 2024, other income was $5,640 compared to $48,498 for the same period in 2023. The decrease was due to no cash being held for the three months ended March 31, 2024 in the 1-year cashable GIC investment with an interest yield of 2.23% annually, resulting in $nil interest income. The GIC investment matured on April 25, 2023.

### Net loss

Net loss from the three months ended March 31, 2024 was $2,202,947 compared to $2,412,397 for the same period in 2023. The decrease in net loss was primarily due to the increased gross profit discussed above. This was partially offset by decreased interest income and increased interest expense discussed above.

### Summary of quarterly results

The following table sets forth a summary of financial data for our most recent eight quarters as follows:

| | Quarter ended | Revenue | Total comprehensive loss | Basic and diluted loss per common share |
|---|---|---|---|---|
| Q1, 2024 | March 31, 2024 | $ 5,338,192 | $ (2,202,947) | $ (0.10) |
| Q4, 2023 | December 31, 2023 | 5,110,135 | (6,968,301) | (0.33) |
| Q3, 2023 | September 30, 2023 | 4,798,627 | (2,070,649) | (0.10) |
| Q2, 2023 | June 30, 2023 | 4,820,654 | (2,715,954) | (0.13) |
| Q1, 2023 | March 31, 2023 | 4,659,047 | (2,412,397) | (0.11) |
| Q4, 2022 | December 31, 2022 | 4,748,205 | (2,783,220) | (0.13) |
| Q3, 2022 | September 30, 2022 | 4,529,310 | (2,733,871) | (0.13) |
| Q2, 2022 | June 30, 2022 | 4,332,820 | (2,970,344) | (0.14) |

Variations in our revenue and total comprehensive loss for the periods above resulted primarily from the following factors:

- In the third quarter of 2022, our net loss decreased by $236,473 to $2,733,871, or a loss per share of $0.13. The decrease in net loss was due to a decrease in professional fees. There was more advisory services required in the second quarter of 2022.
- In the fourth quarter of 2022, our net loss increased by $49,349 to $2,783,220, or a loss per share of $0.13. The increase in net loss was due to increased SG&A expenses and increased amortization of intangibles due to a change in useful life (see section *Accounting Policies* below).
- In the first quarter of 2023, our net loss decreased by $370,823 to $2,412,397, or a loss per share of $0.11. The decrease in net loss was due to increased gross margin percentage, decreased office expenses and professional fees, and decreased interest expense.
- In the second quarter of 2023, our net loss increased by $303,557 to $2,715,954, or a loss per share of $0.13. The increase in net loss was due increased professional fees, and severance costs related to restructuring efforts.
- In third quarter of 2023, our revenue decreased by $22,027 to $4,798,627. We terminated a portfolio of buildings that did not fit our strategic and financial profile. Our net loss decreased by $645,305 to $2,070,649, or a loss per share of $0.10. The decrease in net loss was primarily due to restructuring efforts, leading to decreased salaries and wages and subcontractor expenses.
- In the fourth quarter of 2023, our revenue increased by $311,508 to $5,110,135, driven by the acquisition of Meritus and net addition of buildings to the Tribe Home platform. Our net loss increased by $4,897,652 to $6,968,301, driven by the impairment of goodwill.
- In the first quarter of 2024, our revenue increased by $228,057 to $5,338,192. Our net loss decreased by $4,765,354 to $2,202,947, or a loss per share of $0.10, driven by the impairment of goodwill in the previous quarter.

## LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, we had cash and cash equivalents of $838,381 (December 31, 2023 - $1,324,101). All cash and cash equivalents were held in bank accounts with Canadian financial institutions. We have an operating line of credit facility of $3,000,000 with a Canadian Schedule A bank, available to be drawn at our discretion, which is being utilized as of the date of this MD&A.

*Operating activities*

We had net cash flows used in operating activities of $1,211,337 during the three months ended March 31, 2024 compared to $2,408,084 during the same period in 2023. The decrease in cash flows used is primarily driven by the decrease in net loss after adjustments not affecting cash, and further driven by the timing and receipts of our receivables, and the timing and repayment of our accounts payable and accrued liabilities.

*Investing activities*

We had net cash flows used in investing activities of $20,729 during the three months ended March 31, 2024 compared to $223,744 during the same period in 2023. The decrease in cash flows used is due to the acquisition of customer contracts from Warrington PCI Management on January 5, 2023.

*Financing activities*

We had net cash flows used by financing activities of $746,346 during the three months ended March 31, 2024 compared to net cash flows provided by financing activities of $160,937 during the same period in 2023, driven by the draws on the operating facility, partially offset by repayments to the M&A facility.

*Funding requirements*

We expect to devote financial resources to our current planned operations, the repayment of the Gateway promissory note, the operating and M&A facilities, and business development. We are currently assessing a number of acquisition opportunities. As at the date of this MD&A, we have an M&A facility of $7 million with an additional accordion feature of $5 million, with a Canadian Schedule A bank. We may need to raise additional financing through the public or private equity and debt markets.

**OFF-BALANCE SHEET ARRANGEMENTS**

None.

**RELATED PARTY TRANSACTIONS**

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

In the normal course of business, we enter 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 for the three months ended March 31, 2024 and 2023 was as follows:

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Salaries | $ 250,250 | $ 293,521 |
| Board of Directors' fees | 47,312 | 46,875 |
| Short-term benefits | 11,321 | 3,888 |
| Stock-based compensation | 43,717 | 54,550 |
| | $ 352,600 | $ 398,834 |

b) During the three months ended March 31, 2024, the Company made lease payments for office space of $134,424 to a company affiliated with a member of the executive team. As at March 31, 2024, the office leases have an average remaining term of 6.75 years, and the minimum remaining lease payments total $3,892,026. For the same period in 2023, the Company paid $125,045 for the same purpose.

c) During the three months ended March 31, 2024, the Company made lease payments for office space of $49,453 to a company affiliated with a member of the Board of Directors. As at March 31, 2024, the office lease has a remaining term of 3.25 years, and the minimum remaining lease payments total $350,634. For the same period in 2023, the Company paid $49,834 for the same purpose.

On October 10, 2023, we granted the equivalent of 500,000 stock options of the Company to our Chief Financial Officer. The stock options have an exercise price of $1.00. 100,000 of the options immediately vested, and an additional 80,000 options will vest on September 1$^{st}$ on each of the following five years.

## ACCOUNTING POLICIES

Management's discussion and analysis of our financial condition and results of operations is based on our audited consolidated financial statements which have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective as of May 28, 2024.

Our significant accounting policies are included in the notes to the audited consolidated financial statements for the year ended December 31, 2023.

Beginning on January 1, 2023, the Company revised the useful life of its customer relationships from 15 years (both CGUs) to 12 and 10 years for the Tribe and Gateway CGUs respectively. The Company performed an evaluation of the length of the useful life and determined 12 and 10 years was a more appropriate measurement. This change increased the amortization of intangible assets for the year ended December 31, 2023, and will have the same effect for the periods thereafter.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Our financial assets and liabilities are classified as follows:

| | March 31, 2024 | December 31, 2023 |
|---|---|---|
| **Financial assets:** | | |
| ***Fair value through profit and loss*** | | |
| Cash and cash equivalents | $ 838,381 | $ 1,324,101 |
| Investments | 79,601 | 74,011 |
| ***Amortized cost*** | | |
| Accounts receivable, net of allowance for doubtful accounts | 1,426,185 | 1,528,151 |
| **Financial liabilities:** | | |
| ***Financial liabilities at amortized cost*** | | |
| Accounts payable | $ 1,247,573 | $ 817,115 |
| Operating and M&A facilities | 3,945,939 | 3,039,469 |
| Note payable | 2,185,279 | 2,167,397 |

We use our cash and receivables to support our current planned operations and to settle our accounts payable, short-term debt and demand loan, all of which were incurred in the normal course of business. Our note payable was issued in connection with the Gateway Acquisition and was used to finance the transaction. Our investments consist of shares of a publicly traded company on the Toronto Stock Exchange. We plan to liquidate these shares in the future.

Our financial instruments expose us to certain financial risks, including credit risk, interest rate risk, foreign currency risk and liquidity risk.

*Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. We have a significant number of customers which minimizes concentration of credit risk. We are exposed to credit risk from customers. In order to reduce our credit risk, we deal only with financially sound counterparties and, accordingly, do 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. Our cash is also exposed to credit risk. Cash is held with a major financial institution, consequently, the credit 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. Our interest rates on our short-term debt, note payable and demand loan are fixed. Management monitors our interest rates compared to market rates on a regular basis. We do not use derivative instruments to reduce our exposure to interest rate risk. Accordingly, interest rate risk is assessed as low.

*Currency risk*

Currency risk is the risk that our net income (loss) will vary from fluctuations of foreign exchange rates and the degree of volatility of these rates. We have not entered into any forward currency contracts or other financial derivatives to hedge foreign exchange risk. We are exposed to limited foreign currency transactions and have assessed the currency risk as low.

*Liquidity risk*

Our objective is to have sufficient liquidity to meet our liabilities when they become due. We monitor our cash balances and cash flows generated from operations to meet our requirements. As at March 31, 2024, the most significant financial liabilities are our accounts payables and accrued liabilities, and note payable. As at March 31, 2024, we assessed our liquidity risk as high.

**RISKS AND UNCERTAINTIES**

We are subject to a number of risks and uncertainties that may significantly impact our financial condition and future financial performance. Prospective investors should carefully consider the risks described in our most recent annual information form dated May 1, 2023, available for review under our profile on the SEDAR+ website at http://www.sedarplus.ca, before making an investment decision.

**CONTINGENCIES**

We are from time to time involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, individually or in the aggregate, are material to our consolidated financial condition or results of operations.

**SUBSEQUENT EVENTS**

Subsequent to March 31, 2024, we entered into the following transactions:

i. On May 24, 2024, we entered into an agreement to acquire all the issued and outstanding shares of DMSI Holdings Ltd ("DMSI"). Pursuant to the agreement, we agreed to pay DMSI total consideration of $13,000,000 as follows:

    a) $10,000,000 in cash on closing, subject to adjustment; and
    b) $3,000,000 payable by promissory note.

    Subject to receipt of applicable regulatory approvals, the transaction is expected to close by the end of May 2024.

ii. In connection with the acquisition of DMSI above, we will conduct a non-brokered private placement of up to 6,730,770 units (each, a "Unit") of the Company at a price of $0.52 per Unit to raise aggregate gross proceeds of up to $3,500,000 (the "Financing"). Each Unit will consist of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.82 at any time on or before that date, which is five years after the closing date of the Financing. The net proceeds of the Financing, in addition to a drawdown from the M&A facility, will be used by the Company for the satisfaction of the DMSI purchase.

**OUTSTANDING SHARE DATA**

As at May 28, 2024, we had 21,351,194 common shares outstanding, 1,352,230 stock options outstanding, 299,248 compensation options outstanding and 5,250,000 common share purchase warrants outstanding.