

**Givex Information Technology Group Limited**  
**Interim Condensed Consolidated Financial Statements**  
**(Unaudited)**  
**For the three and six months ended June 30, 2022 and 2021**  
(Expressed in thousands of Canadian dollars)

**Notice of No Auditor Review of the Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**Givex Information Technology Group Limited**  
**Interim Condensed Consolidated Statements of Financial Position**  
**(Unaudited)**  
**As at June 30, 2022 and December 31, 2021**  
**(Expressed in thousands of Canadian dollars)**

	June 30, 2022	December 31, 2021 (audited)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 28,450	\$ 36,817
Restricted cash	2,761	2,661
Term deposits	476	496
Trade receivables	8,451	8,425
Inventory	3,126	2,300
Prepaid expenses and deposits	978	1,667
<b>Total current assets</b>	<b>44,242</b>	<b>52,366</b>
Non-current assets:		
Non-current prepaid expenses and deposits	722	604
Loans receivable	930	1,144
Property and equipment	2,704	2,007
Right-of-use assets	4,941	5,567
Goodwill (Note 5)	6,451	2,476
Intangible assets (Note 6)	8,379	2,641
Deferred income tax asset	3,340	3,687
<b>Total non-current assets</b>	<b>27,467</b>	<b>18,126</b>
<b>Total assets</b>	<b>\$ 71,709</b>	<b>\$ 70,492</b>
<b>Liabilities</b>		
Current liabilities:		
Current portion of bank loans (Note 7)	3,476	\$ 3,992
Trade and other payables	6,220	6,685
Government remittances payable	536	770
Income taxes payable	1,418	548
Current portion of contingent consideration payable	135	123
Current portion of promissory notes payable	974	334
Current portion of lease liabilities	2,202	2,282
Contract liabilities	3,488	3,834
<b>Total current liabilities</b>	<b>18,449</b>	<b>18,568</b>
Non-current liabilities:		
Bank loans (Note 7)	2,375	386
Forgivable loan	40	40
Contingent consideration payable	95	220
Promissory notes payable	611	336
Lease liabilities	3,290	3,962
<b>Total non-current liabilities</b>	<b>6,411</b>	<b>4,944</b>
<b>Total liabilities</b>	<b>24,860</b>	<b>23,512</b>
<b>Shareholders' Equity</b>		
Share capital (Note 8)	26,307	23,346
Contributed surplus	9,744	6,342
Retained earnings	10,798	17,292
<b>Total shareholders' equity</b>	<b>46,849</b>	<b>46,980</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 71,709</b>	<b>\$ 70,492</b>

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

## Givex Information Technology Group Limited

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

For the three and six months ended June 30, 2022 and 2021

(Expressed in thousands of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>Revenue from contracts with customers</b>				
Services and payments revenue	16,123	\$ 11,702	\$ 31,250	\$ 24,005
Hardware and other revenue	722	723	1,927	1,406
<b>Total revenue</b>	<b>16,845</b>	<b>12,425</b>	<b>33,177</b>	<b>25,411</b>
<b>Direct cost of revenues</b>				
Services and payments revenue	4,595	3,307	9,113	7,147
Hardware and other revenue	426	550	1,326	962
<b>Total direct cost of revenues</b>	<b>5,021</b>	<b>3,857</b>	<b>10,439</b>	<b>8,109</b>
<b>Gross profit</b>	<b>11,824</b>	<b>8,568</b>	<b>22,738</b>	<b>17,302</b>
<b>Expenses</b>				
General and administrative (Note 11 and Note 13)	9,869	6,421	18,817	13,641
Sales and marketing	952	287	1,662	477
Foreign exchange loss	131	232	117	281
Depreciation of property and equipment	260	187	490	597
Depreciation of right-of-use assets	525	509	1,114	1,009
Share-based compensation	2,685	-	5,674	-
Amortization of intangible assets	632	360	1,071	587
	<b>15,054</b>	<b>7,996</b>	<b>28,945</b>	<b>16,592</b>
Income (loss) before undernoted item and income taxes	(3,230)	572	(6,207)	710
Net finance costs	153	127	284	257
Income (loss) before income taxes	(3,383)	445	(6,491)	453
Income tax provision (Note 9)	530	16	3	33
<b>Income (loss) and comprehensive income (loss)</b>	<b>\$ (3,913)</b>	<b>\$ 429</b>	<b>\$ (6,494)</b>	<b>\$ 420</b>
Loss per share (Note 10)				
Basic and diluted	\$ (0.03)	\$ -	\$ (0.06)	\$ -

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

**Givex Information Technology Group Limited**  
**Interim Consolidated Statements of Changes in Shareholders' Equity**  
**Six months ended June 30, 2022 and 2021**  
(Expressed in thousands of Canadian dollars, except number of shares)

	Number of common shares <sup>1</sup>	Share capital	Retained earnings	Contributed surplus	Total equity
<b>Balance as at December 31, 2020</b>	90,213,300	\$ 3,604	\$ 18,809	\$ -	\$ 22,413
Net income	-	-	420	-	420
<b>As at June 30, 2021</b>	90,213,300	\$ 3,604	\$ 19,229	\$ -	\$ 22,833
<b>Balance as at December 31, 2021</b>	115,108,304	\$ 23,346	\$ 17,292	\$ 6,342	\$ 46,980
Net loss	-	-	(6,494)	-	(6,494)
Shares issued pursuant to business combinations (Note 4)	814,081	689	-	-	689
Shares issued pursuant to vesting of restricted share units	2,271,675	2,272	-	(2,272)	-
Share-based compensation to employees	-	-	-	5,674	5,674
<b>As at June 30, 2022</b>	118,194,060	\$ 26,307	\$ 10,798	\$ 9,744	\$ 46,849

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

<sup>1</sup> All periods presented reflect the 20:1 stock split effective on November 25, 2021.

**Givex Information Technology Group Limited**  
**Interim Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**  
**For the six months ended June 30, 2022 and 2021**  
**(Expressed in thousands of Canadian dollars)**

	<b>2022</b>	<b>2021</b>
<b>Operating activities</b>		
Net income (loss)	\$ (6,494)	\$ 420
Items not affecting cash and cash equivalents:		
Depreciation of property and equipment	490	597
Depreciation of right-of-use assets	1,114	1,009
Finance costs	284	257
Amortization of intangible assets	1,071	587
Gain on termination of lease contract	(60)	-
Share-based compensation	5,674	-
Income tax expense	3	33
Unrealized foreign exchange gain	(93)	(48)
	1,989	2,855
Net changes in non-cash working capital (Note 12)	(1,076)	314
Interest paid	(247)	(257)
Income taxes paid	(198)	(93)
<b>Cash flows provided by operating activities</b>	<b>468</b>	<b>2,819</b>
<b>Investing activities</b>		
Change in restricted cash	(100)	-
Consideration paid on business acquisition, net of cash acquired (Note 4)	(7,832)	(971)
Additions of property and equipment	(1,379)	(212)
Proceeds from repayment of loans receivable	214	-
Advances on loans receivable	-	(344)
<b>Cash flows used in investing activities</b>	<b>(9,097)</b>	<b>(1,527)</b>
<b>Financing activities</b>		
Lease payments	(1,182)	(1,019)
Repayment of promissory notes payable	(185)	(799)
Proceeds from bank loans	3,000	1,700
Repayment of bank loans	(1,527)	(952)
Proceeds from forgivable loan	-	10
<b>Cash flows provided by (used in) financing activities</b>	<b>106</b>	<b>(1,060)</b>
Foreign exchange loss on cash and cash equivalents	156	282
Net change in cash and cash equivalents	(8,367)	514
Cash and cash equivalents - beginning of year	36,817	15,065
<b>Cash and cash equivalents - end of period</b>	<b>\$ 28,450</b>	<b>\$ 15,579</b>

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

**Givex Information Technology Group Limited**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Unaudited)**  
**For the three and six months ended June 30, 2022 and 2021**  
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**1. Nature of business**

Givex Information Technology Group Limited (formerly County Capital 2 Ltd. – “County”) (the “Corporation” or “Givex”) was incorporated pursuant to the Business Corporations Act (British Columbia) on October 15, 2019.

The Corporation develops, sells, installs and supports five key technology solutions for merchants of all sizes, including single store locations and Fortune 500 companies with thousands of locations. A Givex client can use one or all of the Corporation’s services as they are all designed and built to work together on one single platform. These solutions are Customer Engagement (including gift and loyalty), Enterprise POS, Payments, Integrations, and Analytics.

These unaudited condensed interim consolidated financial statements comprise Givex and its controlled subsidiaries. The Corporation’s head office is located at 134 Peter Street, Suite 1400, Toronto,

The Corporation’s shares are listed on the Toronto Stock Exchange (the “TSX”) under the stock symbol “GIVX”.

**2. Basis of presentation**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). Certain information and disclosures have been omitted or condensed. The same accounting policies and methods of computation were followed in the preparation of these condensed interim consolidated financial statements as were followed in the preparation of the most recent annual audited consolidated financial statements. These unaudited condensed interim consolidated financial statements should be read together with the Corporation’s annual audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2021. Certain comparative figures have been reclassified in order to conform to the current period presentation.

These unaudited condensed interim consolidated financial statements were approved for issue by the Audit Committee of the Corporation on August 5, 2022.

**3. Significant accounting policies**

(a) Changes in subsidiaries

On February 17, 2022, the Corporation acquired a 100% interest in Loyalty Lane, Inc. and on January 25, 2022, the Corporation acquired a 100% interest in 1157457 Ontario Inc. (operating as Kalex Equipment Services), each of which are now wholly-owned subsidiaries of the Corporation (note 4).

(b) Use of estimates and judgments

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, expectations of the future, and other relevant factors and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Corporation’s accounting policies and the key sources of uncertainty are the same as those applied and described in the Corporation’s annual audited consolidated financial statements for the year ended December 31, 2021.

**4. Business combinations**

(a) Loyalty Lane, Inc.

On February 17, 2022, the Corporation acquired all of the issued and outstanding shares of Loyalty Lane, Inc., a company incorporated under the laws of Georgia carrying on the business of providing loyalty and rewards transaction processing for independent grocers in exchange for cash consideration as described below. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from February 17, 2022 have been included in the consolidated financial statements of the Corporation. The transaction is summarized as follows:

<b>Consideration paid</b>	
Cash and cash equivalents	\$ 7,438
189,081 common shares issued to existing shareholders of Loyalty Lane, Inc.	189
	<u>7,627</u>
<b>Fair value of net identifiable assets acquired</b>	
Cash and cash equivalents	389
Trade receivables	574
Prepaid expenses and deposits	53
Software	44
Customer list	4,800
Trade and other payables	(1,200)
Deferred tax liability	(1,008)
	<u>3,652</u>
Goodwill	<u>\$ 3,975</u>

The goodwill related to the acquisition of Loyalty Lane, Inc. is composed of the benefits of increasing the Corporation’s strategic position by expanding its geographic market presence, the line of business presence and gaining access to the assembled workforce that does not qualify for separate recognition. The goodwill allocated to the Loyalty Lane, Inc. CGU is not deductible for tax purposes.

The amounts of revenue contributed by Loyalty Lane, Inc. from the date of acquisition and included in the Corporation’s interim condensed consolidated statements of loss and comprehensive loss for the six months ended June 30, 2022 is \$2,415. The amount of net income contributed by Loyalty Lane, Inc. from the date of acquisition and included in the Corporation’s interim condensed consolidated statements of loss and comprehensive loss for the six months ended June 30, 2022 is (\$108). The business acquisition did not have a material impact on either the Corporation’s revenue or the interim condensed statements of loss and comprehensive loss as if the acquisition had occurred at the beginning of the annual reporting period.

The initial accounting for the business combination is determined using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified assets and liabilities may be made within the measurement period.

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**4. Business combinations (continued)**

(b) 1157457 Ontario Inc. (operating as Kalex Equipment Services)

On January 25, 2022, the Corporation acquired all of the issued and outstanding shares of 1157457 Ontario Inc. (operating as Kalex Equipment Services "Kalex"), a company incorporated under the laws of Ontario for the consideration described below. Kalex carries on the business of reselling new and legacy information technology point-of-sale equipment to the Canadian retail sector and providing on-line and other support services to the POS retail equipment stores. The consideration paid was allocated to the net identifiable assets acquired based on their acquisition date fair values. The acquisition was accounted for as a business combination and, accordingly, the results of operations from January 25, 2022 have been included in the interim condensed consolidated financial statements of the Corporation for the six months ended. The transaction is summarized as follows:

<b>Consideration paid</b>			
Cash and cash equivalents		\$	1,000
Promissory note payable			957
625,000 common shares issued to existing shareholders of Kalex			500
		\$	2,457

<b>Fair value of net identifiable assets acquired</b>			
Cash			217
Trade receivables			905
Prepaid expenses and deposits			17
Inventory			262
Property and equipment			39
Right-of-use assets			254
Customer list			1,965
Trade and other payables			(393)
Lease liabilities			(254)
Deferred tax liability			(555)
			2,457
Goodwill		\$	-

The amounts of revenue contributed by Kalex from the date of acquisition and included in the Corporation's condensed interim consolidated statements of loss for the six months ended June 30, 2022 is \$1,710. The amount of net income contributed by Kalex from the date of acquisition and included in the Corporation's condensed interim consolidated statements of loss for the six months ended June 30, 2022 is \$47. The business acquisition did not have a material impact on either the Corporation's revenue or the interim condensed statements of loss and comprehensive loss as if the acquisition had occurred at the beginning of the annual reporting period.

The initial accounting for the business combination is determined using provisional amounts. Adjustments to provisional amounts, and the recognition of newly identified assets and liabilities may be made within the measurement period.

**5. Goodwill**

The carrying amount of goodwill allocated to each of the cash-generating units (CGU) is as follows:

	ValuAccess Limited	Givex Canada Corp	Owen Business Systems Ltd.	Easy Information Solutions SA DE CV	PI Cash Système S.à.r.l	Loyalty Lane, Inc.	Total
<b>Cost</b>							
Balance as at January 1, 2021	\$ 177	\$ 381	\$ 584	\$ 762	\$ -	\$ -	\$ 1,904
Acquisition of a subsidiary	-	-	-	-	572	-	572
As at December 31, 2021	177	381	584	762	572	-	2,476
Acquisition of a subsidiary (Note 4)	-	-	-	-	-	3,975	3,975
As at June 30, 2022	\$ 177	\$ 381	\$ 584	\$ 762	\$ 572	\$ 3,975	\$ 6,451

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**6. Intangible assets**

	Customer list	Software	Total
<b>Cost</b>			
Balance as at January 1, 2021	\$ 5,209	\$ 69	\$ 5,278
Acquired through business combinations	595	-	595
As at December 31, 2021	5,804	69	5,873
Acquired through business combinations	6,765	44	6,809
As at June 30, 2022	\$ 12,569	\$ 113	\$ 12,682
<b>Accumulated amortization</b>			
Balance as at January 1, 2021	\$ 2,035	\$ 22	\$ 2,057
Additions	1,161	14	1,175
As at December 31, 2021	3,196	36	3,232
Additions	1,064	7	1,071
As at June 30, 2022	\$ 4,260	\$ 43	\$ 4,303
<b>Net book value</b>			
As at December 31, 2021	\$ 2,608	\$ 33	\$ 2,641
As at June 30, 2022	\$ 8,309	\$ 70	\$ 8,379

**7. Bank loans**

A continuity schedule of the Corporation's bank loans is as follows:

	Bank loan #1 (a)	Bank loan #2 (b)	Bank loan #3	Bank loan #4 (c)	Total
Balance as at January 1, 2021	\$ 646	\$ 3,560	\$ 26	\$ 115	\$ 4,347
Additions	1,954	-	-	-	1,954
Repayment of principal	-	(1,871)	(8)	(44)	(1,923)
As at December 31, 2021	2,600	1,689	18	71	4,378
Additions	-	3,000	-	-	3,000
Repayment of principal	(325)	(1,176)	(4)	(22)	(1,527)
As at June 30, 2022	2,275	3,513	14	49	5,851
Less: current portion	(2,275)	(1,150)	(9)	(42)	(3,476)
	\$ -	\$ 2,363	\$ 5	\$ 7	\$ 2,375

- (a) The Corporation has an operating line of credit with maximum borrowings of \$3,000. The facility is due on demand and bears interest at the bank's prime rate plus 0.5% per annum with interest payable monthly.
- (b) The Corporation has a revolving term facility with maximum borrowings of \$10,000 with a Canadian chartered bank. The facility is only made available to fund acquisitions that meet the conditions required by the bank. This facility bears interest at the bank's prime rate plus 1.75% per annum, payable in 36 equal monthly instalments of principal and interest. Prepayment is permitted without penalty at any time in whole or part. The bank loans have maturity dates between July 2022 and February 2027.
- (c) The Corporation has a term loan payable in blended monthly payments of \$4 including interest accrued at 2.80% per annum maturing September 10, 2023. Computer equipment with a carrying amount of approximately \$68 (December 31, 2021 - \$84) as at June 30, 2022 has been pledged as security.

Bank loan #1 and #2 are secured by a general security agreement constituting a first ranking security interest in all the assets of Givex Canada Corporation, general postponement and subordination of payments to shareholder and intercompany loans. In addition, all entities under the definition of the consolidated group in the agreement terms have provided a guarantee for an unlimited amount on the facilities. The Corporation cannot exceed the advances under the operating line of credit of \$3,000. In addition, the Corporation shall maintain a ratio of Consolidated current assets to Consolidated current liabilities of not less than 1.25:1, a Consolidated Fixed Coverage Ratio of not less than 1.20 to 1.00, a minimum Equity to Capitalization Ratio of not less than 20% and a Consolidated Total Funded Debt to Consolidated EBITDA ratio equal to or less than 3.00:1. During the six months ended June 30, 2022, the Corporation was in compliance with the covenants. Bank loan #3 and bank loan #4 do not have covenants.

In addition to the above loans, the Corporation has a non-revolving lease facility with maximum borrowings of \$305. The facility bears interest at the bank's prime rate plus 1.00% per annum. As at June 30, 2022, the balance outstanding for the lease facility was \$Nil (December 31, 2021 - \$Nil).

**8. Share capital**

The Corporation's authorized share capital consists of (i) an unlimited number of common shares, issuable in series and (ii) an unlimited number of preferred shares, issuable in a series. The Corporation has only issued common shares at June 30, 2022 and December 31, 2021.

**9. Income taxes**

As disclosed in prior financial statements, Givex Canada Corp. is subject to an ongoing tax audit by the Canada Revenue Agency pertaining to transfer fees between Givex Corporation and Givex Canada Corp. If the tax authority is successful with their challenges, the Corporation's income tax expense may be adversely affected. On June 17, 2022, Givex Canada Corp received notices of reassessment from the Canada Revenue Agency for \$0.6 million plus interest as the result of this audit. The Corporation intends to dispute the assessment and is working with legal counsel to file Notices of Objections. The outcome of the dispute is unknown therefore the Corporation has accrued the full amount of these notices in the period ended June 30, 2022 income tax provision.



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**10. Loss per share**

The following table summarizes the calculation of the weighted average number of basic and diluted common shares for the three months and six months ended June 30, 2022.

Periods ended June 30,	Three Months		Six Months	
	2022	2021	2022	2021
Issued common shares	118,194,060	90,213,300 <sup>1</sup>	118,194,060	90,213,300 <sup>1</sup>
Weighted average shares outstanding - basic	118,194,060	90,213,300	117,873,879	90,213,300
Weighted average shares outstanding - diluted	118,194,060	90,213,300	117,873,879	90,213,300
<b>Loss per share basic and diluted</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ (0.06)</b>	<b>\$ -</b>

<sup>1</sup> Reflects the 20:1 stock split effective on November 25, 2021.

During the six months ended June 30, 2022, there were 148,200 (2021 - Nil) weighted average share options and warrants outstanding excluded from the computation of diluted loss per share as they were anti-dilutive.

**11. Employee compensation**

The total employee compensation comprising salaries and benefits, excluding government assistance, for the three months and six months ended June 30, 2022 was \$6,448 and \$12,529 (2021 - \$4,921 and \$9,994). The total stock compensation expense to employees for the three months and six months ended June 30, 2022 was \$2,685 and \$5,674 (2021 - \$Nil).

**12. Net changes in non-cash working capital**

	June 30	
	2022	2021
Decrease in trade receivables	\$ 1,418	\$ 565
Decrease (increase) in inventory	(579)	499
Decrease in prepaid expenses and deposits	701	834
Increase (decrease) in trade and other payables	(2,064)	(1,263)
Decrease in government remittances payable	(213)	(76)
Decrease in contract liabilities	(339)	(245)
	<b>\$ (1,076)</b>	<b>\$ 314</b>

**13. Related party transactions**

The Corporation transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Corporation. Key management personnel are defined as the executive officers of the Corporation.

Remuneration to key management was as follows:

	June 30	
	2022	2021
Salaries and benefits	\$741	\$601
Stock-based compensation	1,621	-

During the six months ended June 30, 2022, companies controlled by a member of the key management personnel of the Corporation charged license fees of \$60 (2021 - \$60) and consulting fees of \$120 (2021 - \$120) to the Corporation, which are included in general and administrative expenses.

As at June 30, 2022, loans receivable of \$930 (December 31, 2021 - \$1,144) are due from companies controlled by a member of the key management personnel of the Corporation. The loans are non-interest bearing, unsecured and have no fixed terms of repayment.