

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*As used in this management's discussion and analysis, unless the context indicates or requires otherwise, all references to the "Company", the "Corporation", "Givex", "we", "us" or "our" refer to Givex Corp. together with our subsidiaries, on a consolidated basis.*

*This management's discussion and analysis of financial condition and results of operations ("MD&A") dated **March 21, 2024** for the three months ended December 31, 2023 and 2022 and the years ended December 31, 2023 ("**Fiscal 2023**") and December 31, 2022 ("**Fiscal 2022**") of Givex should be read in conjunction with the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+. The financial information presented in this MD&A is derived from the Company's annual audited consolidated financial statements for Fiscal 2023 and Fiscal 2022, which has been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").*

*We have prepared this MD&A with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators.*

*On November 10, 2022 the Company announced that it had filed for continuance to the Province of Ontario and concurrently changed its name to Givex Corp. (formerly "Givex Information Technology Group Ltd") under the provisions of the Business Corporations Act (Ontario) following approval of the continuance and name change by shareholders at the annual general and special meeting of the shareholders of the Company held on May 26, 2022. The continuance and name change better reflects the Company's history and allows the Company to be governed by the laws of the jurisdiction in which its head office is located.*

*Additional information relating to Givex, including our most recently completed Annual Information Form for the fiscal year ended December 31, 2023 is available on our website at <https://web.givex.com/investor-relations/> and can be found on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.*

### Cautionary Statement on Forward-Looking Information

*This MD&A contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate", "believe", "expect", "estimate", "may", "will", "could", "leading", "intend", "contemplate", "shall" and similar expressions are generally intended to identify forward-looking statements. Additionally, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking information, among other things, may relate to our financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, operations, financial results, taxes, plans and objectives. Particularly information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate and the impact thereon of macro-economic uncertainties as well as statements regarding industry trends and expectations regarding our revenue.*

*This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances as at the date of the forward-looking information. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove correct.*

*Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under the "Summary of Factors Affecting Our Performance" section of this MD&A, the "Risk Factors" section of our most recently filed annual information form and the "Risk Factors" section in the Filing Statement all of which are available on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.*

*The forward-looking statements made in this MD&A relate only to events or information as of the date of this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any of these forward-looking statements to reflect events or circumstances after the date of this MD&A, including the occurrence of unanticipated events. An investor should read this MD&A with the understanding that our actual future results may be materially different from what we expect. All capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Filing Statement.*

## **Overview**

Givex operates as a full-suite omni-channel Gift Card, Loyalty Program, data analytics, Stored Value Ticketing, payments processing solutions and cloud-based point of sale (“POS”) solutions provider. Givex’s principal business operations are conducted from Toronto, Ontario with services provided globally.

Givex’s aim is to continuously develop and deploy tools that will help its merchant clients uncover the insights needed to strengthen their relationships with consumers and increase commercial activity for its merchant clients. Givex aims to effect this by listening to its merchants, empowering its teams, and partnering with its suppliers at all times.

Givex is a technology and software solutions provider. Givex currently develops, sells, installs and supports five key types of tech solutions for its merchant clients:

- Customer Engagement Solutions;
- Enterprise POS;
- Payment Processing Solutions;
- Integrations Solutions; and
- Analytics.

Givex’s merchant clients can use one or all of these services, as all five solutions products are designed and built to work together on the Givex Platform. Givex’s merchant client base consists historically of retail, hospitality and restaurant businesses, stadium, grocery, fuel and unattended retail businesses. Givex’s aim is to continually improve its platform for its merchant clients by developing technology solutions which strengthen relationships between merchant clients and their customers.

Other than the regular incorporation and business registration, at this time the Company is not aware of other licenses, regulatory approvals, permits or authorizations from relevant governmental authorities that are required to carry out the Company’s business. The Company and its subsidiaries are each in good standing in their respective jurisdiction of incorporation.

Givex’s core growth strategy focuses on:

- *Continued Investment in Cloud Platform*

Over the last 23 years, Givex has continually invested in its core cloud-based technology and will continue to do so.

- *Sell All Product Offerings to Clients*

Givex started as a closed-loop Gift Card processor, and as such most Givex merchant clients today primarily use Gift Cards, and have subsequently added Loyalty Programs, Stored Value Ticketing, and then Givex POS to their product subscriptions. More recently, Givex has sold Givex POS to merchant clients that have added Gift Cards then Loyalty Programs. Givex aims to make sure all of its product offerings include the opportunity to use at least one additional Givex product offering in order to create cross-selling opportunities. While it is not the expectation that Givex’s merchant clients use all of Givex product offerings, Givex has a diverse base of merchant clients today to which sales pitches can be made over time. Givex leverages these established relationships when opportunities with such merchant clients arise, such as RFPs.

- *Merchant Client Development and Retention*

Givex has an effective sales management tool that allows it to track and follow up with prospective merchant clients as well as existing merchant clients. As such, Givex can continually monitor its performance. Givex has a very low turnover rate of established merchant clients. Many of Givex’s existing merchant clients have been with Givex for over 15 years and some longer than 20 years.

- *Growth by Acquisition of POS and Merchant Client Engagement Platform Businesses*

A key component of Givex’s growth strategy is growth by acquisitions. Givex targets businesses that are established and profitable or marginally profitable and are in need of marketing and/or technical support to better serve their existing base of merchant clients. Givex will continue to search for targets in all of its geographical markets.

In the years 2018, 2019 and 2021 Givex completed strategic acquisitions of the following entities: ValuAccess Limited (“ValueAccess”), Owen Business Systems Ltd. (“OBS”), Easy Information Solutions S.A. de C.V (“EIS”), PI Cash Système SARL (“Pi Cash”), and also acquired certain assets from Moneris Solutions Corporation which currently make up the Givex product, “Giftpass” (formerly “giftcertificates.ca), which consists of gift-card inventory and the ability to purchase gift cards online.

Givex acquired GiftCertificates.ca with a view to building a Gift Card marketplace for not only Givex’s merchant clients but also non-Givex merchants. The impact of the COVID-19 pandemic limited Givex’s growth of the giftcertificates.ca business in 2021 and much of 2022; however, it is expected that this service, now branded as giftpass.com, will expand on an ongoing basis into all Givex senior markets in 2024.

This service has also been integrated with the “GivexAwards” program. GivexAwards has been designed as an easy-to-use incentive rewards program for small and medium sized merchant clients (under 500 employees) that want to provide an incentive program for employees. It is accessible by employees via a mobile app, which provides accumulative rewards to employees which can convert into cash (or used on giftpass.com) for use exclusively at the merchant client’s business. GivexAwards is intended to expand the market for Givex’s Gift Card merchant clients.

The acquisition of ValuAccess allowed Givex to expand into Asia Pacific markets, provide further support for its growing list of multinational clients and provide merchants with more effective localized support. The acquisition of OBS provided Givex with an upsell opportunity to OBS’s Canadian client base. Givex was also able to integrate OBS’s retail POS system, “eStream POS XDB” into its retail POS system to enhance functionality for Givex’s customers in fashion, grocery, and other retail verticals. Acquiring EIS allowed Givex to expand into Mexico and gain access to EIS’s existing customer base and team. Givex is working with EIS Management to expand the cost-effective Mexico based Givex Client services team.

On January 25, 2022, the Corporation acquired all of the issued and outstanding shares of 1157487 Ontario Inc. (operating as Kalex Equipment Services) ("Kalex") a company incorporated under the laws of Ontario. The total purchase price was \$2.5 million paid as cash consideration, promissory note payable and issuance of common shares. 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 on the POS retail equipment stores.

On February 17, 2022, the Corporation acquired all the issued and outstanding shares of Loyalty Lane, Inc. (“Loyalty Lane”), a company incorporated under the laws of Georgia. Loyalty Lane, Inc. carries on the business of providing loyalty and rewards transaction processing for independent grocers. The total purchase price was \$7.7 million paid as cash consideration and issuance of common shares. William Gray was the President of Loyalty Lane, Inc, where he was also a minority shareholder. He is the brother of Don Gray, the Corporation’s CEO. The Loyalty Lane, Inc. acquisition was approved by the Corporation’s Board of Directors, with Don Gray abstaining from the vote. As part of the acquisition, the Corporation has retained William Gray by employment agreement to continue to act in the capacity of President of Loyalty Lane, Inc.

On August 15, 2022, the Corporation acquired all of the issued and outstanding shares of Counter Solutions Holdings Limited ("Counter Solutions"), a company incorporated under the laws of the United Kingdom. Counter Solutions creates connected digital experiences for the retail & hospitality sectors, helping brands implement self-service technology solutions to improve their customer experience & drive productivity gains. The total purchase price was \$5.9 million paid as a combination of cash and contingent consideration payable. As part of this transaction, the Corporation has issued 2 million common shares to retain a key employee. The estimated fair value of the shares is \$1.2 million, which vests in 3 equal tranches as agreed targets are met. The shares are retractable based on Counter Solutions meeting agreed targets and on the continued employment of the key employee until fully vested. During Fiscal 2023, the targets were not met, and these shares will be retracted, and is further discussed in “Share-based compensation expense” below.

Targeted businesses will typically be founder owned and managed and have been in business for at least five years, either selling and installing technical solutions similar to Givex or having developed their own technology that involves POS, inventory management, labour management, Gift Card and/or Loyalty Program services.

Givex also expects to keep the team members and founders of acquired businesses engaged with Givex going forward by having a component of any purchase price satisfied either through the issuance of shares of Givex or a longer-term note, or a combination of both. Givex has successfully completed a number of acquisitions in the past seven years, and attributes the success of such deals to making sure founder teams remained engaged.

- *Strengthen Marketing and Sales with Aim to Improve Direct Sales in Givex Markets and to Increase Merchant Locations*

Givex has attended several trade shows and invested in some advertising. Givex aims to hire more direct sales team members in 2024 and will also be looking to make more prestige acquisitions in all Givex markets, which should also assist Givex with building sales resources for more direct-to-market sales activity.

Givex works with and will continue to work with referral partners as well as resellers as part of its ongoing sales strategy, but this will not be Givex's primary focus as it believes its own dedicated sales teams will be more effective than resellers in representing Givex's products and services. Givex will look to resellers in markets where it is not likely to have its own offices or team members, for example Malaysia or Indonesia.

- *Invest in Team and Support Tools*

Many Givex team members have been involved with the business for more than ten years, with some for over fifteen years. The institutional knowledge of this team is one of the reasons Givex has a strong reputation for client service and retention.

Recruitment and retention of team members has become increasingly difficult as competition for qualified and capable technical team members is becoming more intense in Toronto, where Givex's technical teams are located.

Givex will also look to its foreign markets to see where it can hire local teams to support its global services. Givex will continue to make use of the Canadian immigration fast track to recruit talent outside of Canada.

Givex uses a custom developed and effective management tool to connect all team members with the tasks needed to look after merchant clients. This tool, called the "ToolJar", allows Givex personnel to support merchant clients globally. For example, using ToolJar, a Givex support person in Mexico can provide real time support to a merchant client in the USA or Canada. Developers in Hong Kong or Mexico can support development efforts of Givex's core team in Toronto.

## **Reverse Takeover Transaction & Subscription Receipt Financing**

On November 25, 2021, the Company completed a business combination and financing (the "Transaction") pursuant to which, among other things: (a) Givex Corporation merged with County Subco Corp., an entity incorporated for the purposes of the Transaction, pursuant to the provisions of the IBCA, following which Givex Corporation survived as the successor corporation; (b) all of the issued and outstanding shares of Givex Corporation were exchanged for common shares in the capital of the Company on a one-for-one basis (the "**Exchange Ratio**"); and (c) all convertible securities of Givex Corporation were exchanged for convertible securities of the Company on economically equivalent terms on the basis of the Exchange Ratio. Upon completion of the Transaction, the Company de-listed its common shares from the TSX Venture Exchange and concurrently listed its common shares on the TSX under the ticker symbol "GIVX". Further details of the Transaction are described in the filing statement of the Company which can be found on the Company's issuer profile on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

On November 12, 2021, in connection with the Transaction, Givex Corporation completed the Concurrent Offering and issued 22,000,000 Subscription Receipts for aggregate proceeds of \$22,000,000, less a specified amount in agents' fees and expenses. Immediately prior to closing of the Transaction, and upon the satisfaction of certain escrow conditions prescribed by the Subscription Receipt Indenture, each Subscription Receipt was automatically exchanged, for no additional consideration, into one Givex Corporation Class A ordinary share and one half of one Givex Corporation Class A ordinary share purchase warrant. Upon completion of the Transaction, all securities in Givex Corporation, including Class A ordinary shares and Class A ordinary share purchase warrants issued in exchange for Subscription Receipts, were exchanged for common shares and common share purchase warrants in Givex on the basis of the Exchange Ratio on the basis of one Givex Share for each Givex Corporation Share.

For additional information regarding the Transaction including the Subscription Receipt Financing please see the Filing Statement, which is available on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

## Recent Developments

On November 7, 2022, Givex filed with the Toronto Stock Exchange (the "TSX"), and the TSX accepted, a notice of intention to make a normal course issuer bid ("2022 NCIB") permitting Givex to purchase for cancellation up to 6,101,326 Shares over a 12-month period, representing approximately 5% of the Shares outstanding as of November 7, 2022. The 2022 NCIB has since expired.

On December 12, 2023, the Corporation announced that it had filed with the TSX, and the TSX has since accepted, a notice of intention of the Company to make another normal course issuer bid (the "2023 NCIB") permitting Givex to purchase for cancellation up to 6,390,694 common shares ("Shares") over a 12-month period, representing approximately 5% of the shares outstanding as of December 1, 2023. As of December 1, 2023, there were 127,813,871 issued and outstanding shares in the capital of Givex. The 2023 NCIB commenced on December 13, 2023 and will terminate on December 12, 2024, or such earlier date on which purchases under the 2023 NCIB have been completed. Purchases of shares under the 2023 NCIB will be made through the facilities of the TSX or alternative Canadian trading systems at the market price of the shares at the time of acquisition.

During Fiscal 2023, Givex repurchased 536,466 shares as part of the above normal course issuer bid programs. Of the 536,466 shares repurchased, 517,466 were cancelled during the year ended December 31, 2023, and the remaining shares were cancelled in January 2024. An additional 67,234 were cancelled during the year ended December 31, 2023 which were repurchased during the year ended December 31, 2022.

On June 22, 2023, the Company announced that it had applied to the TSX to extend the term of an aggregate of 11,000,000 common share purchase warrants (the "**Warrants**"), which were issued by the Company on November 25, 2021 in connection with the Transaction. The prior expiry date of the Warrants was November 25, 2023 and the new expiry date will be November 25, 2024. Except as provided below in respect of warrants held by insiders of the Company (such insiders having acquired the Warrants under the same subscription receipt financing as described below), the warrant extensions are effective on July 7, 2023. All other terms of the Warrants will remain unchanged, including the exercise price of \$1.25. The Company received final TSX acceptance on August 10, 2023.

A total of 183,330 of the Warrants are held directly or indirectly by insiders of the Company. The extension in respect of Warrants held by insiders and their ability to exercise the Warrants after November 25, 2023, will be subject to obtaining disinterested shareholder approval, which the Company intends to seek at the annual general and special meeting of shareholders of the Company in early Spring, 2024. In the event that shareholder approval is not obtained, the Warrants held by insiders will terminate and be null and void effective November 25, 2023.

On November 24, 2023, the Company announced that it had applied to the TSX to extend the term of an aggregate of 1,455,467 compensation options of the Corporation (the "Compensation Options"), with each Compensation Option being exercisable to acquire one unit of the Corporation at a price of \$1.00 per unit comprised of one common share of the Corporation and one-half of one Compensation Warrant (as defined below) and 147,500 common share purchase warrants of the Corporation (the "Compensation Warrants"), with each Compensation Warrant being exercisable to acquire one common share of the Corporation at a price of \$1.25 per share, which were issued by the Company on between November 12, 2021 to November 25, 2021 as finders' fees in connection with the Transaction.

The prior expiry date of the Compensation Options and the Compensation Warrants was November 25, 2023 and the new expiry date is November 25, 2024. Except as provided below in respect of Compensation Warrants held by insiders of the Company (such insiders having acquired the Compensation Warrants in connection with the Transaction), the extensions became effective on December 11, 2023. All proposed term extensions were subject to TSX approval which TSX has accepted January 5, 2024. All other terms of the Compensation Options and Compensation Warrants will remain unchanged, including their respective exercise prices.

A total of 6,750 of the Compensation Warrants are held indirectly by an insider of the Company. The extension in respect of Compensation Warrants held by the insider and their ability to exercise the Compensation Warrants after November 25, 2023, will be subject to obtaining disinterested shareholder approval, which the Company intends to seek at the annual general and special meeting of shareholders of the Company in early Spring, 2024. If shareholder approval is not obtained, the Compensation Warrants held by insiders will terminate and be null and void effective November 25, 2023.

All Options and Warrants including the above are further described in "Outstanding Share Information" below.

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 has paid the assessment, however disputes the assessment and has worked with legal counsel and filed Notices of Objections. The payment has been recorded in prepaid expenses.

## **Macroeconomic Uncertainties**

There continues to be macroeconomic uncertainties, including inflationary pressures, changes in consumer spending, exchange rate fluctuations, increased interest rates, political and global unrest, as well as any potential resurgence of new worldwide variants of COVID-19. This makes it difficult to assess the future impact these events and conditions will have on our customer base, the end markets we serve and the resulting effect on our business and operations, both in the short term and in the long term.

Despite these ongoing risks and uncertainties, however, we continue to believe these uncertainties have accelerated the need for our solutions as our target market look to augment traditional in-person selling models with online and digital strategies. A large portion of our customer market is currently served by legacy on-premise systems that are expensive, complicated, and poorly equipped to help this market adapt to this immediate need. The Company believes this represents a significant opportunity for us to grow our customer base for all our products as the retail and restaurant worlds shift to more cloud-based solutions.

Since the onset of the above macroeconomic uncertainties, we implemented temporary measures to help our customers navigate the uncertainty they were facing including price and payment flexibilities. For example, during the COVID-19 pandemic, we prioritized the health and safety of our employees by quickly deploying all staff to a “work from home model”, something the Company was well-suited to do given the cloud-based tools it uses to run its business. The Company also implemented a COVID-19 pandemic cost cutting plan to help scale back operating costs where possible.

The results of these measures include revenue growth from \$51.5 million in Fiscal 2020, \$55.2 million in Fiscal 2021, \$72.9 million in Fiscal 2022, and \$80.8 million in Fiscal 2023. This was achieved despite these varied macroeconomic uncertainties and their impact on the global retail and restaurant industries, further demonstrating, we believe, the demand for our solutions.

We continue to monitor the impact of these macroeconomic uncertainties and other risks to our business, financial condition, and operations. Please refer to the “Risk Factors” section in the Annual Information Form which can be found on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

## Key Performance Indicators

We monitor the following key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key performance indicators are also used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors, and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

**Customer Locations.** “Customer Location” means a billing customer location for which the term of services has not ended, or with which we are negotiating a renewal contract. It includes both merchant locations that have transactions processed through our cloud-based SaaS platform, as well as merchant locations not on our platform but for which we provide other Givex services. A single unique customer can have multiple Customer Locations including physical and eCommerce sites.

We believe that our ability to increase the number of Customer Locations served by our platform and products despite these macroeconomic uncertainties is an indicator of our success in terms of market penetration and growth of our business.

As at December 31, 2023 and December 31, 2022, we had global customer locations of approximately 132,000 and 122,000 respectively, representing growth of 8%.

**Gross Transaction Volume.** “Gross Transaction Volume” or “GTV” means the total dollar value of stored and POS transactions processed through our cloud-based SaaS platforms in the period, net of refunds, inclusive of shipping and handling, duty and value-added taxes. We believe GTV is an indicator of the success of our customers and the strength of our platforms. GTV does not represent revenue earned by us.

For the three months ending December 31, 2023 and 2022, total GTV processed was approximately \$3.82 billion and \$3.33 billion respectively, representing growth of 15%. For the fiscal years ending December 31, 2023 and 2022, total GTV processed was approximately \$9.1 billion and \$7.7 billion respectively, representing growth of 18%.

**Employee Compensation as a % of Gross Profit.** “Employee Compensation as a % of Gross Profit” means the total employee compensation for a period divided by the gross profit for the same period. “Employee Compensation” means total employee compensation including salaries and benefits, excluding both government assistance and share-based compensation. “Gross Profit” means revenue less direct cost of revenue.

For the 12 months ending December 31, 2023 and December 31, 2022, “Employee Compensation as a % of Gross Profit” was 53.8% and 53.3% respectively. The company believes that its ability to control “Employee Compensation as a % of Gross Profit” is an indicator of its success in managing costs and profitability.

## Non-IFRS Measures and Reconciliation of Non-IFRS Measures

The information presented within this MD&A includes certain financial measures such as “Adjusted EBITDA” and “EBIT”, which are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

## Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) excluding interest and taxes, or EBIT, as adjusted for depreciation and amortization, or EBITDA, and then adjusted for share-based compensation and related expenses, foreign exchange gains and losses, and transaction-related expenses including those related to going public through the reverse takeover transaction as further defined above.

The following table reconciles net income (loss) to Adjusted EBITDA for the periods indicated:

(in thousands of C\$)	Three months ended		Fiscal year ended	
	December 31		December 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Net income (loss) and comprehensive income (loss)</b>	(203)	(202)	<b>(3,414)</b>	<b>(10,095)</b>
Net finance cost	(12)	223	470	717
Income tax provision (recovery) (i)	2,334	(247)	2,278	29
<b>EBIT</b>	<b>2,119</b>	<b>(226)</b>	<b>(666)</b>	<b>(9,349)</b>
Depreciation of property and equipment	319	363	1,268	1,079
Depreciation of right-of-use assets	595	590	2,237	2,396
Amortization of intangible assets	420	30	1,827	1,731
<b>EBITDA</b>	<b>3,453</b>	<b>757</b>	<b>4,666</b>	<b>(4,143)</b>
Share-based compensation expense	(591)	2,154	2,027	10,498
Acquisition related deferred revenue adjustment (ii)	502	-	502	-
Acquisition related transaction costs (iii)	112	371	112	696
Acquisition related contingent consideration adjustment (iv)	(942)	-	(942)	-
Foreign exchange loss (gain)	206	(316)	375	(474)
<b>ADJUSTED EBITDA</b>	<b>2,740</b>	<b>2,966</b>	<b>6,740</b>	<b>6,577</b>

(i) During the year ending December 31, 2023, the Corporation determined there was sufficient evidence to conclude it is no longer probable that some losses carried forward in one of its subsidiaries will be realized, therefore the Corporation has recorded a write-off of \$1.9 million of deferred tax assets through income tax expense. This write-off is reflected in the income tax provision above for both the 3 months ended December 31, 2023 and for Fiscal 2023. More information regarding these tax losses can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.

(ii) This relates to the deferred revenue fair market value adjustment as part of the business combination of Counter Solutions in Fiscal 2022. More information regarding this adjustment can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.

(iii) These expenses relate to professional, legal, consulting, accounting, advisory, and/or other fees relating to acquisition related activities that would otherwise not have been incurred. These costs are included in general and administrative expenses.

(iv) The contingent consideration related to the acquisition of Counter Solutions was reduced as certain targets were not met and the related gain has been recorded in General and administrative expense on the consolidated statements of income (loss) and comprehensive income (loss). More information regarding this adjustment can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.



## Summary of Factors Affecting Our Performance

We believe that the growth and future success of our business depends on many factors, including those described below. While each of these factors presents significant opportunities for our business, they also pose challenges, some of which are discussed below and are more fully described in the “Risk Factors” section of our most recent Annual Information Form, which can be found on the Company’s issuer profile on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

### *Market adoption of our platform*

We intend to continue to drive adoption of our commerce-enabling platform by scaling our solutions to meet the needs of both new and existing customers of all types and sizes. We believe that there is significant potential to increase penetration of our total addressable market and attract new customers. We plan to do this by further developing our products and services as well as continuing to invest in marketing strategies tailored to attract new businesses to our platform, both in our existing geographies and new markets around the world. We also intend to selectively evaluate opportunities to offer our solutions to businesses operating in industry verticals that we do not currently serve. We plan to continue to invest in our platform to expand our customer base and drive market adoption and our operations may fluctuate as we make these investments.

### *Cross-selling and up-selling with existing customers*

Our existing customers represent a significant opportunity to cross-sell and up-sell products and services with limited incremental sales and marketing expense. We use a “land and expand” approach, with many of our merchant-clients initially deploying our platform for a specific use case. Once they realize the benefits and wide functionality of our platform, they can expand the number of product offerings they subscribe to. We plan to continually invest in product development, and in sales and marketing, to add more solutions to our platform and to increase the usage and awareness of our solutions. Our future revenue growth and our ability to achieve and maintain profitability is dependent upon our ability to maintain existing customer relationships and to continue to expand our customers’ use of our comprehensive suite of our solutions.

### *Scaling our sales and marketing team*

Our ability to achieve significant growth in future revenue will largely depend upon the effectiveness of our sales and marketing efforts, both domestically and internationally. The majority of our sales and marketing efforts are accomplished in-house, and we believe the strength of our sales and marketing team is critical to our success. We have invested and intend to continue to invest meaningfully in terms of expanding our sales force, and consequently, we anticipate that our headcount will continue to increase as a result of these investments.

### *International sales*

We believe that global demand for our platform will continue to increase as SMBs seek out end-to-end solutions with omni-channel capabilities to enable their businesses to thrive and succeed in an increasingly complex operating environment. Accordingly, we believe there is significant opportunity to grow our international business. We have invested, and plan to continue to invest, ahead of this potential demand in personnel and marketing, and to make selective acquisitions outside of North America to support our international growth.

## **Key Components of Results of Operations**

### **Revenue**

#### ***Service and payments revenue***

The Company's main sources of revenue are recurring service fees from its technology solutions. "Service and payment revenues", which consist of subscription and transactional revenue from our customer engagement, POS, payments, integrations, and analytics solutions, are recognized as services provided. Our solutions include maintenance and support.

#### ***Hardware and other revenue***

These are generally one-time revenues associated with the sale of hardware with which our solutions integrate and development services in support of the integration of our solutions to our customers.

### **Direct cost of revenue**

#### ***Direct cost of services and payments revenue***

Costs of these revenues primarily includes direct costs related to our payments, card production and fulfillment solutions.

#### ***Direct cost of hardware and other revenue***

Costs of these revenues primarily includes costs associated with our hardware solutions, such as the cost of acquiring the hardware inventory as well as expenses related to the one-time implementation services provided to customers.

### **Operating Expenses**

#### ***General and administrative***

General and administrative expenses consist of all Givex employee and contractor expenses, recurring professional fees, costs associated with our internal networks and datacenters, insurance, public company ongoing listing expenses, and general corporate expenses.

#### ***Sales and marketing***

Sales and marketing expenses consist primarily of costs relating to sales-related commissions, advertising and marketing, attendance at trade shows, and travel costs.

#### ***Share-based compensation***

Upon Closing of the Transaction in Q4 2021, Givex adopted both a stock option plan and a restricted share unit plan. The purpose of these plans is to assist the Corporation in attracting and retaining key employees, officers, directors, and consultants who will contribute to the Corporation's long-term success by providing them incentives that align their interests with those of the shareholders of the Company. The Plans are administered by the board of directors of the Company (the "**Board**"). See more details about the Transaction above. Share-based compensation also includes share compensation paid regarding acquired businesses that is associated with the ongoing employment obligations for certain key personnel of such acquired businesses, and/or on certain performance criteria being achieved.

## Results of Operations

The following table outlines our consolidated statements of loss for the three months and fiscal year ended December 31, 2023 and 2022:

(in thousands of C\$)	Three months ended		Fiscal year ended	
	December 31		December 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Revenue</b>				
Service and payments revenue	\$ 20,793	19,038	\$ 73,833	67,553
Hardware and other revenue	1,738	2,283	6,930	5,352
<b>Total</b>	<b>22,531</b>	<b>21,321</b>	<b>80,763</b>	<b>72,905</b>
<b>Direct Cost of Revenue</b>				
Service and payments revenue	5,931	5,720	20,114	18,654
Hardware and other revenue	1,451	1,136	4,613	2,996
<b>Total</b>	<b>7,382</b>	<b>6,856</b>	<b>24,727</b>	<b>21,650</b>
<b>Gross profit</b>	<b>15,149</b>	<b>14,465</b>	<b>56,036</b>	<b>51,255</b>
<b>Expenses</b>				
General and administrative	11,138	11,000	44,826	41,949
Sales and marketing	943	870	4,142	3,425
Depreciation of property and equipment	319	363	1,268	1,079
Depreciation of right-of-use assets	595	590	2,237	2,396
Amortization of intangible assets	420	30	1,827	1,731
Share-based compensation	(591)	2,154	2,027	10,498
Foreign exchange loss (gain)	206	(316)	375	(474)
<b>Total Expenses</b>	<b>13,030</b>	<b>14,691</b>	<b>56,702</b>	<b>60,604</b>
<b>Income (loss) before undernoted items and income taxes</b>	<b>2,119</b>	<b>(226)</b>	<b>(666)</b>	<b>(9,349)</b>
Net finance costs	(12)	223	470	717
<b>Income (loss) before income taxes</b>	<b>2,131</b>	<b>(449)</b>	<b>(1,136)</b>	<b>(10,066)</b>
<b>Income tax expense (recovery)</b>				
Current	198	(1,284)	139	689
Deferred	2,136	1,037	2,139	(660)
<b>Total - Income tax expense (recovery)</b>	<b>2,334</b>	<b>(247)</b>	<b>2,278</b>	<b>29</b>
<b>Income (loss) and comprehensive income (loss)</b>	<b>\$ (203)</b>	<b>(202)</b>	<b>\$ (3,414)</b>	<b>(10,095)</b>
Earnings (loss) per share				
Basic and diluted	\$ (0.00)	(0.00)	\$ (0.03)	(0.09)

## Results of Operations for the Three Months and Fiscal Year ended December 31, 2023, and 2022

### Revenues

(in thousands of CS, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Revenue								
Service and payments revenue	20,793	19,038	1,755	9.2%	73,833	67,553	6,280	9.3%
Hardware and other revenue	1,738	2,283	(545)	-23.9%	6,930	5,352	1,578	29.5%
Total Revenues	22,531	21,321	1,210	5.7%	80,763	72,905	7,858	10.8%

### Service and payments revenue

For the 3 months ending December 31, 2023, service and payments revenue increased \$1.8 million or 9% over the 3 months ending December 31, 2022. This was primarily due to growth of \$0.8 million in US revenue and \$0.6 million in UK revenue.

For Fiscal 2023, service and payments revenue increased \$6.3 million or 9% over Fiscal 2022. This was primarily due to a combination of things. UK revenue grew \$1.5 million, Canada revenue grew \$1.3 million, and US revenue grew \$0.9 million.

In addition, Loyalty Lane, acquired in Feb 2022, and Counter Solutions, acquired in August 2022, so both only partially included in revenue in the first twelve months of 2022, grew \$0.7 million and \$1.4 million respectively. This Counter Solutions revenue growth has been reduced by the \$0.5 million fair market value deferred revenue reduction as part of the business combination of Counter Solutions in Fiscal 2022, and as further described in “Adjusted EBITDA” above.

The remaining growth was principally in Brazil, Australia, and Europe.

This revenue growth is consistent with the growth in both our customer base and GTV processed through our system as noted in “Key Performance Indicators” above.

Customer Locations grew from 122,000 at December 31, 2022 to 132,000 locations at December 31, 2023, while GTV processed through our system grew 18% for Fiscal 2023 compared to Fiscal 2022, both as noted above in key performance indicators.

### Hardware and other revenue

For the 3 months ending December 31, 2023, hardware and other revenue decreased \$0.5 million compared to the 3 months ending December 31, 2022. This was primarily due to a decrease in hardware sales in Canada of \$0.4 million. As noted in “Direct Cost of Revenue / Gross Profit” below, hardware sales are based on the timing of deliveries as to when new customers are able to accept delivery and be boarded, so on a quarterly vs quarterly comparison the revenue recognized can be uneven among quarters and not necessarily reflective of long-term growth.

For Fiscal 2023, hardware and other revenue increased \$1.6 million compared to Fiscal 2022. This was primarily due to Kalex, acquired in January 2022, which grew \$1.0 million, and Counter Solutions, acquired in August 2022, which grew \$1.2 million.

## Direct Cost of Revenue / Gross profit

(in thousands of C\$, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Direct cost of revenues								
Service and payments revenue	5,931	5,720	211	3.7%	20,114	18,654	1,460	7.8%
Hardware and other revenue	1,451	1,136	315	27.7%	4,613	2,996	1,617	54.0%
Total Direct cost of revenues	7,382	6,856	526	7.7%	24,727	21,650	3,077	14.2%
(in thousands of C\$, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Gross profit								
Service and payments revenue	14,862	13,318	1,544	11.6%	53,719	48,899	4,820	9.9%
Hardware and other revenue	287	1,147	(860)	-75.0%	2,317	2,356	(39)	-1.7%
Total Gross profit	15,149	14,465	684	4.7%	56,036	51,255	4,781	9.3%
Gross profit as a % of Total Revenue								
Service and payments revenue	71.5%	70.0%	1.5%		72.8%	72.4%	0.4%	
Hardware and other revenue	16.5%	50.2%	-33.7%		33.4%	44.0%	-10.6%	
Total Gross Profit as a % of Total Revenues	67.2%	67.8%	-0.6%		69.4%	70.3%	-0.9%	

For the 3 months ending December 31, 2023, direct cost of service and payments revenue increased \$0.2 million over the 3 months ending December 31, 2022. For Fiscal 2023, direct cost of service and payments revenue increased \$1.5 million over Fiscal 2022. These increases are due to increases in “Service and payments revenue” during these periods.

For the 3 months ending December 31, 2023, direct cost of hardware and other revenue increased \$0.3 million over the 3 months ending December 31, 2022, while as noted above in “Revenues”, “Hardware and other revenue” decreased for the period. This is due to a change in product mix sold in Q4 2023 compared to products sold in Q4 2022 as further described below.

For Fiscal 2023, direct cost of hardware and other revenue increased \$1.6 million over Fiscal 2022. This increase is due to the increase in “Hardware and other revenue” during these periods.

For the 3 months ending December 31, 2023, total \$ gross profit increased \$0.7 million over the 3 months ending December 31, 2022. For Fiscal 2023, total \$ gross profit increased \$4.8 million over Fiscal 2022. These increases are both due to the total revenue increases during these respective periods.

Both “Service and payments revenue” and “Hardware and other revenue” include sales of different products and services that have both high and low profit margins. In addition, profit margins for companies Givex acquires may have different profit margins than Givex. So, depending on the product mix sold in a period and the intermittent timing of when new clients and acquisitions come on board, during a given 3 month or fiscal year period, there can be a short-term variation in the gross profit % between periods that may not be reflective of the long-term company focus of both improving margins and on increasing revenues for both high and low margin products and services.

For the 3 months ending December 31, 2023, total gross profit % decreased 0.6% over the 3 months ending December 31, 2022. While the “Service and payments revenue” margin remained relatively steady, the “Hardware and other revenue” decreased 34%. As “Hardware and other revenue” is relatively small compared to “Service and payments revenue”, the overall gross profit margin is relatively consistent between periods.

For Fiscal 2023, total gross profit % decreased 0.9% over Fiscal 2022. While the “Service and payments revenue” margin remained relatively steady, the “Hardware and other revenue” decreased 11%. As “Hardware and other revenue” is relatively small compared to “Service and payments revenue”, the overall gross profit margin is relatively consistent between periods.

The decrease in “Hardware and other revenue” gross profit % for the both the quarter and fiscal year is due to a change in product mix sold compared to the products sold in the respective prior periods, in particular for hardware sales by Givex Canada, Kalex, and Counter Solutions, as all products have different profit margin. As noted above, these sales can be client and product specific and based on timing of when new customers come on board, so on a quarterly basis not necessarily reflective of long-term margins.

Direct cost of revenues does not include salaries and benefits of personnel associated with delivery of service.

## Operating Expenses

### General and administrative

(in thousands of C\$, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
General and administrative	11,138	11,000	138	1.3%	44,826	41,949	2,877	6.9%

For the 3 months ending December 31, 2023, general and administrative expenses increased \$0.1 million over the 3 months ending December 31, 2022. This increase is due to a combination of things.

Payroll increased \$0.7 million, primarily related to cost-of-living adjustments and headcount, which increased by 13 from 376 at December 31, 2022 to 389 at December 31, 2023. Non-payroll net overheads increased \$0.5 million, primarily related to an increase in data charges and general office overheads to support the additional Company growth, offset by a reduction in fees related to 2022 acquisition activities as noted further below.

The above increases are offset by a \$0.9 million fair market value adjustment to contingent consideration related to the acquisition of Counter Solutions as certain targets were not met, and as further described in “Adjusted EBITDA” above.

For Fiscal 2023, general and administrative expenses increased \$2.9 million over Fiscal 2022. This increase is due to a combination of things.

Payroll increased \$2.8 million, of which \$0.9 million relates to the Counter Solutions acquisition in mid-August 2022 whereby Fiscal 2022 includes 3.5 months of payroll compared to a full year in Fiscal 2023. The rest of the increase primarily relates to cost-of-living adjustments and headcount, which including contractors increased by 13 from 376 at December 31, 2022 to 389 at December 31, 2023.

The increase also includes \$1.6 million in additional non-payroll overhead costs to support the Company’s growth, primarily comprised of \$0.5 million additional data centre/rent charges (including Loyalty Lane, acquired in Feb 2022, so a full year in Fiscal 2023 compared to a partial year in 2022), \$0.4 million in additional subcontracting costs primarily to support the additional Kalex revenues, and \$0.5 million in general office expenses.

The above increases include an offset by a \$0.9 million fair market value adjustment credit to contingent consideration related to the acquisition of Counter Solutions as certain targets were not met. They are also offset by a \$0.6 million reduction in acquisition related transactions costs from Fiscal 2022 to Fiscal 2023 primarily related to the 2022 acquisitions (Counter Solutions, Kalex, and Loyalty Lane). Both of these reductions are further described in “Adjusted EBITDA” above.

## Sales and marketing

(in thousands of CS, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Sales and marketing	943	870	73	8.4%	4,142	3,425	717	20.9%

For the 3 months ending December 31, 2023, sales and marketing expense increased \$0.1 million over the 3 months ending December 31, 2022. For Fiscal 2023, sales and marketing expense increased \$0.7 million over Fiscal 2022. These increases are primarily related to additional business travel, advertising, marketing, and attendance related costs regarding increased Canada, US and global trade show presence.

## Depreciation

(in thousands of CS, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Depreciation of property and equipment	319	363	(44)	-12.1%	1,268	1,079	189	17.5%
Depreciation of right-of-use assets	595	590	5	0.8%	2,237	2,396	(159)	-6.6%
	914	953	(39)	-4.1%	3,505	3,475	30	0.9%

For the 3 months ending December 31, 2023, depreciation of property and equipment was relatively flat over the 3 months ending December 31, 2022. For Fiscal 2023, depreciation of property and equipment increased \$0.2 million over Fiscal 2022. These changes are primarily due to timing differences related to when net additions are acquired during this period compared to the prior period, particularly regarding the purchase of tablets for the POS system.

For the 3 months ending December 31, 2023, depreciation of right-of-use assets was relatively flat over the 3 months ending December 31, 2022. For Fiscal 2023, depreciation of right-of-use assets decreased \$0.2 million over Fiscal 2022. These changes are primarily due to timing differences related to net lease additions during these periods as compared to the prior periods.

## Amortization

(in thousands of CS, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Amortization of intangible assets	420	30	390	1300.0%	1,827	1,731	96	5.5%

For the 3 months ending December 31, 2023, amortization of intangible assets increased \$0.4 million over the 3 months ending December 31, 2022. This increase is primarily due to the amortization of intangibles related to the acquisitions of Loyalty Lane and Kalex in Q1 2022, and Counter Solutions in Q3 2022, all of which had their fair value of assets acquired and liabilities assumed finalized in Q4 2022.

For Fiscal 2023, amortization of intangible assets increased \$0.1 million over Fiscal 2022. This increase primarily relates to the Counter Solutions acquisition in August 2022, whereby Fiscal 2022 only includes a partial year of amortization compared to a full year in Fiscal 2023.

### Share-based compensation expense

(in thousands of C\$, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Share-based compensation expense	(591)	2,154	(2,745)	-127.4%	2,027	10,498	(8,471)	-80.7%

Share-based compensation expense is due to the adoption in 2021 by Givex of both a stock option plan and a restricted share unit plan as part of the Transaction (as more fully described above). The purpose of these plans is to assist Givex in attracting and retaining key employees, officers, directors, and consultants who will contribute to the Corporation's long-term success by providing them incentives that align their interests with those of the shareholders of the Company. The Plans are administered by the Board. Share-based compensation also includes share compensation paid regarding acquired businesses that is associated with the ongoing employment obligations for certain key personnel of such acquired businesses and on certain performance criteria being achieved. See "Critical Accounting Policies and Estimates" below for more information on how share-based compensation expense is accounted for.

For the 3 months ending December 31, 2023, share-based compensation expense decreased \$2.7 million over the 3 months ending December 31, 2022. This decrease is comprised of a few things.

Share-based compensation related to RSU's and options decreased \$1.5 million as the majority of RSU's and options were issued in 2021 as noted above, and based on vesting, were largely expensed prior to Fiscal 2023. In addition, \$1.2 million of the decrease is from a change in estimate regarding the 2 million retractable common shares that were related to the continued employment of a key employee as part of the Counter Solutions acquisition, and that were dependent on key targets being met. As the targets were not met, the shares will be retracted. More information regarding these shares can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.

For Fiscal 2023, share-based compensation expense decreased \$8.5 million over Fiscal 2022. This decrease is comprised of a few things.

Share-based compensation related to RSU's and options decreased \$7.6 million as the majority of RSU's and options were issued in 2021 as noted above, and based on vesting were largely expensed prior to Fiscal 2023. In addition, \$0.9 million of the decrease relates to the change of estimate regarding shares issues issued as part of the Counter Solutions acquisition as further described above.

As at December 31, 2023, the total remaining unamortized stock-based compensation expense amounted to \$0.1 million (2022 - \$3.1 million) which will be amortized over the weighted average requisite service period. More information regarding share-based compensation can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.

### Foreign exchange (gain) loss

(in thousands of C\$, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Foreign exchange loss (gain)	206	(316)	522	-165.2%	375	(474)	849	-179.1%

For the 3 months ending December 31, 2023, foreign exchange (gain) loss increased by \$0.5 million compared to the 3 months ending December 31, 2022. For Fiscal 2023, foreign exchange (gain) loss increased by \$0.8 million compared to Fiscal 2022.

Items included in our results are measured in our functional currency, which is the Canadian dollar, and foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or when items are re-measured at the end of the fiscal period, with resulting gains and losses subsequently being recognized. Foreign exchange gains or losses are due to the overall strengthening or weakening of foreign currencies in terms of the Canadian dollar.



Net finance costs

(in thousands of CS, except percentages)	3 months ended December 31,				Fiscal year ended December 31,			
	2023	2022	Change	Change	2023	2022	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Net finance costs	(12)	223	(235)	-105.4%	470	717	(247)	-34.4%

Net Finance Costs include interest on bank loan facilities, promissory notes, and interest on lease liabilities. These finance costs are offset by interest income earned on our cash investments and bank accounts and include fair value changes in short-term investments in the period, all to arrive at net finance costs.

For the 3 months ending December 31, 2023, net finance costs decreased \$0.2 million compared to the 3 months ending December 31, 2022. For Fiscal 2023, net finance costs decreased \$0.2 million compared to Fiscal 2022.

The decreases are due to a combination of things. While interest rates are higher in Fiscal 2023 compared to Fiscal 2022, this offsets with our net bank loans and lease liabilities having decreased for the fiscal year ending December 31, 2023 compared to the fiscal year ending December 31, 2022. See section “Cash Flows” below for further information on debt reduction. In addition, with the higher interest rates in Fiscal 2023 compared to Fiscal 2022, the Company has earned higher interest income on our cash balances.

Income tax expense (recovery)

(in thousands of CS, except percentages)	3 months ended December 31,			Fiscal year ended December 31,		
	2023	2022	Change	2023	2022	Change
	\$	\$	\$	\$	\$	\$
<u>Income tax provision (recovery)</u>						
Current	198	(1,284)	1,482	139	689	(550)
Deferred	2,136	1,037	1,099	2,139	(660)	2,799
Income tax provision (recovery)	2,334	(247)	2,581	2,278	29	2,249

Givex and its subsidiaries are subject to income taxes. The differences between the Company's subsidiaries' reported income tax provision (recovery) on income (loss) before income taxes and the provision (recovery) that would otherwise result from the application of the expected statutory income tax rates applicable to each subsidiary primarily consist of amortization for accounting in excess of depreciation for tax purpose, non-deductible foreign exchange gains and losses, losses carried forward, and non-deductible expenses.

As of each reporting date, the Corporation considers evidence that could affect the future realization of deferred tax assets. During the year ending December 31, 2023, the Corporation determined there was sufficient evidence to conclude it is no longer probable that some losses carried forward in one of its subsidiaries will be realized, therefore the Corporation has recorded a write-off of \$1.9 million of deferred tax assets through income tax expense. This write-off is reflected in the income tax provision above for both the 3 months ended December 31, 2023 and for Fiscal 2023. More information regarding these tax losses can be found in the Company's annual audited consolidated financial statements and notes related thereto for the years ended December 31, 2023 and 2022 as posted on SEDAR+.

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 has paid the assessment, however has disputed the assessment and has worked with legal counsel to file Notices of Objections. The payment has been recorded in prepaid expenses.

### Use of Proceeds

As per the Filing Statement dated November 14, 2021 posted on SEDAR+ as part of the above Transaction, the Company disclosed it allocated \$15 million of funds towards potential acquisitions.

As noted above, the Company has since closed three acquisitions: Kalex, Loyalty Lane and Counter Solutions.

For Kalex, the Company paid aggregate consideration of \$2.5 million, of which \$1 million was paid in cash and the remainder was paid through the issuance of shares of the Company and a promissory note.

For Loyalty Lane, the Company paid aggregate consideration of \$7.7 million, of which \$7.6 million was paid in cash (with \$3 million funded through bank debt), and the remainder paid through the issuance of shares of the Company.

For Counter Solutions, the Company paid aggregate consideration of \$5.9 million, of which \$5.1 million was paid in cash (with \$3 million funded through bank debt), and the remainder will be paid through contingent consideration.

This is summarized below:

(in millions)

<u>Proceeds</u>	<u>Acquisition Name</u>	<u>Acquisition Price</u>	<u>Cash Component of consideration paid</u>	<u>Bank Borrowings</u>	<u>Totals</u>
<b>Proceeds Allocated</b>					<b>\$15.0</b>
<b><u>Acquisitions to date</u></b>					
	Kalex	\$2.5	\$1.0	-	\$1.0
	Loyalty Lane	\$7.7	\$7.6	\$3.0	\$4.6
	Counter Solutions	\$5.9	\$5.1	\$3.0	\$2.1
<b>Total Acquisition spending to date</b>			<b>\$13.7</b>	<b>\$6.0</b>	<b>\$7.7</b>
<b>Balance</b>					<b>\$7.3</b>

The Company anticipates spending the balance of \$7.3 million on future acquisitions that the Board deems appropriate and are in the best interest of the Company. The Company confirms that there have been no variances in the spending of these allocated funds. The Company notes that the Filing Statement does not set out a timeframe in which the aggregate \$15 million will be spent on acquisitions and therefore there are no impacts to the Company's business or milestones.

## **Key Balance Sheet Information**

<b>(in thousands of C\$)</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents	22,217	24,431	36,817
Total Assets	76,106	82,053	70,717
Total Liabilities	31,110	35,005	23,737
Total Current Liabilities	24,562	26,004	18,568
Total Long-Term Liabilities	6,548	9,001	5,169

See “Results of Operations” in this MD&A for a more detailed discussion of the year-over-year changes in revenues and net income (loss).

### ***Total Assets***

#### ***Fiscal 2023 compared to Fiscal 2022***

Total Assets decreased \$6.0 million from \$82.1 million as at December 31, 2022 to \$76.1 million as at December 31, 2023.

Most of the decrease is due to decreases in cash of \$2.2 million, \$1.8 million in intangible assets, \$0.6 million in inventory, right-of-use assets of \$0.6 million, and \$1.7 million in deferred tax asset, offset by an increase in restricted cash of \$1.2 million.

#### ***Fiscal 2022 Compared to Fiscal 2021***

Total Assets increased \$11.3 million from \$70.7 million as at December 31, 2021 to \$82.0 million as at December 31, 2022.

This includes increases of \$4.0 million in accounts receivable, \$9.1 million in goodwill and \$5.2 million in intangible assets, all primarily due to the Loyalty Lane, Kalex and Counter Solutions acquisitions. The increase also includes increases of inventory of \$1.8 million and \$5.4 million in restricted cash.

This is partially offset by a decrease in cash of \$12.4 million, also primarily due to the Loyalty Lane, Kalex and Counter Solution acquisitions. The loans receivable also decreased \$0.9 million.

### ***Total Liabilities***

#### ***Fiscal 2023 compared to Fiscal 2022***

Total Current Liabilities decreased by \$1.4 million from \$26.0 million at December 31, 2022 to \$24.6 million at December 31, 2023.

This is primarily due to a \$1.0 million decrease the current portion of bank loans due to repayments, \$0.3 million decrease in current portion of promissory notes payable due to repayments, and \$0.4 million decrease in current portion of lease liabilities due to repayments, partially offset by an increase of \$0.5 million in contract liabilities.

Total Long-Term Liabilities decreased by \$2.5 million from \$9.0 million at December 31, 2022 to \$6.5 million at December 31, 2023.

This includes decreases of \$1.2 million in the long-term portion of bank loans, \$0.4 million in promissory notes payable, and \$0.9 million in contingent consideration.

*Fiscal 2022 Compared to Fiscal 2021*

Total Current Liabilities increased by \$7.4 million from \$18.6 million at December 31, 2021 to \$26.0 million at December 31, 2022.

This includes an increase of \$7.0 million in trade and other payables, and \$1.4 million in contract liabilities, all primarily due to the acquisitions of Loyalty Lane, Kalex and Counter Solutions. This is partially offset by net repayments of \$1.6 million in the current bank loan.

Total Long-Term Liabilities increased by \$3.8 million from \$5.2 million at December 31, 2021 to \$ 9.0 million at December 31, 2022.

This includes a \$3.7 million increase in the long-term portion of bank loans, an increased in deferred tax liability of \$0.7, and an increase of \$0.7 million of contingent consideration, all primarily related to the acquisitions of Loyalty Lane, Kalex and Counter Solutions. This is partially offset by a reduction in long-term lease liabilities of \$1.4 million.

## QUARTERLY RESULTS OF OPERATIONS

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters ended December 31, 2023 in accordance with IFRS. This data should be read in conjunction with our audited annual consolidated financial statements and their related notes. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

(in thousands of C\$)	Dec. 31 2023	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	June 30 2022	Mar. 31 2022
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	22,531	19,641	19,433	19,158	21,321	18,407	16,845	16,332
<b>Direct cost of revenues</b>	7,382	6,069	5,339	5,937	6,856	5,393	4,674	4,727
<b>Gross profit</b>	15,149	13,572	14,094	13,221	14,465	13,014	12,171	11,605
<b>Expenses</b>	13,030	14,423	14,724	14,525	14,691	15,930	15,401	14,582
<b>Income (loss) before undernoted items and income taxes</b>	2,119	(851)	(630)	(1,304)	(226)	(2,916)	(3,230)	(2,977)
<b>Net Finance Costs</b>	(12)	67	183	232	223	210	153	131
<b>Income (loss) before income taxes</b>	2,131	(918)	(813)	(1,536)	(449)	(3,126)	(3,383)	(3,108)
<b>Income tax expense (recovery)</b>	2,334	81	165	(302)	(247)	273	530	(527)
<b>Net income (loss) and comprehensive income (loss)</b>	(203)	(999)	(978)	(1,234)	(202)	(3,399)	(3,913)	(2,581)
<b>Earnings (loss) per share</b>								
<b>Basic and diluted</b>	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.03)	(0.03)	(0.02)

- In the normal course, the Company’s revenue results vary on a quarterly basis due to a number of factors including the volume of transactions processed, the timing of when new customers and orders come aboard, and when new acquisitions are closed.
- “Revenue”, “Direct cost of revenues”, and “Gross profit” are higher throughout the quarters in Fiscal 2023 compared to the same respective quarters in Fiscal 2022 due to both organic growth and the Kalex, Loyalty Lane and Counter Solutions acquisitions (as further described in the “Overview” section above).
- “Expenses” are lower in Q4 2023, Q3 2023 and Q2 2023 compared to the same respective quarters in Fiscal Year 2022 primarily due to higher share-compensation in Fiscal 2022 compared to Fiscal 2023, which results from the timing of the vesting of RSU’s and options granted in 2021 as part of the adoption of the stock option and RSU plans. “Share-based compensation expense” is further described under the header “Results of Operations for the Three Months and Fiscal Year ended December 31, 2023 and 2022”.
- “Net Finance Costs” have trended lower throughout Fiscal 2023 despite higher interest rates, as the Company has reduced debt while also earning higher interest on its cash balances.
- “Income tax expense (recovery)” is higher in Q4 2023 due to a write-off of \$1.9 million of deferred tax assets. As of each reporting date, the Corporation considers evidence that could affect the future realization of deferred tax assets. During Q4 2023, the Corporation determined there was sufficient evidence to conclude it is no longer probable that certain losses carried forward in one of its subsidiaries will be realized and therefore the Corporation has recorded this write-off. This is further described in the section above “Income tax expense (recovery)” under the header “Results of Operations for the Three Months and Fiscal Year ended December 31, 2023 and 2022”.

## **Liquidity and Capital Resources**

### ***Overview***

Our financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- Our ability to generate cash flows from our operations;
- The level of our outstanding indebtedness and the interest we are obligated to pay on this indebtedness; and
- Our capital expenditure requirements.

The general objectives of our capital management strategy are to ensure sufficient liquidity to pursue our organic growth strategy and undertake selective acquisitions, while maintaining a strong credit profile and a capital structure that maintains total leverage ratio within the limits set in the Credit Facilities.

Our primary source of liquidity is cash from operations and debt and equity financing. Our principal liquidity needs include investment in our product and technology and selective acquisitions, as well as operations, selling and general and administrative expenses and debt service. In addition to the cash balances, we have a Credit Facility available to be drawn to meet ongoing working capital requirements.

We believe that our available cash, cash flows generated from operations, and loans and borrowings available to us will be sufficient to meet our projected operating and capital expenditure requirements for the Company's future operating cash needs.

### ***Credit Facility***

The Company has credit facilities with The Bank of Nova Scotia which includes a \$3 million demand revolving operating line of credit and a \$10 million revolving term facility to help fund acquisitions.

These facilities 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 shareholders, 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 should not exceed the advances under the operating line of credit of \$3 million.

In addition, the Company 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 Fiscal 2022 and Fiscal 2023, the Corporation was in compliance with these covenants.

As at December 31, 2023 there is \$2.8 million available to draw on the demand revolving line of credit and \$5.9 million available on the revolving term facility.

### ***Working Capital***

Our approach to managing liquidity is to ensure, to the extent possible, that we always have sufficient liquidity to meet our liabilities as they become due.

We do so by monitoring cash flow on a regular basis. As at December 31, 2023, we also have \$22.2 million in cash and cash equivalents. In addition to the cash and short-term investment balances, we have a \$3.0 million demand revolving operating line of credit and a \$10 million revolving term facility to help fund acquisitions, both of which are described under "Credit Facility" above.

Working capital surplus at December 31, 2023 was approximately \$24.5 million.

Given our existing cash, working capital surplus, and credit facilities, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives.

## **Cash Flows**

The following table presents cash and cash equivalents as at December 31, 2023 and 2022, and cash flows from operating, investing, and financing activities for Fiscal 2023 and 2022:

	<b>Fiscal Year Ended</b>	
	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>(in thousands of C\$)</b>	\$	\$
<b>Net Cash Provided by (Used in)</b>		
Operating Activities	5,084	135
Investing Activities	(1,288)	(10,582)
Financing Activities	(5,952)	(1,842)
Effect of foreign exchange on cash and cash equivalents	(58)	(97)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,214)</b>	<b>(12,386)</b>
<b>Cash and Cash Equivalents - beginning of period</b>	<b>24,431</b>	<b>36,817</b>
<b>Cash and Cash Equivalents - end of period</b>	<b>22,217</b>	<b>24,431</b>

### *Cash Flows Used in Operating Activities*

For Fiscal 2023, cashflows provided by operating activities of \$5.1 million include a net loss of \$3.4 million and add back of non-cash expenses of \$9.1 million.

For Fiscal 2022, cashflows provided by operating activities of \$0.1 million include a net loss of \$10.1 million, add back of non-cash expenses of \$16.3 million and cash outflows of \$5.0 million attributable to working capital items.

### *Cash Flows Used in Investing Activities*

For Fiscal 2023, cashflows used by investing activities of \$1.3 million primarily relates to the \$1.2 million purchase of property and equipment.

For Fiscal 2022, cashflows used by investing activities of \$10.6 million primarily related to \$10.0 million consideration paid on the acquisitions of Kalex, Loyalty Lane and Counter Solutions (net of cash acquired), and the \$1.5 million purchase of property and equipment.

### *Cash Flows from Financing Activities*

For Fiscal 2023, cashflows used by financing activities of \$6.0 million primarily relates to \$2.4 million repayment of lease liabilities, \$0.8 million reduction in promissory note payable, and \$2.2 million reduction in net borrowings on the credit facility.

For Fiscal 2022, cashflows used by financing activities of \$1.8 million primarily relates to an increase in net borrowings on the credit facility of \$2.1 million reduced by the \$2.5 million repayment of lease liabilities and \$1.0 million withholding tax paid in advance.

Based on our current cash and working capital balance and available financing, we believe that cash flows from operations, together with credit available under the credit facility, will be adequate to meet the Company's future operating cash needs.

## Contractual Obligations

The following is a summary of contractual obligations pertaining to the cash flows of the Company:

(in thousands of C\$)	Payments Due by Period				Total
	Less than 1 year	1-3 years	4-5 years	after 5 years	
Trade and Other Payables	\$13,449				\$13,449
Government Remittances Payable	\$721				\$721
Income Taxes Payable	\$736				\$736
Promissory Notes Payable	\$415				\$415
Contingent Consideration	\$32	\$65			\$97
Debt	\$1,418	\$2,400	\$500		\$4,318
Lease Obligations	\$2,192	\$2,171	\$163		\$4,526
Contract Liabilities	\$5,753				\$5,753
Total Contractual Obligations	\$24,716	\$4,636	\$663	-	\$30,015

## Off-Balance Sheet Arrangements

We have not entered into off-balance sheet financing arrangements, other than low value and short-term leases. From time to time, we may be contingently liable with respect to litigation and claims that arise in the normal course of operations.

## Related Party Transactions

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management is defined as the executive officers of the Company (CEO, CFO, President, COO, CCO and EVP, HR).

Remuneration and net loans receivable from key management was as follows (in 000's):

	Fiscal year ended December 31	
	2023	2022
Salaries and benefits	1,626	1,972
Stock-based compensation	683	2,969

During Fiscal 2023, AJP Digital Inc charged license fees of \$120 (2022-\$120) to the Company, which are included in general and administration expenses. The Company licenses "ToolJar" from AJP Digital Inc. for an annual subscription fee of \$120. The ToolJar software is owned by AJP Digital Inc., a corporation wholly owned by Krane & Company Inc., a corporation wholly owned by Drake & Noseworthy Trust, of which Don Gray, Chief Executive Officer of Givex, and Debra Demeza, Executive Vice President of Human Resources, are beneficiaries.

During Fiscal 2023, La Fenice Inc. charged consulting fees of \$120 (2022-\$220) to the Company, which are included in general and administration expenses. Givex contracts with La Fenice Inc., which owns and operates a restaurant in Toronto, Ontario, to test Givex's POS system and other Givex products in real-time in a live environment. For these services, Givex paid La Fenice Inc. an aggregate of \$120 in 2020, \$20 per month in 2021, \$20 per month in 2022 from January to October, and \$10 per month from November 2022 onwards, for this testing environment. La Fenice Inc. is wholly owned by AJP Digital Inc., a corporation wholly owned by Krane & Company Inc., a corporation wholly owned by Drake & Noseworthy Trust, of which Don Gray, Chief Executive Officer of Givex, and Debra Demeza, Executive Vice President of Human Resources, are beneficiaries.

As at December 31, 2023, net loans receivable of \$341 (\$260 at December 31, 2022) are due from AJP Digital Inc. and Drake & Noseworthy Trust (both of which are related as described above). The loans are non-interest bearing, unsecured and have no fixed terms of repayment.

William Gray was the President of Loyalty Lane, Inc, where he was also a minority shareholder. He is the brother of Don Gray, the Corporation's CEO. The Loyalty Lane, Inc. acquisition was approved by the Corporation's Board of Directors, with Don Gray abstaining from the vote. As part of the acquisition, the Corporation has retained William Gray by employment agreement to continue to act in the capacity of President of Loyalty Lane, Inc.



## Financial Instruments and Other Instruments

### *Credit and Concentration Risk*

Generally, the carrying amounts in our consolidated statement of financial position exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

Our credit risk is primarily attributable to our cash and cash equivalents, loans receivable, and trade receivables. We do not require guarantees from our customers. Credit risk with respect to cash and cash equivalents is managed by maintaining balances only with high credit quality financial institutions.

Due to our diverse customer base, there is no concentration of credit risk related to our trade receivables. Moreover, balances for trade receivables are managed and analyzed on an ongoing basis to ensure expected credit losses are established and maintained at an appropriate amount.

We maintain a provision for impairment of a portion of trade receivables when collection becomes doubtful. We estimate anticipated losses from doubtful accounts based upon the expected collectability of all trade receivables, which estimate considers the number of days past due, collection history, identification of specific customer exposure, current economic trends, and the impact of the COVID-19 pandemic.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. We do not hold any collateral as security.

### *Foreign Currency Exchange Risk*

We are exposed to currency risk due to financial instruments denominated in foreign currencies. We have not entered into arrangements to hedge our exposure to currency risk. The following table provides a summary of the Company's net foreign exchange exposures, expressed in thousands of Canadian dollars:

	USD	EUR	GBP	HKD	AUD	BZL	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at December 31, 2023								
Cash and cash equivalents	\$ 4,682	\$ -	\$ 3,115	\$ 72	\$ 1,154	\$ 1,831	\$ 259	\$ 11,113
Restricted cash	4,989	-	1,407	-	113	-	-	6,509
Term deposits	-	-	-	-	221	-	-	221
Trade receivables	4,162	-	2,008	170	730	279	249	7,598
Loans receivable	-	1,673	-	-	-	-	-	1,673
Trade and other payables	(6,721)	-	(2,280)	(152)	(301)	(14)	(135)	(9,603)
Promissory notes payable	-	-	-	-	-	-	-	-
Contingent consideration payable	-	-	-	-	-	-	(97)	(97)
Loans payable (included within loans receivable on	(1,542)	-	-	-	-	-	-	(1,542)
Net financial position exposure	\$ 5,570	\$ 1,673	\$ 4,250	\$ 90	\$ 1,917	\$ 2,096	\$ 276	\$ 15,872

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will negatively impact earnings and cash flows. Certain of our cash earns interest. Our exposure to interest rate risk is related to our credit facilities. We are not exposed to material interest rate risk.

## **Critical Accounting Policies and Estimates**

The preparation of our 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 and liabilities, revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. In the process of applying the Company's accounting policies, management has identified the following areas as having the most significant estimates and judgements on the amounts recognized in the financial statements.

For a discussion of all the Company's accounting policies, please see the audited consolidated financial statements for the year ended December 31, 2023 available on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

### ***Revenue recognition***

The Company's main sources of revenue are services and payments and hardware and other fees. The Corporation recognizes revenue in a manner which depicts the transfer of promised goods or services in an amount which reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

For each performance obligation within a contract with a customer, the Company determines whether the performance obligation is satisfied and control of the goods or services is transferred over time or at a point in time.

For performance obligations that are satisfied over time, the customer simultaneously receives and consumes the benefits. As a practical expedient, in instances in which the Company has a right to consideration in an amount that corresponds directly with value to customer, the Company recognizes revenue in the amount to which it has the right to invoice. In all other instances, revenue is recognized over the period in which the services are provided, which is evenly throughout the period.

For performance obligations satisfied at a point in time, revenue is recognized when control of the goods or services are transferred to the customer which is either when the goods are shipped or delivered depending on the contract, or when the services are rendered. In determining when control is transferred to the customer, the Company takes into consideration several factors including who primarily bears the risk of loss.

When another party is involved in providing goods or services to the customer, the Company determines whether it is the principal or the agent in the transaction by evaluating the nature of the promise. The Company is the principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company's role is only to arrange for another entity to provide the goods or services, then the Company is the agent and will record revenue at the net amount that it retains for its agency services.

### ***Business combinations***

Business combinations are accounted for in accordance with the acquisition method. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. The Corporation estimates the fair value by using appropriate valuation techniques which are generally based on a forecast of the total expected future net discounted cash flows. Significant estimates and judgements include the future net cash flows and discount rates used to estimate the fair value of the acquired intangible assets. In addition, the Corporation determines the value of contingent consideration associated with acquisitions based on an assessment of probabilities attached to the achievement of performance targets as set out in the related agreements. Changing probabilities can result in material adjustments to the fair value of contingent consideration amounts.

### ***Impairment of long-lived assets and goodwill***

Long-lived assets, which comprise property and equipment, right-of-use assets and intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Management assesses whether such indicators exist at each reporting date. Goodwill is tested for impairment at least annually or when there is an indication that the asset might be impaired.

For impairment testing, assets other than goodwill are grouped at the lowest level for which there are separately identifiable cash inflows. Impairment losses are recognized and measured as the excess of the carrying value of the assets over their recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from an asset or a CGU. Previously recognized impairment losses, other than those attributable to goodwill, are reviewed for possible reversal at each reporting date and, if the asset's recoverable amount has increased, all or a portion of the impairment loss is reversed. The carrying amount of an asset or CGU after a reversal must not exceed the carrying amount (net of amortization) that would have been determined had no impairment loss been recognized.

For the purpose of goodwill impairment testing, goodwill is allocated to CGUs or groups of CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill is tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount; an impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU on pro rata basis.

### ***Share-based Payments***

The fair value at the grant date of stock options and restricted share units is estimated using the Black-Scholes option pricing model. Stock-based compensation cost is recognized on a straight-line basis over the expected vesting period of the stock options. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Expected volatility is determined using historical volatility of publicly-traded comparable companies, the risk-free interest rates are based on Government of Canada bond yields and the expected term of the option is calculated based on a combination of each tranche's time to vest plus the actual and expected life of an award based on the past activity or remaining time to expiry on outstanding awards. The Corporation estimates the number of options expected to vest at the grant date and revises the estimate if subsequent information indicates that the actual number of units to vest differs significantly from the original estimate. The stock-based compensation cost is recognized directly in the consolidated statements of income (loss) and comprehensive income (loss) over the vesting period, with the corresponding credit recorded to contributed surplus. When stock options are exercised, the consideration and related contributed surplus are recorded in share capital.

### ***Goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, contingent consideration and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Contingent consideration is measured at fair value using a discounted cash flow model.

When the Corporation acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Goodwill, which represents the excess of the purchase price of acquired business over the fair value of the net assets acquired, is not amortized. Goodwill is tested for impairment at least annually or when there is an indication that the asset might be impaired. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date.

## ***Leases***

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

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The right-to-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, which is considered the appropriate useful life of any such asset. In addition, the right-to-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, to the extent necessary.

The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option. Lease terms range from 13 to 204 months for commercial and datacentre leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determinable, the Corporation's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the consolidated statements of cash flows, lease payments related to short-term leases and low value assets are not included in lease liabilities and are classified as cash flows from operating activities, whereas the remaining lease payments are classified as cash flows from financing activities.

## ***Functional Currency***

The Corporation exercises judgment in determining the functional currency of the Corporation and each of its subsidiaries. An entity's functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

- (a) the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled) and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services; and
- (b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

## **Recently Issued Accounting Standards Not Yet Adopted**

From time to time, new accounting pronouncements are issued by the International Accounting Standards Board ("IASB") or other standards-setting bodies and are adopted as of the specified effective date. No new accounting pronouncements are expected to materially impact the Company as at December 31, 2023.

## Outstanding Share Information

Givex is a publicly traded company listed under the symbol “GIVX” on the Toronto Stock Exchange (“TSX”). Our authorized share capital currently consists of an unlimited number of common shares (“Givex Shares”) without par value and an unlimited number of Givex Preferred Shares. As at the date of this MD&A, the Company had the following securities issued and outstanding: (i) 130,012,046 Givex Shares; 11,147,500 common share purchase warrants (“Givex Warrants”); (ii) 1,455,467 compensation or advisory options to purchase units of Givex each entitling its holder to acquire one unit of Givex, each unit being comprised of one Givex Share and one-half of one Givex Warrant at a price of \$1.00 until November 25, 2023 (“Givex Compensation Options”); (iii) 65,308 non-transferable common share purchase warrants exercisable at a price of \$0.92 per Givex Share until February 23, 2026 (“Broker Warrants”); (iv) 7,747,800 stock options granted pursuant to the Company’s incentive stock options plan (“Givex Options”); and (v) 75,000 restricted share units granted pursuant to the Company’s restricted share unit plan, (“Givex RSUs”). There are no Preferred Shares issued and outstanding in the Company.

As at the date of this MD&A, there are 130,012,046 Givex Shares issued and outstanding. Each Givex Share entitles the holder thereof to: (i) receive notice of, attend and vote at all meetings of the shareholders of the Company, and each Givex Share confers the right to one vote at all such meetings; (ii) receive and participate equally and rateably in any dividends declared on the Givex Shares, if and when declared by the Givex Board, in their sole discretion; and (iii) receive and participate equally and rateably in any distribution of the assets of the Company in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs. The total issued and outstanding shares include the 2 million common shares issued to retain a key employee as part of the Counter Solutions acquisition. These shares are retractable based on Counter Solutions meeting agreed targets and on the continued employment of the key employee until fully vested. During Fiscal 2023, the targets were not met, and the shares will be retracted. This acquisition and these shares are further described above in both “Overview” and “Share-based compensation expense”.

At the date of this MD&A, there are no Givex Preferred Shares issued and outstanding. The Givex Preferred Shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the Givex Board determines prior to the issue thereof. The Preferred Shares rank prior to the Givex Shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Company.

As at the date of this MD&A, 11,147,500 Givex Warrants to acquire an aggregate of 11,147,500 Givex Shares are issued and outstanding. Each Givex Warrant entitles the holder to purchase one Givex Share at an exercise price of \$1.25. The Givex Warrants include: (i) 11,000,000 Givex Warrants as exchanged from Prior Givex Warrants under the Subscription Receipts (which are governed by the Warrant Indenture and the First Supplemental Warrant Indenture) and that expire November 25, 2024; and (ii) 147,500 Givex Warrants that expire November 25, 2024 comprising part of the Givex Compensation Units.

The 11,147,500 Givex Warrants were initially set to expire November 25, 2023 and have now been extended one year to November 25, 2024, and includes 190,080 Warrants held directly or indirectly by insiders of the Company. The extension in respect of Warrants held by insiders and their ability to exercise the Warrants after November 25, 2023, will be subject to obtaining disinterested shareholder approval, which the Company intends to seek at the annual and special meeting of shareholders of the Company to be held on May 10, 2024. In the event that shareholder approval is not obtained, the Warrants held by insiders will terminate and be null and void effective November 25, 2023. This extension of Warrants is more fully described in the “Recent Development” section above.

As of the date of this MD&A, there are 65,308 Broker Warrants issued and outstanding. Each Broker Warrant entitles the holder to purchase one Givex Share at a price of \$0.92 until February 23, 2026.

As at the date of this MD&A, 1,455,467 Givex Compensation Options are issued and outstanding. Each Givex Compensation Option entitles the holder to purchase one Givex Share and one half of one Givex Warrant at a price of \$1.00 until November 25, 2024. The 1,455,467 Givex Compensation Options were initially set to expire November 25, 2023 and have now been extended one year to November 25, 2024.

As of the date of this MD&A, there are 7,747,800 Givex Options to purchase 7,747,800 Givex Shares issued and outstanding. Each Givex Option entitles the holder to purchase one Givex Share, at various exercise prices and expiry dates. The Givex Options include: 111,800 Givex Options exercisable at a price of \$0.46 per Givex Share until the earlier of February 23, 2031 and 12 months from the date that the option holder ceases to be a director of the Company; 26,000 Givex Options exercisable at a price of \$0.46 per Givex Share until February 23, 2031; 6,760,000 Givex Options exercisable at a price of \$1.00 per Givex Share until November 25, 2024; 50,000 Givex Options exercisable at a price of \$1.00 per Givex Share until April 1, 2025, 700,000 Givex Options exercisable at a price of \$0.50 until January 9, 2025, and 100,000 Givex Options exercisable at a price of \$0.50 until November 24, 2026.

As of the date of this MD&A, there are 75,000 Givex RSUs issued and outstanding. Each Givex RSU entitles the holder to one Givex Share upon the occurrence of the prescribed vesting date for such Givex RSU in the applicable Givex RSU Agreement, which is governed by the terms of the Givex RSU Plan.

## **Disclosure Controls and Internal Controls Over Financial Reporting**

### ***Controls and Procedures***

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures, as that term is defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with securities regulatory authorities are recorded, processed, summarized, and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitation in control systems to prevent or detect all misstatements due to error or fraud. The Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's disclosure controls and procedures as at December 31, 2023 were effective.

### ***Internal Controls over Financial Reporting***

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting, as that term is defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and Chief Financial Officer have been advised that the control framework the Chief Executive Officer and Chief Financial Officer used to design the Company's internal controls over financial reporting is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The Chief Executive Officer and Chief Financial Officer have evaluated, or cause to be evaluated under their supervision, whether or not there were changes to its internal controls over financial reporting during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect the Company's internal controls over financial reporting. No such changes were identified through their evaluation. The Chief Executive Officer and Chief Financial Officer have evaluated and concluded that the Company's internal controls over financial reporting as at December 31, 2023 were effective.

### ***Limitation of Controls and Procedures***

The Company's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. There inherent limitations include that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **Risk Factors**

For a list of risk factors, see the Company's most recently filed AIF, available on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.

## **Additional Information**

Additional information relating to the Company, including the audited annual Consolidated Financial Statements and the Annual Information Form are available on SEDAR+ at <https://www.sedarplus.ca/landingpage/>.