

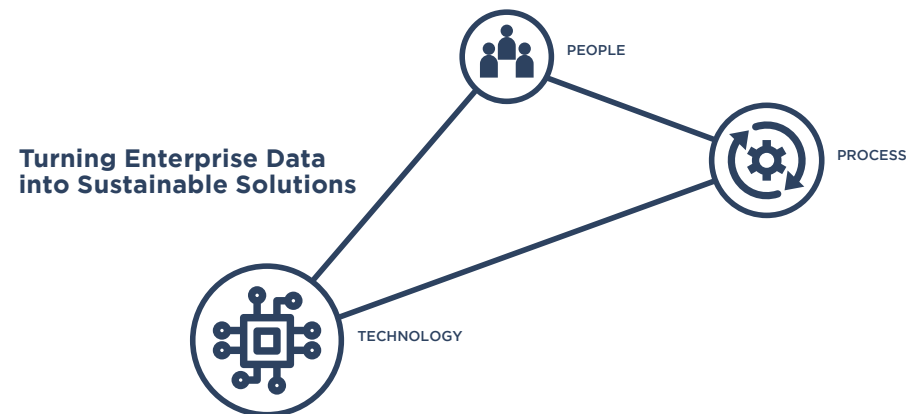
Turning Enterprise Data into Sustainable Solutions



2022 Annual Report

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Land Acknowledgement

The sacred land on which we operate (downtown Toronto) has been the site of human activity for 15,000 years. This land is the territory of the Anishinabek, Haudenosaunee, Wendat (Wyandot), and most recently the Mississaugas of the Credit. The territory is the subject of many wampum belt agreements between many nations to peaceably share and care for the resources around the Great Lakes. Ontario is covered by 46 treaties and other agreements. The principle of looking to the seven generations is inherent in many of these agreements—take only what you need and protect the shared resources that future generations will rely on.

Today, the meeting place of Tkaronto is the home to Indigenous people from across Turtle Island. We are all treaty peoples and our intersecting communities are comprised of those native to this land, Indigenous people from other territories, as well as settlers who have come here by choice, force, or otherwise a result of colonialism and imperialism. We are grateful for the opportunity to work on this land and with its original caretakers. First Nations people have been practicing sustainability for thousands of years and we have much to learn from them.

Executive Summary

Year In Review

2022 was the year we got back to work in earnest! Billable revenue was the highest it's been in recent memory driving strong top and bottom line results.

We've taken a different approach to our report this year; we really slimmed it down to highlight the key metrics and



stories we want to share with our readers. We will be launching a completely revamped report next year that highlights our most impactful work with a much stronger focus on nature based solutions and less emphasis on carbon accounting.

In terms of client work we finished our Impact Dashboard project with CSI and the system was released to the social enterprise community in the second quarter of 2022. The remainder of the year was focused on assisting a large construction company through several strategic systems integration projects. Ecotone has continued to work with this client through 2023 and likely into 2024 setting us up for continued strong financial results.

On the impact investing front, Ecotone was very pleased to be one of the founding investors in Black Tech Capital, run by serial entrepreneur Bryan Duarte. Bryan's vision is to invest in early stage cleantech startups run by black founders who have difficulty getting financing from traditional lenders and venture capitalists. Bryan's thesis is that these black owned businesses are much further down the technological readiness curve compared



to their peers and thus represent untapped potential. Funds have already been deployed to a number of startups with exciting technologies to address the climate crisis.

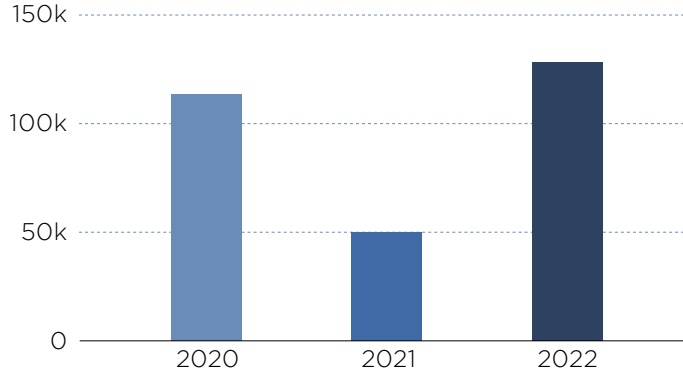
Regarding our volunteer commitments, we've focused most of our efforts on Toronto Nature Stewards (TNS), where our CEO, Andrew Simpson serves on the Operations team as well

as a Lead Steward in one of the many stewardship sites across Toronto. TNS's mission is to engage and educate the people of Toronto in the stewardship of our ravines and natural areas. They do ecological restoration on public lands in collaboration with the city and community volunteers.

Thank you for reading and looking forward to exciting changes in 2023!

Highlights

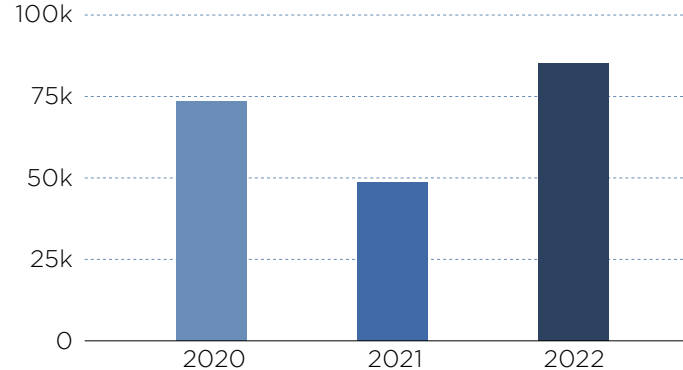
Net Income



	2020	2021	2022
Revenue	299,595	184,808	307,674
EBITDA	126,536	56,604	146,022
Net Income	113,246	49,780	128,257
Change in Net Income from Prior Year	92.13%	-56.04%	157.65%

2022 was our best year in recent memory with strong billable revenue that surpassed pre pandemic levels. Thanks to one major client in the construction industry who engaged us on a number of key projects, we easily surpassed our target financial metrics for the year.

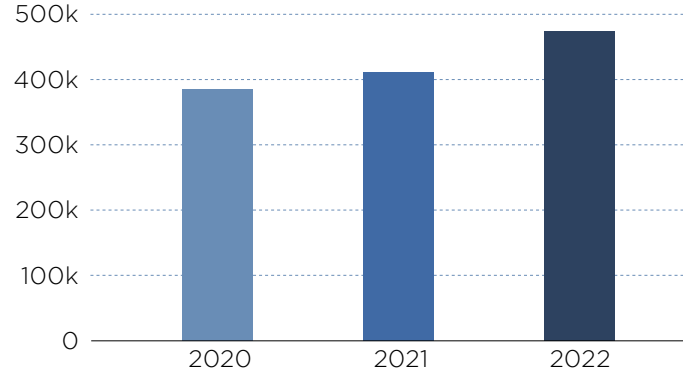
Tax Paid



	2020	2021	2022
Payroll Taxes	36,648	25,250	38,449
HST	23,568	16,621	28,502
Corporate Tax	13,290	6,824	18,316
Total	73,506	48,695	85,267

Revenue growth drove increases in our taxes which are integral for a functional civil society.

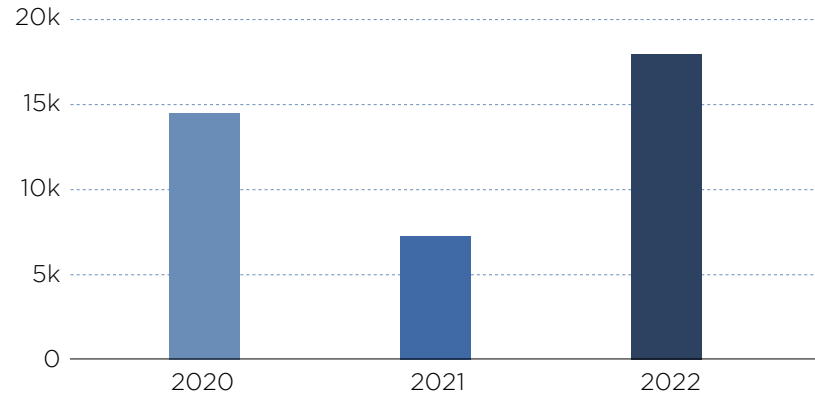
Portfolio



	2020	2021	2022
CSI Bonds	40,000	40,000	40,000
Solar Share Bonds	25,000	25,000	25,000
RE Royalties Bond	10,000	10,000	10,000
Black Tech Capital			15,000
Marketable Securities (TD+Qtrade+Term Deposits)	310,731	336,909	384,003
Total	385,731	411,909	474,003
Change from Prior Year	124,812	26,178	62,094

We grew our impact portfolio as a founding investor in Black Tech Capital as well as adding to our secure fixed interest investments.

Donations



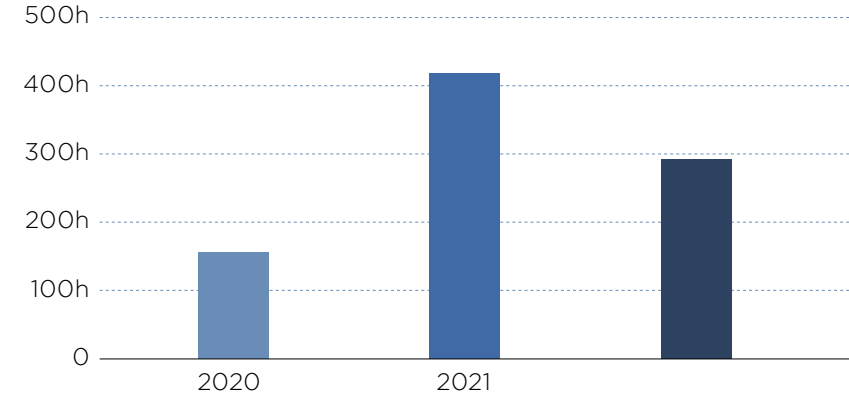
	2020	2021	2022
Donations	11,220	5,600	15,029
In-kind/Pro Bono Consulting	3,287.5	1,665.5	2,912.5
Total	14,507.5	7,265.5	17,941.5

Ecotone, as part of our B Corp certification, has committed to an impact business model called “Designed to Give” where the company pledges 5% of revenue to charitable organizations that align with our mission and values. This resulted in a large increase in our donations.

Donations and in-kind contributions can also be considered as social capital. However, the majority of Ecotone donations are to the environmental sector. Ecotone is proud to support:



Volunteer Hours



	2020	2021	2022
Toronto Nature Stewards	29.5	214	270
Evergreen	86	110	
Lamp Lifeboat Ladder		65	10
Various Stewardship	32	29	12
City of Toronto Stewardship	8		
Total hours	155.5	418	292
Value (@\$25/hr)	3,887.5	10,450	7,300

We shifted the majority of our volunteer activity into Toronto Nature Stewards as well believe nature based solutions are the best way to address the twin crises of climate and biodiversity loss.

But we still saved some time for other informal community groups like Don't Mess With the Don whose work aligned

with ours. While environmentally focused, both efforts enable our consultants to be part of a community of people who want to recognize and enhance their relationship with the planet.

SDG Alignment

Aligning with the Sustainable Development Goals (SDGs) as an organization means integrating these global objectives into the company’s mission, strategy, and operations. The SDGs are a set of 17 goals established by the United Nations to address various global challenges, including poverty, inequality, climate change, environmental degradation, peace, and justice.

By aligning with the SDGs, Ecotone demonstrates a commitment to contributing positively to sustainable

development on a global scale. This alignment involves incorporating sustainable practices into business activities, considering environmental and social impacts, and actively working towards achieving the specific targets outlined in the SDGs.

In essence, we reflect a recognition of the interconnectedness of economic, social, and environmental issues and a commitment to playing a role in addressing these challenges for the benefit of people and the planet.



B Corp Certified

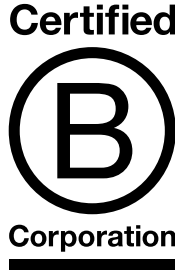
We are proud to be a Certified B Corporation (B Corp), thereby emphasizing our commitment to responsible business practices, focusing on the triple bottom line of people, planet, and profit. By consistently prioritizing social and environmental impact, we distinguish ourselves as a company devoted to a holistic approach to business, aligning our values with the expectations of conscientious consumers.

Enhanced corporate reputation from our B Corp certification significantly builds trust and loyalty among consumers, setting us apart from competitors and providing a competitive advantage. Additionally, our commitment to ethical and sustainable practices makes us an attractive employer, aiding in talent attraction and retention.

B Corp certification provides legal protection for our mission, allowing us to consider the interests of all stakeholders and safeguarding our commitment to responsible business practices. This is complemented by improved access to impact capital, as investors increasingly seek businesses dedicated to positive social and environmental outcomes.

Our involvement in the global B Corp community offers opportunities for collaboration, learning, and shared resources, enhancing our engagement in the movement towards a more sustainable global economy.

Our focus on responsible business practices not only positions us for long-term sustainability but also highlights our alignment with modern values. This dedication extends beyond financial success to encompass positive environmental and social impact, reflecting our commitment to contributing to a better world. In summary, our B Corp certification encapsulates our comprehensive dedication to socially responsible business practices, creating value for our stakeholders.



About Us

Ecotone Software Consulting is a software and sustainability consulting practice. Our extensive enterprise software experience enables clients to effectively inventory data and automate reporting from their corporate systems. We empower our customers to create action-based reporting that is fundamentally tied to their corporate strategy.

We create value by bringing the integrated reporting lens to Enterprise Resource Planning and Customer Relationship Management projects.

Our expertise in sustainability strategy, business model design and sustainability reporting further enhances these projects to highlight purpose-based goals for our clients.

Our Mission

Enable clients to achieve their sustainability goals by leveraging people, process and technology. We strive toward a net zero environmental footprint from our operations and work to make a positive contribution to our communities in which we live and work.

Our Vision

A world where everyone can achieve their human potential while supporting a flourishing planet.

Our Values

- **Collaboration:** We believe that a collaborative approach between business, civil society and governments is required to address the societal challenge of climate change.
- **Innovation:** By embracing technological innovation, we can create value in each of the six capitals.
- **Diversity and Inclusion:** We must include everyone on the journey regardless of their gender identity, sexual orientation, race, class, religion, physical or mental ability. This was more important than ever this year.

Our Board



Andrew Simpson

Founder and Principal Consultant, Ecotone Software
Stakeholder group: Owners



Piali Roy

Owner, Ecotone Software and Freelance Writer
Stakeholder group: Owners



Pratima Divgi

Head of Capital Markets, North America Carbon Disclosure Project
Stakeholder group: Environmental NGOs and community groups



Sandra Lester

Green Building Consultant, Affecting Change Inc.
Stakeholder group: Sustainability Professionals and academia



Dihan Chandra

Founder, The Spent Goods Company
Stakeholder group: Customers

Financial Statements

December 31, 2022

(Unaudited—See Compilation Engagement Report)



COMPILATION ENGAGEMENT REPORT

To Management of Ecotone Software Consulting Inc.,

On the basis of information provided by management, we have compiled the balance sheet of Ecotone Software Consulting Inc. as at December 31, 2022, the statement of earnings and the statement of retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information (“financial information”).

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management.

Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Sone Rovet Chasson LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

April 18, 2023

Balance Sheet

As at December 31, 2022

(Unaudited—See Compilation Engagement Report)

	2022	2021
Assets		
<i>Current</i>		
Cash	26,456	37,647
Term deposits	111,447	-
Marketable securities	272,556	266,542
Accounts receivable	2,015	14,044
Income taxed receivable	-	10,714
	\$ 412,474	\$ 328,947
Investments	90,015	75,015
Property and equipment (note 2)	375	834
	\$ 502,864	\$ 404,796
Liabilities		
<i>Current</i>		
Accounts payable	12,117	5,176
Income taxes payable	11,765	-
Advances from shareholders	16,208	30,103
	\$ 40,090	\$ 35,279
Shareholders' equity		
Share capital	11	11
Retained earnings	462,763	369,506
	462,774	369,517
	\$ 502,864	\$ 404,796

Statement of Retained Earnings

Year Ended December 31, 2022
(Unaudited—See Compilation Engagement Report)

	2022	2021
Balance at beginning of year	369,506	344,726
Net earnings for year	128,257	49,780
Dividends paid during year	(35,000)	(25,000)
Balance at end of year	\$ 462,763	\$ 369,506

Statement of Earnings

Year Ended December 31, 2022
(Unaudited—See Compilation Engagement Report)

	2022	2021
Revenue		
Management and consulting fees	296,762	173,207
Investment income	10,912	11,601
	\$ 307,674	\$ 184,808
Expenses		
Advertising and promotion	4,244	7,914
Amortization	459	680
Automobile	378	731
Bank charges and interest	244	365
Donations	14,529	5,600
General and office	1,582	2,530
Insurance	3,997	3,772
Management salaries and benefits	123,500	96,416
Profession fees	6,276	4,900
Rent	2,727	2,564
Telephone	3,716	3,092
	\$ 161,652	\$ 128,204
Earnings before income taxes	146,022	56,604
Income taxes	17,765	6,824
Net earnings for year	\$ 128,257	\$ 49,780

Note to Financial Statements

Year Ended December 31, 2022
(Unaudited—See Compilation Engagement Report)

1. Basis of Accounting

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of:

- Accounts receivable less allowance for doubtful accounts
- Property and equipment amortized over their useful life
- Accounts payable
- Current income taxes payable as at the reporting date

2. Property Equipment

	Cost	Accuulated Amortization	Net Book Value	
			2022	2021
Computer	\$ 7,278	\$ (6,903)	\$ 375	\$ 834

Contact Information

Andrew Simpson is a veteran software consultant and business analyst, having implemented several leading Enterprise Resource Planning and Customer Relationship Management packages over his 25-year career. Andrew has worked with software solutions from Oracle (J.D.Edwards), Microsoft Dynamics GP & CRM, and Salesforce.

Andrew has extensive experience designing and mapping business processes, writing technical specifications for custom modifications, developing and executing test plans, report design and data conversion.

Always passionate about environmental issues, Ecotone brings together his twin passions around technology and

sustainability. Andrew is an active volunteer in the Toronto community where he lives with his partner and their daughter.

Ecotone always welcomes feedback on our reports. Please feel free to contact us about anything in this report or to collaborate on future endeavours.



Andrew Simpson

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