

# REKLAIM

## **Condensed Consolidated Interim Financial Statements**

Reklaim Ltd. (formerly Killi Ltd.)

September 30, 2022

(Expressed in Canadian Dollars)

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice to reader indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Killi Ltd. (Formerly Freckle Ltd.) have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**Reclaim Ltd. (Formerly Killi Ltd.)****Unaudited Condensed Consolidated Interim Statements of Financial Position**

As at September 30, 2022, and December 31, 2021

*(in Canadian Dollars)*

	Note	September 30, 2022	December 31, 2021
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	4	\$ 458,125	\$ 463,620
Trade and other receivables	5	652,064	351,865
Prepaid expenses		195,938	211,487
<i>Total current assets</i>		<u>1,306,127</u>	<u>1,026,972</u>
<i>Non Current Assets</i>			
Property and equipment, net	6	38,991	52,644
<i>Total assets</i>		<u>\$ 1,345,118</u>	<u>\$ 1,079,616</u>
<b>Liabilities and Shareholders' Equity (Deficit)</b>			
<i>Current Liabilities</i>			
Trade and other liabilities	7	\$ 2,001,302	\$ 1,457,711
Contract liabilities		4,388	-
Current portion of loans payable	8	29,952	18,869
Current portion of secured debentures	9	19,950	-
<i>Total current liabilities</i>		<u>2,055,592</u>	<u>1,476,580</u>
Non-current portion of loans payable	8	17,537	23,345
Non-current portion of secured debentures	9	1,374,397	-
<i>Total liabilities</i>		<u>\$ 3,447,526</u>	<u>\$ 1,499,925</u>
<i>Shareholders' equity (deficit)</i>			
Share capital	11	28,662,064	27,267,924
Warrants	11	1,983,474	1,529,381
Contributed surplus	12	1,758,847	1,742,778
Cumulative translation adjustment		(42,634)	132,835
Deficit		(34,464,159)	(31,093,227)
<i>Total Shareholders' equity (deficit)</i>		<u>(2,102,408)</u>	<u>(420,309)</u>
<i>Total Shareholders' equity (deficit) and liabilities</i>		<u>\$ 1,345,118</u>	<u>\$ 1,079,616</u>
Going concern uncertainty, related party, and commitments	2, 10, 13		

Approved on behalf of the Board of Directors:

Original signed by

Neil Sweeney, CEO &amp; Founder

Original signed by

Robert Fernicola, Chair of the Audit Committee

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

## Reclaim Ltd. (Formerly Killi Ltd.)

### Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Three and nine months ended September 30, 2022 and 2021

(in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
<b>Revenue</b>	14	\$ 606,431	230,284	\$ 1,642,380	558,342
<b>Cost of services</b>	15	505,398	469,544	1,963,156	950,048
<b>Gross profit (loss)</b>		<b>101,033</b>	(239,260)	<b>(320,776)</b>	(391,706)
<b>Expenses</b>					
General and administrative		471,618	276,392	1,265,471	1,049,922
Research and development		151,413	210,361	826,242	662,257
Selling and business development		104,871	386,052	743,257	958,233
Marketing		71,874	488,104	743,655	1,379,400
		<b>799,776</b>	1,360,909	<b>3,578,625</b>	4,049,812
<b>Other income</b>					
Gain on sale of Freckle business unit		-	36,742	4,446	145,397
Other Income	17	23,270	-	340,068	-
Interest income		913	3,179	1,187	9,451
		<b>24,183</b>	39,921	<b>345,701</b>	154,848
<b>Net loss</b>		<b>(674,560)</b>	(1,560,248)	<b>(3,553,700)</b>	(4,286,670)
<b>Other comprehensive income (loss)</b>					
Foreign currency translation differences		192,951	(157,701)	182,768	(240,878)
<b>Total comprehensive loss</b>		<b>\$ (481,609)</b>	\$ (1,717,949)	<b>\$ (3,370,932)</b>	\$ (4,527,548)
<b>Net loss per share</b>					
Earnings per share, basic and diluted		\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.07)
Weighted average shares outstanding, basic and diluted		91,890,177	67,333,464	76,811,740	65,588,592

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

**Reclaim Ltd. (Formerly Killi Ltd.)****Unaudited Condensed Consolidated Interim Statements of Changes in Equity**

Nine months ended September 30, 2022 and 2021

*(in Canadian Dollars)*

		Number of Common Shares (As restated - Note 10)	Share Capital	Warrants	Contributed Surplus	Cumulative translation adjustment	Accumulated Deficit	Total Equity (Deficiency)
Balance as at January 1, 2021		60,204,343	\$ 24,227,148	\$ 500,552	\$ 1,163,694	\$ 118,749	\$ (24,769,905)	\$ 1,240,238
Issuance of share capital related to the private placement	11	7,054,818	3,516,827	1,068,805	-	-	-	\$ 4,585,632
Share issuance costs	11	-	(49,154)	(14,938)	-	-	-	\$ (64,092)
Reclassing expired warrants	11	-	-	(500,552)	500,552	-	-	\$ -
Exercise of stock options		118,733	48,617	-	(18,934)	-	-	\$ 29,683
Share-based compensation	12	-	-	-	50,943	-	-	\$ 50,943
Net loss and comprehensive loss		-	-	-	-	(240,878)	(4,286,670)	\$ (4,527,548)
Balance as at September 30, 2021		<u>67,377,894</u>	<u>27,743,438</u>	<u>1,053,867</u>	<u>1,696,255</u>	<u>(122,129)</u>	<u>(29,056,575)</u>	<u>1,314,856</u>
Balance as at January 1, 2022		67,377,894	27,267,924	1,529,381	1,742,778	132,835	(31,093,227)	\$ (420,309)
Issuance of share capital related to the senior secured debentures	11	1,366,666	328,000	-	-	-	-	\$ 328,000
Share issuance costs related to senior secured debentures	11	-	(15,230)	-	-	-	-	\$ (15,230)
Issuance of share capital related to the first tranche of the private placement	11	19,924,906	912,684	384,288	-	-	-	\$ 1,296,972
Issuance of share capital related to the final tranche of the private placement	11	3,970,740	191,510	79,415	-	-	-	\$ 270,925
Share issuance costs related to private placement		-	(22,824)	(9,610)	-	-	-	\$ (32,434)
Share-based compensation	12	-	-	-	16,069	-	-	\$ 16,069
Net loss and comprehensive loss		-	-	-	-	(175,469)	(3,370,932)	\$ (3,546,401)
Balance as at September 30, 2022		<u>92,640,206</u>	<u>28,662,064</u>	<u>1,983,474</u>	<u>1,758,847</u>	<u>(42,634)</u>	<u>(34,464,159)</u>	<u>(2,102,408)</u>

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

## Reclaim Ltd. (Formerly Killi Ltd.)

### Unaudited Condensed Consolidated Interim Statements of Cash Flows

As at September 30, 2022, and December 31, 2021

(in Canadian Dollars)

	Note	Nine months ended Sept 30,	
		2022	2021
<b>Operating activities</b>			
Net loss from continuing operations		\$ (3,370,932)	\$ (4,286,670)
Depreciation of property and equipment	6	17,663	18,137
Gain on sale of disposed business		-	(145,397)
Interest related to financing, net		117,541	5,357
Share based compensation	12	16,069	50,943
Net change in non-cash operating working capital	16	280,660	441,849
Net cash flows used in operating activities		<u>(2,939,000)</u>	<u>(3,915,781)</u>
<b>Financing activities</b>			
Issuance of units, net of issuance costs	11	1,394,140	3,467,673
Issuance of warrants, net of issuance costs	11	454,093	1,053,867
Proceeds on exercise of stock options		-	29,683
Proceeds from issuance of debt	9	1,374,397	33,333
Repayment of debt		(5,808)	(38,598)
Interest paid		(103,839)	(5,357)
Cash flows from financing activities		<u>3,112,983</u>	<u>4,540,601</u>
<b>Investing activities</b>			
Proceeds on disposal of business		-	145,397
Purchase of property and equipment	6	(4,010)	(17,086)
Cash flows from investing activities		<u>(4,010)</u>	<u>128,311</u>
Effect of foreign exchange on cash and cash equivalents		(175,469)	(240,878)
Net decrease in cash and cash equivalents		(5,495)	512,253
Cash and cash equivalents, beginning of year		463,620	1,519,500
Cash and cash equivalents, end of period		<u>\$ 458,125</u>	<u>\$ 2,031,753</u>

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

# **Reclaim Ltd. (Formerly Killi Ltd.)**

**Notes to the Unaudited Condensed Consolidated Interim Financial Statements  
For the nine months ended September 30, 2022 and 2021  
(in Canadian Dollars)**

## **1. CORPORATE INFORMATION**

Reclaim Ltd. (“Reclaim,” the “Company”) is a company driven by consumer data and privacy evolution. Offering compliant, first-party data to brands & agencies, platforms, and data companies, Reclaim allows consumers to visit the platform, confirm their identity and unveil data that has been collected and sold on them for years. Reclaim enables consumers to take back control of this data by setting up a Reclaim account where, should they choose to, consumers can be compensated for using their data.

The address of the Company’s corporate office is 145 King Street West, Suite 2200, Toronto, ON M5H 4G2.

Reclaim, formerly Killi Ltd., was incorporated on January 14, 1997, according to the ABCA as 723765 Alberta Ltd.

On May 25, 2020, the Company changed its name from Freckle Ltd. to Killi Ltd., and the Company’s common shares commenced trading on the TSX Venture Exchange (the “TSXV”) under the symbol “MYID.”

On May 29, 2020, the Company finalized a definitive asset purchase agreement with PlaceIQ, Inc. (“PlaceIQ”) for the sale of certain assets of the Company’s offline attribution and data business (see Note 19).

On November 4, 2020, the Company completed its up-list, and the Company’s common shares commenced trading on the OTCQB Venture Market under the symbol “MYIDF.”

On April 1, 2021, the Company consolidated all the issued and outstanding common shares on a five-for-one basis (the “Consolidation”). The Consolidation reduced the common shares issued and outstanding at April 1, 2021, from 336,296,001 pre-consolidated to 67,259,161 post-consolidated common shares.

On November 1, 2021, the Company name was changed from Killi Ltd. to Reclaim Ltd.

# **Reclaim Ltd. (Formerly Killi Ltd.)**

## **Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)**

### **2. GOING CONCERN UNCERTAINTY**

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (IASB). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the period ended September 30, 2022, the Company incurred a comprehensive loss of \$3,370,932 (2021 - \$4,527,548) and negative cash flows from operations of \$2,939,000 (2021 – \$3,915,781). In addition, the Company has an accumulated deficit of \$34,464,159 (December 31, 2021 - \$31,093,227).

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for several reasons, including the Company’s own resources and external market conditions.

The Company’s ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses, continue its research and development activities and support the operations of its subsidiaries is dependent upon management’s ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional funding will be available or that it can be obtained on terms favorable to the Company. The Company has also been affected by the outbreak of COVID-19. The full impact of the COVID-19 pandemic on our full-year financial results will depend on future development, such as the ultimate duration and scope (see Note 3 (g)). The above factors indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue operating as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses, and the classifications used in the statements of financial position. These adjustments could be material.

# Reclaim Ltd. (Formerly Killi Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements  
For the nine months ended September 30, 2022 and 2021  
(in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used throughout all periods presented in the unaudited condensed consolidated interim financial statements.

### (a) Basis of preparation and statement of compliance with IFRS

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in effect at the closing date of December 31, 2021.

On November 16, 2022, the Company’s Board of Directors approved these unaudited condensed consolidated interim financial statements and authorized them for issue.

### (b) Basis of preparation and statement of compliance with IFRS

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies.

### (c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The chart below summarizes the entities included in the unaudited condensed consolidated interim financial statements as at September 30, 2022, and 2021.

Entity Name	Place of Incorporation	Ownership	Functional Currency
Reclaim Ltd. (formerly Killi Ltd.)	Ontario, Canada	Parent	Canadian dollars
Reclaim Inc. (formerly Killi Inc.)	Ontario, Canada	Wholly owned subsidiary of Reclaim Ltd.	Canadian dollars
Reclaim Holdings Ltd. (formerly Killi Holdings Ltd.)	Ontario, Canada	Wholly owned subsidiary of Reclaim Inc.	Canadian dollars
Reclaim USA Inc (formerly Killi USA Inc.)	Delaware, USA	Wholly owned subsidiary of Reclaim Inc.	United States dollars

# **Reclaim Ltd. (Formerly Killi Ltd.)**

## **Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)**

### **(d) Functional currency and foreign currency translation**

These consolidated financial statements are presented in Canadian dollars, which is also the parent's functional currency. Transactions in foreign currencies are translated into the functional currency of the relevant parent/subsidiary company using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and the remeasurement of monetary items at the reporting date exchange rate are recognized in a net loss. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. The functional currency of the subsidiaries remains unchanged during the reporting period.

Monetary assets and liabilities of Reclaim USA Inc. are translated into Canadian dollars at period-end exchange rates. In contrast, non-monetary items are measured at historical cost and are translated using the exchange rate at the date of the transaction. Income, expenses, and foreign operations cash flows are translated into Canadian dollars using monthly average exchange rates. Exchange differences resulting from the translation of foreign operations are recognized in other comprehensive losses.

### **(e) Critical accounting estimates and judgments**

The Company's consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the consolidated financial statements.

Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions, and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates, judgments, and assumptions applied in the unaudited condensed consolidated interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2021.

### **(f) Discontinued operations and gain (loss) on sale**

A disposal group qualifies as a discontinued operation if it is a major component of an entity that either has been disposed of or is classified as held for sale, and represents a separate major line of business or geographical areas of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or, is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statements of loss and comprehensive loss.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

The measurement of the consideration promised in the contract varies depending on the results of the disposed business. The Company is entitled to a revenue share net of any directly attributed costs governed by the asset purchase agreement. In accordance with IFRS 15, the Company is to recognize an amount of variable consideration only to the extent that a significant reversal in the amount of cumulative revenue probably recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Company updates its estimated transaction price to assess variable consideration. Management believes that it is highly probable that a revenue reversal would occur; as such, management has made the judgment that no amount of variable consideration can be estimated reliably. The Company to date has recognized revenue on the sale based on the actual revenue share amount earned to the end of September 30, 2022.

#### (g) Impact of COVID-19 outbreak

In Q1 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, American, provincial, state, and municipal governments regarding travel, business operations, and isolation/quarantine orders.

In response, the Company has qualified for the Canadian Emergency Wage Subsidy (“CEWS”), the Canadian Emergency Rent Subsidy (“CERS”), and the Hardest-Hit Business Recovery Program (“HHBRP”). The amounts received have been broken down as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
HHBRP	\$ -	\$ -	\$ 192,260	\$ -
CEWS	-	166,662	-	320,770
CERS	-	12,504	-	24,225
	\$ -	\$ 179,166	\$ 192,260	\$ 344,995

These amounts have been netted against departmental expenses in the consolidated financial statements of loss and comprehensive loss.

The future effect of COVID-19 on the economy and businesses, in general, remains uncertain. The medium- and long-term impact on the Company from COVID-19 will depend on the financial solutions achieved with government, lenders, post-COVID-19 consumer behaviors, and the macro effects on the overall economy.

The Company continues to monitor and actively manage the developing impacts of COVID-19 and will continue to assess the effects on the Company's operations and the reported value of assets and liabilities reported in these consolidated financial statements.

There are material uncertainties related to the full impact of COVID-19 on the Company's business and operations, particularly on the timing and collections of accounts receivables.

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

### 4. CASH AND CASH EQUIVALENTS

On March 11, 2021, the Company purchased a \$3,300,000 redeemable guaranteed investment certificate (“GIC”) with a maturity date of March 11, 2022, and an interest rate of 0.35%. As of September 30, 2022, the balance of the GIC was \$nil (December 31, 2021 - \$240,000).

### 5. TRADE AND OTHER RECEIVABLES

The amounts recognized in the consolidated statements of financial position relating to trade and other receivables are determined as follows:

	As at <b>September 30, 2022</b>	As at December 31, 2021
Input tax receivable	\$ 43,808	\$ 43,018
Government receivables	-	-
Trade accounts receivable, gross	634,737	315,634
Allowance for credit losses	(26,481)	(6,787)
	<b>\$ 652,064</b>	<b>\$ 351,865</b>

Trade receivables and other receivables consist of billings for revenue earned.

The changes in the expected credit loss are as follows:

	As at <b>September 30, 2022</b>	As at December 31, 2021
Opening allowance for expected credit losses	\$ 6,787	\$ 9,541
Provision for expected credit losses	19,694	(2,754)
Less: Trade receivables written off	-	-
Closing balance for expected credit losses	<b>\$ 26,481</b>	<b>\$ 6,787</b>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

#### 6. PROPERTY AND EQUIPMENT

	Computer Equipment	Vehicle	Total
<b>Cost:</b>			
At December 31, 2020	\$ 82,300	\$ 40,053	\$ 122,353
Additions	25,673	-	25,673
Disposals	-	-	-
At December 31, 2021	\$ 107,973	\$ 40,053	\$ 148,026
Additions	1,195	-	1,195
Disposals	-	-	-
At September 30, 2022	<b>\$ 109,168</b>	<b>\$ 40,053</b>	<b>\$ 149,221</b>
<b>Accumulated depreciation:</b>			
As December 31, 2020	\$ 63,809	\$ 7,788	\$ 71,597
Depreciation	17,109	6,676	23,785
Disposals	-	-	-
As December 31, 2021	\$ 80,918	\$ 14,464	\$ 95,382
Depreciation	\$ 9,842	\$ 5,006	\$ 14,848
Disposals	-	-	-
At September 30, 2022	<b>\$ 90,760</b>	<b>\$ 19,470</b>	<b>\$ 110,230</b>
<b>Carrying amounts:</b>			
At December 31, 2021	\$ 27,055	\$ 25,589	\$ 52,644
At September 30, 2022	<b>\$ 18,408</b>	<b>\$ 20,583</b>	<b>\$ 38,991</b>

#### 7. TRADE AND OTHER LIABILITIES

	As at <u>September 30, 2022</u>	As at December 31, 2021
Trade payables	\$ 1,869,657	\$ 903,467
Accrued liabilities	131,645	554,244
Total trade and other liabilities	<b>\$ 2,001,302</b>	\$ 1,457,711

#### 8. LOAN PAYABLE

On October 16, 2019, the Company entered into a credit agreement with a Canadian chartered bank for a vehicle in the amount of \$45,238 with payments due in equal installments until the maturity date of October 27, 2025, at which time the loan will be paid in full. The credit agreement bears an interest rate of 5.89%, and the term of the loan is 72 months. The vehicle secured the loan with a net book value of \$20,583 as of September 30, 2022 (December 31, 2021 - \$25,589). A total interest of \$393 was paid for the period ending September 30, 2022 (December 31, 2021 - \$2,026). The total loan payable outstanding at September 30, 2022, is \$25,226, of which \$7,698 (December 31, 2021 - \$7,357) is included in current liabilities.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

On June 24, 2022, the Company entered into a credit agreement with an insurance company in the amount of \$38,318, with payments due in equal installments until the maturity date of April 7, 2023, at which time the loan will be paid in full. The credit agreement bears an interest rate of 3.00%, and the term is 10 months. A total interest of \$345 was paid for the period ending September 30, 2022 (December 31, 2021 - \$nil). The total loan payable outstanding at September 30, 2022, is \$22,263 (December 31, 2021 - \$nil), all of which is included in current liabilities.

The loans are summarized as follows:

	For the period ended September 30, 2022					
	Opening Balance		Payments		Closing Balance	
			Principal	Interest		
Vehicle loan	\$	27,075	\$ 1,849	\$ 393	\$	25,226
Insurance loan	\$	31,804	\$ 9,541	\$ 345	\$	22,263

## 9. LOAN PAYABLE DEBENTURES

### February 2022 Debentures

In February 2022, the Company issued senior secured debentures in the aggregate principal amount of \$1,640,000, of which \$540,000 was provided by Reclaim Ltd CEO, Mr. Neil Sweeney. (the "February 2022 Debentures"), bearing interest at 12% per annum and maturing on February 24, 2025. As consideration for this loan facility, the company issued 1,366,666 bonus shares (Note 11) valued at \$320,000, of which \$108,000 was issued to Mr. Sweeney. The loan summary is as follows:

	February 2022 Debentures
Balance, February 22, 2022	1,323,936
Accretion	50,461
<b>Non-current portion of convertible debentures, September 30, 2022</b>	<b>1,374,397</b>

## 10. RELATED PARTY & KEY MANAGEMENT COMPENSATION

Compensation for key management personnel, including the Company's officers and directors, was as follows for the year:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Salaries, benefits, and contractors	\$ 284,491	\$ 68,500	\$ 570,254	\$ 240,011
Stock based compensation	7,085	1,883	21,022	13,263
Board fees and related stock based compensation	18,273	6,057	36,519	19,998
<b>Total key management compensation</b>	<b>\$ 309,849</b>	<b>\$ 76,440</b>	<b>\$ 627,795</b>	<b>\$ 273,272</b>

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

### 11. SHARE CAPITAL

Authorized:

An unlimited number of common shares, no par value. There are no rights, preferences, or restrictions attached to that class.

Issued and outstanding:

	Number of Shares	Balance
Balance as of January 1, 2021	60,204,343	\$ 24,227,148
Issuance pursuant to private placement March 10, 2021 <sup>1</sup>	7,054,818	2,992,159
Issuance pursuant to the exercise of stock options	118,733	48,617
Balance as of December 31, 2021	67,377,894	\$ 27,267,924
<b>Issuance pursuant to senior secured debentures February 24, 2022<sup>2</sup></b>	<b>1,366,666</b>	<b>312,770</b>
<b>Issuance pursuant to private placement June 23, 2022<sup>3</sup></b>	<b>19,924,906</b>	<b>889,860</b>
<b>Issuance pursuant to private placement July 19, 2022<sup>4</sup></b>	<b>3,970,740</b>	<b>191,510</b>
<b>Balance as of September 30, 2022<sup>5</sup></b>	<b>92,640,206</b>	<b>\$ 28,662,064</b>

<sup>1</sup> On March 10, 2021, the Company closed a non-brokered private placement of 7,054,818 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$4,585,632. \$1,551,060 of the aggregate gross proceeds are allocated to warrants. Each Unit was sold for \$0.65 and was comprised of one common share and one common share purchase warrant. Transaction costs include allocated legal expenses of \$42,413.

<sup>2</sup> On February 24, 2022, the company issued 1,366,666 bonus shares in connection with the issuance of \$1,640,00 in secured debentures. Of this \$15,230 in transaction costs were allocated to share capital

<sup>3</sup> On June 23, 2022, the Company closed the first tranche of a non-brokered private placement of 19,214,406 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$1,296,972. \$384,288 of the aggregate gross proceeds are allocated to warrants. Each Unit was sold for \$0.0675 and was comprised of one common share and one common share purchase warrant. Consideration for transaction costs are allocated and recognized as a single transaction with the final tranche on July 19, 2022.

<sup>4</sup> On July 19, 2022, the Company closed the final tranche of a non-brokered private placement of 191,510 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$270,925. \$79,415 of the aggregate gross proceeds are allocated to warrants. Each Unit was sold for \$0.0675 and was comprised of one common share and one common share purchase warrant. Transaction costs include allocated legal expenses of \$32,434.

<sup>5</sup> The total amount of shares outstanding includes 12,021,410 shares held in escrow.

Warrants issued and outstanding:

The following table presents information regarding warrants issued by the Company:

	2022		2021	
	Number of Share Warrants	Weighted	Number of Share Warrants	Weighted
		average exercise price		average exercise price
Balance as at January 1	7,054,818	\$1.05	1,896,620	\$1.40
Exercise of warrants	-	-	-	-
Issuance of warrants	23,895,646	0.10	7,054,818	1.05
Expiry of warrants	-	-	(1,896,620)	1.40
Balance as at September 30	30,950,464	0.32	7,054,818	1.05

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

The following table presents information related to warrants outstanding as at September 30, 2022:

	Number of Share Warrants	Weighted	Expiry date
		average exercise price	
Issuance pursuant to private placement March 10, 2021 <sup>1</sup>	7,054,818	\$1.05	March 10, 2023
Issuance pursuant to private placement June 23, 2022 <sup>2</sup>	19,924,906	\$0.10	June 23, 2025
Issuance pursuant to private placement July 19, 2022 <sup>3</sup>	3,970,740	\$0.10	July 19, 2025

<sup>1</sup>Transaction costs include allocated legal costs of \$21,679. The warrants expire after two years, however, the Company has the right to accelerate exercise if the share has traded at a price greater than or equal to \$1.50 for 20 consecutive days on any Canadian market, following which the warrants will expire if not exercised within 30 days.

<sup>2</sup>Transaction costs are allocated and recognized with the final tranche on July 19, 2022. The warrants expire after three years, however, the Company has the right to accelerate exercise if the share has traded at a price greater than or equal to \$0.15 for 20 consecutive days on any Canadian market, following which the warrants will expire if not exercised within 30 days.

<sup>3</sup>Transaction costs include allocated legal costs of \$9,610. The warrants expire after three years, however, the Company has the right to accelerate exercise if the share has traded at a price greater than or equal to \$0.15 for 20 consecutive days on any Canadian market, following which the warrants will expire if not exercised within 30 days.

The below inputs and assumptions were used in the fair value determination of the warrants:

	July 19, 2022	June 23, 2022	March 10, 2021
Weighted average share price	\$0.0675	\$0.0675	\$0.130
Expected life, in years	1.5	1.5	1.5
Volatility	100%	100%	100%
Risk free interest rate	3.14%	3.14%	0.22%
Anticipated forfeiture	-	-	-
Dividend yield	-	-	-
Barrier	\$0.15	\$0.15	\$0.30
Rebate	\$0.05	\$0.05	\$0.09

## 12. STOCK OPTION PLAN

The stock option plan is applicable to employees and directors of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board. Under the terms of the plan, the options generally vest proportionately over a three-year period and expire five years from the date of the grant. There were 335,000 options issued during the period ended September 30, 2022 (nine months ended September 30, 2021 – 747,800) to employees and contractors. The fair value of compensation expense related to options issued to employees and contractors for the period ended September 30, 2022, is \$16,069 (nine months ended September 30, 2021 - \$50,943). The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

### September 30, 2022

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2022	1,499,887	\$0.33
Granted	335,000	0.08
Exercised	-	-
Forfeited	(279,954)	0.79
<b>Outstanding, September 30, 2022</b>	<b>1,554,933</b>	<b>\$0.29</b>

### December 31, 2021

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2021	1,806,952	\$0.35
Granted	849,000	0.47
Exercised	(118,733)	0.46
Forfeited	(1,037,332)	0.21
<b>Outstanding, December 31, 2021</b>	<b>1,499,887</b>	<b>\$0.33</b>

The Company uses the Black-Scholes method to calculate option values, the below assumptions were used for all options issues:

	<u>2022</u>	<u>2021</u>
Weighted average share price	\$0.08 - 0.20	\$0.33
Expected life, in years	1-5	1-5
Volatility	100%	100%
Risk free interest rate	1.26% - 3.75%	0.16 - 1.07%
Anticipated forfeiture	64%	55% - 62%
Dividend yield	-	-

The maximum term of the options is 5 years. The share price is the fair value of the shares based on the market share price on the day of the grant. The volatility is based on comparable public companies within comparable industries.

The following table summarizes information about stock options as of September 30, 2022:

<u>Options Outstanding</u>			<u>Options Exercisable</u>
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
\$0.08	335,000	4.92	-
0.25	423,600	0.23	423,600
0.34	140,000	4.15	-
0.35	459,000	2.85	401,000
0.41	17,333	3.65	10,667
0.625	40,000	3.18	13,333
0.65	130,000	3.36	60,001
1.00	10,000	2.43	10,000
<b>\$0.08-\$1.00</b>	<b>1,554,933</b>	<b>2.76</b>	<b>918,601</b>

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

The following table summarizes information about stock options as at December 31, 2021:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
\$0.25	451,554	1.33	449,554
0.29	125,000	4.65	-
0.34	173,000	5.90	-
0.35	506,333	3.58	272,001
0.41	68,000	4.40	-
0.625	40,000	3.92	13,333
0.65	136,000	4.12	33,334
<b>\$0.25-\$1.00</b>	<b>1,499,887</b>	<b>2.97</b>	<b>768,222</b>

### 13. COMMITMENTS

The Company has non-cancellable contracts for the cost of services and contractors, the commitments are as follows:

	As at September 30, 2022
Less than one year	\$ 228,620
Between one and five years	-

During the period ended September 30, 2022, \$932,308 (September 30, 2021 - \$202,564) was expensed to general and administration, research and development, and cost of services.

### 14. REVENUE

The Company currently generates revenue through two revenue streams: identity and platform. Identity revenue is generated by selling derivative data products and mobile device data. Platform revenue is generated by selling audience segments to data platforms. The following chart shows the breakdown of revenue earned in the various channels for the period ended September 30, 2022, and 2021.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
Identity	\$ 233,290	\$ 74,217	\$ 578,508	\$ 201,754
Platform	373,141	156,067	1,063,872	356,588
Total revenue	<b>606,431</b>	<b>230,284</b>	<b>1,642,380</b>	<b>558,342</b>

The Company's revenue is broken down by geographical location:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
US	\$ 606,431	\$ 229,956	\$ 1,642,364	\$ 558,014
Canada	-	328	16	328
Total revenue	<b>606,431</b>	<b>230,284</b>	<b>1,642,380</b>	<b>558,342</b>

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

### Major trade receivables

Trade receivables with specific customers, each with 10% or more of total Company trade receivables are summarized as follows:

	<b>September 30, 2022</b>	December 31, 2021
Customer 1	<b>\$ 286,053</b>	\$ 132,513
Customer 2	<b>149,545</b>	-
Customer 3	-	65,846
Total receivables from major customers	<b>\$ 435,598</b>	\$ 198,359

### 15. COST OF SERVICES

Cost of services for continuing operations are broken down as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Data Engineering				
Salaries	\$ 50,101	\$ 92,727	\$ 205,104	\$ 238,101
Hosting fees	341,658	344,467	1,374,550	580,766
Total data engineering costs	\$ 391,759	\$ 437,194	\$ 1,579,654	\$ 818,867
Management Platforms	113,639	32,350	383,502	131,181
Total cost of sales	\$ 505,398	\$ 469,544	\$ 1,963,156	\$ 950,048

### 16. CASH FLOW INFORMATION

Net change in non-cash working capital items are comprised of:

	Nine months ended September 30,	
	2022	2021
Trade and other receivables	\$ (300,199)	\$ 156,303
Prepaid expenses	15,549	15,909
Trade and other liabilities	560,922	269,637
Contract liabilities	4,388	-
	<b>\$ 280,660</b>	<b>\$ 441,849</b>

Non-cash investing activities are as follows:

Consideration for disposal of business included in trade and other receivables of \$4,446 (September 2021 – \$145,397).

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

#### 17. GAIN ON REVERSAL OF ACCOUNTS PAYABLE

The gain on reversal of accounts payable consists of \$340,068 of accounts payable, which the Company's management determined to be statute barred under the Limitations Act (Ontario). The effect of the Limitations Act is to prevent a creditor from enforcing an obligation.

#### 18. FINANCIAL INSTRUMENTS, RISKS, AND CAPITAL MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk, and market risk associated with its financial assets and liabilities. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal controls, and sound business practices.

The Company's financial instruments and the nature of the risks to which they may be subject to are set out in the following table.

	Risks			
	Credit	Liquidity	Market	
			Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	
Trade receivables	Yes		Yes	
Other receivables	Yes		Yes	
Trade and other liabilities		Yes	Yes	
Loan Payable		Yes		Yes

The carrying values of cash and cash equivalents, trade receivables, other receivables, trade, and other liabilities, and short-term loan payable approximate their fair values due to their relatively short periods to maturity.

##### *Credit risk*

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. The Company's cash and cash equivalents are held at a major Canadian bank or credit union. The Company regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk, and medical sales direct to patients, where payment is required prior to the delivery of goods. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

The aging of the Company's accounts receivable as of September 30, 2022, was as follows:

	As at <u>September 30, 2022</u>	As at <u>December 31, 2021</u>
Current	\$ 480,375	\$ 281,856
31 - 60 days	20,425	42,509
61 - 90 days	29,933	24,876
over 91 days	121,331	2,624
Balance	<u>\$ 652,064</u>	<u>\$ 351,865</u>

As of September 30, 2022, the Company has recognized an expected loss allowance of \$26,481 (2021 – \$6,787).

#### *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities. The exposures are managed partly by using natural hedges from fixed-rate borrowings.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The Company has considered the future impact of COVID-19 on the timing and collections of trade receivables. The Company will continually reassess the scope, duration, and impact on our customers to determine COVID-19's impact on liquidity and credit risk.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as of September 30, 2022, and December 31, 2021:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
<b>As at September 30, 2022</b>					
Trade and other liabilities	\$ 2,001,302	-	-	-	\$ 2,001,302
Loan payable	4,043	8,086	19,161	19,432	50,722
Secured debentures	-	-	154,541	1,096,026	1,250,567
	<u>\$ 2,005,345</u>	<u>\$ 8,086</u>	<u>\$ 173,702</u>	<u>\$ 1,115,458</u>	<u>\$ 3,302,591</u>
<b>As at December 31, 2021</b>					
Trade and other liabilities	\$ 1,457,711	-	-	-	\$ 1,457,711
Loan Payable	3,614	7,228	18,193	25,411	54,446
	<u>\$ 1,461,325</u>	<u>\$ 7,228</u>	<u>\$ 18,193</u>	<u>\$ 25,411</u>	<u>\$ 1,512,157</u>

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2022 and 2021 (in Canadian Dollars)

### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the fair value of a financial instrument or its future cash flows.

The Company operates internationally with a subsidiary in the United States. The Company is, therefore, subject to foreign currency risk. The Company reports its financial results in Canadian dollars. Most of the Company's revenues are transacted in U.S. currency. The Company incurs expenses in both Canadian and U.S. dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

As of September 30, 2022, the Canadian entities US-dollar net monetary assets totaled approximately US -\$301,943 (CAD -\$402,158) (December 31, 2021, net monetary assets – US -\$279,931 (CAD -\$354,897)) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US \$64,287 (CAD \$85,624) (December 31, 2021 – US -\$4,806 (CAD -\$6,093)). A 10% strengthening in the Canadian dollar against the United States dollar as at September 30, 2022 would have increased comprehensive loss and decreased shareholder's equity by \$147,217 (2021 - \$28,495). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

### *Capital management*

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as equity and debt, comprised of issued common shares, warrants, contributed surplus, and accumulated deficit, as well as loans payable. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital, and overall capital expenditures. Since its inception, the Company has primarily financed its liquidity needs through private and public placements of common shares, and loans. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity to fund operations and proceed with rapid product development that will support the evolving data-driven industries. Management reviews its capital management practices on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable.