

# REKLAIM

## Condensed Consolidated Interim Financial Statements

Reklaim Ltd.

September 30, 2023

(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.

## Unaudited Condensed Consolidated Interim Statements of Financial Position As at September 30, 2023 and December 31, 2022 (in Canadian Dollars)

	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 160,540	\$ 244,464
Trade and other receivables	4	748,517	556,211
Prepaid expenses		90,237	83,570
<i>Total current assets</i>		999,294	884,245
<i>Non Current Assets</i>			
Property and equipment, net	5	24,249	33,314
<i>Total assets</i>		\$ 1,023,543	\$ 917,559
<b>Liabilities and Shareholders' Equity (Deficit)</b>			
Consolidated Financial Statements			
<i>Current Liabilities</i>			
Trade and other liabilities	6	\$ 1,222,464	\$ 1,971,905
Contract liabilities		1,867	2,612
Current portion of loans payable	7	8,152	20,524
Current portion of secured debentures	9	28,916	69,554
<i>Total current liabilities</i>		1,261,399	2,064,595
Non-current portion of loans payable	7	9,385	15,543
Non-current portion of secured debentures	9	950,982	1,397,440
<i>Total liabilities</i>		\$ 2,221,766	\$ 3,477,578
<i>Shareholders' equity (deficit)</i>			
Share capital	11	28,860,364	28,240,932
Warrants	11	921,376	2,428,131
Contributed surplus		3,491,670	1,878,379
Cumulative translation adjustment		178,330	176,275
Deficit		(34,649,963)	(35,283,736)
<i>Total Shareholders' equity (deficit)</i>		(1,198,223)	(2,560,019)
<i>Total Shareholders' equity (deficit) and liabilities</i>		\$ 1,023,543	\$ 917,559
Going concern uncertainty, related party, commitments, and subsequent event	2, 10, 13, 18		

Approved on behalf of the Board of Directors:

Original signed by  
Neil Sweeney, CEO & Founder

Original signed by  
Andrew Elinesky, Chair of the Audit Committee

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

# Reclaim Ltd.

## Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income Three and nine months ended September 30, 2023 and 2022 (in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
<b>Revenue</b>	14	\$ 923,966	606,431	\$ 2,695,697	\$ 1,642,380
<b>Cost of services</b>	15	186,974	505,398	605,836	1,963,156
<b>Gross profit (loss)</b>		<u>736,992</u>	<u>101,033</u>	<u>2,089,861</u>	<u>(320,776)</u>
<b>Expenses</b>					
General and administrative	10, 13	389,886	471,618	1,104,330	1,265,471
Research and development		119,383	151,413	346,200	826,242
Selling and business development		178,186	104,871	362,046	743,257
Marketing		46,353	71,874	170,067	743,655
		<u>733,808</u>	<u>799,776</u>	<u>1,982,643</u>	<u>3,578,625</u>
<b>Other income</b>					
Gain on sale of Freckle business unit		-	-	-	4,446
Other Income	8	526,555	23,270	526,555	340,068
Interest income		-	913	-	1,187
		<u>526,555</u>	<u>24,183</u>	<u>526,555</u>	<u>345,701</u>
<b>Net income (loss)</b>		<u>529,739</u>	<u>(674,560)</u>	<u>633,773</u>	<u>(3,553,700)</u>
<b>Other comprehensive income (loss)</b>					
Foreign currency translation differences		175	192,951	2,055	182,768
<b>Total comprehensive income (loss)</b>		<u>\$ 529,914</u>	<u>\$ (481,609)</u>	<u>\$ 635,828</u>	<u>\$ (3,370,932)</u>
<b>Earnings (loss) per share</b>					
Earnings (loss) per share, basic and diluted		0.00	(0.01)	0.01	(0.05)
Weighted average shares outstanding, basic and diluted		110,737,263	91,890,177	103,975,311	76,811,740

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

# Reclaim Ltd.

## Unaudited Condensed Consolidated Interim Statements of Changes in Equity Nine months ended September 30, 2023 and 2022 (in Canadian Dollars)

		Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Cumulative translation adjustment	Accumulated Deficit	Total Equity (Deficiency)
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	11	-	(15,230)	-	-	-	-	(15,230)
Issuance of share capital related to the private placement	11	19,214,406	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 the private placement	11	-	(22,824)	(9,610)	-	-	-	(32,434)
Share-based compensation	12	-	-	-	16,069	-	-	16,069
Net loss and omprehensive loss		-	-	-	-	(175,469)	(3,370,932)	(3,546,401)
Balance as at September 30, 2022		91,929,706	28,662,064	1,983,474	1,758,847	(42,634)	(34,464,159)	(2,102,408)
Balance as at January 1, 2023		92,640,206	28,240,932	2,428,131	1,878,379	176,275	(35,283,736)	(2,560,019)
Reclassing expired warrants	11	-	-	(1,529,381)	1,529,381	-	-	-
Issuance of share capital related to the debt conversion	9	14,000,000	420,000	-	-	-	-	420,000
Issuance of share capital related to the second debt conversion	9	2,000,000	100,000	-	-	-	-	100,000
Share issuance costs related to the debt conversion	9	-	(7,408)	-	-	-	-	(7,408)
Issuance of share capital related to the private placement		1,500,000	64,500	25,500	-	-	-	90,000
Share issuance costs related to the private placement		-	(4,546)	(1,797)	-	-	-	(6,343)
Exercise of warrants	11	58,094	6,886	(1,077)	-	-	-	5,809
Issuance of share capital related to consultant	11	773,195	30,000	-	-	-	-	30,000
Issuance of restricted share unit	12	-	-	-	10,000	-	-	10,000
Share-based compensation	12	-	-	-	83,910	-	-	83,910
Net loss and comprehensive loss		-	-	-	-	2,055	633,773	635,828
Balance as at September 30, 2023		110,971,495	\$ 28,850,364	\$ 921,376	\$ 3,501,670	\$ 178,330	(34,649,963)	\$ (1,198,223)

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

# Reklaim Ltd.

## Unaudited Condensed Consolidated Interim Statements of Cash Flows

Nine months ended September 30, 2023 and 2022

(in Canadian Dollars)

		Nine months ended September 30,	
	Note	2023	2022
<b>Operating activities</b>			
Net income (loss) from continuing operations		\$ 633,773	\$ (3,370,932)
Depreciation of property and equipment	5	15,071	17,663
Interest and accretion expense		242,005	117,541
Share based compensation	12	93,910	16,069
Net change in non-cash operating working capital	16	(961,531)	280,660
Net cash flows provided from/(used in) operating activities		<u>23,228</u>	<u>(2,939,000)</u>
<b>Financing activities</b>			
Issuance of units, net issuance costs	11	633,135	1,394,140
Issuance of warrants, net issuance costs	11	(1,077)	454,093
Proceeds from debt / secured debentures	9	(446,458)	1,374,397
Repayment of debt	7	(6,158)	(5,808)
Interest paid	9	(282,643)	(103,839)
Cash flows (used in)/provided from financing activities		<u>(103,201)</u>	<u>3,112,983</u>
<b>Investing activities</b>			
Purchase of property and equipment	5	(6,006)	(4,010)
Cash flows used in investing activities		<u>(6,006)</u>	<u>(4,010)</u>
Effect of foreign exchange on working capital		2,055	(175,469)
Net decrease in cash and cash equivalents		(83,924)	(5,496)
Cash and cash equivalents, beginning of year		244,464	463,620
Cash and cash equivalents, end of period		<u>\$ 160,540</u>	<u>\$ 458,125</u>

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

# Reclaim Ltd.

## Notes to the Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2023 and 2022 (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 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.**

## **Notes to the Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2023 and 2022 (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 nine months ended September 30, 2023, the Company generated comprehensive income/(loss) of \$633,773 (2022 – (\$3,370,932)) and cash flows from operations of \$23,228 (2022 – (\$2,939,000)). In addition, the Company has an accumulated deficit of \$34,649,963 (December 31, 2022 - \$35,283,736).

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 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.

## Notes to the Condensed Consolidated Interim Financial Statements For the nine months ended September 30, 2023 and 2022 (in Canadian Dollars)

### 3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used throughout all periods presented in the consolidated 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 September 30, 2023.

On November 8, 2023, 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 condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. The chart below summarizes the entities included in the consolidated financial statements as at September 30, 2023, and 2022.

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

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

These condensed consolidated interim 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 condensed consolidated interim 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, 2022.

#### **(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.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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, 2023.

#### 4. 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 September 30, 2023	As at December 31, 2022
Input tax receivable	\$ 21,888	\$ 6,336
Trade accounts receivable, gross	745,337	677,012
Allowance for credit losses	(18,708)	(127,137)
	<b>\$ 748,517</b>	<b>\$ 556,211</b>

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

The changes in the expected credit loss are as follows:

	As at September 30, 2023	As at December 31, 2022
Opening allowance for expected credit losses	\$ 127,137	\$ 6,787
Provision/(recovery) for expected credit losses	(108,429)	120,350
Less: Trade receivables written off	-	-
Closing balance for expected credit losses	<b>\$ 18,708</b>	<b>\$ 127,137</b>

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

#### 5. PROPERTY AND EQUIPMENT

	Computer Equipment	Vehicle	Total
<b>Cost:</b>			
At December 31, 2021	\$ 107,973	\$ 40,053	\$ 148,026
Additions	-	-	-
Disposals	(2,951)	-	(2,951)
At December 31, 2022	\$ 105,022	\$ 40,053	\$ 145,075
Additions	6,006	-	6,006
At September, 30, 2023	<b>\$ 111,028</b>	<b>\$ 40,053</b>	<b>\$ 151,081</b>
<b>Accumulated depreciation:</b>			
At December 31, 2021	\$ 80,918	\$ 14,464	\$ 95,382
Depreciation	11,778	6,675	18,453
Disposals	(2,074)	-	(2,074)
At December 31, 2022	\$ 90,622	\$ 21,139	\$ 111,761
Depreciation	10,064	5,007	15,071
At September, 30, 2023	<b>\$ 100,686</b>	<b>\$ 26,146</b>	<b>\$ 126,832</b>
<b>Carrying amounts:</b>			
At December 31, 2022	\$ 14,400	\$ 18,914	\$ 33,314
At September, 30, 2023	<b>\$ 10,342</b>	<b>\$ 13,907</b>	<b>\$ 24,249</b>

## 6. TRADE AND OTHER LIABILITIES

	As at September 30, 2023	As at December 31, 2022
Trade payables	\$ 1,205,544	\$ 1,914,813
Accrued liabilities	16,920	57,092
<b>Total trade and other liabilities</b>	<b>\$ 1,222,464</b>	<b>\$ 1,971,905</b>

## 7. 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 \$13,907 as of September 30, 2023 (December 31, 2022 - \$18,914). A total interest of \$919 was paid for the nine months ended September 30, 2023 (December 31, 2022 - \$1,612). The total loan payable outstanding at September 30, 2023, is \$17,537, of which \$8,152 (December 31, 2022 - \$7,802) is included in current liabilities.

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 \$1,150 was paid for the nine months ended September 30, 2023 (December 31, 2022 - \$690). The total loan payable outstanding as at September 30, 2023, is \$nil (December 31, 2022 - \$12,722).

The loans are summarized as follows:

	For the nine months ended September 30, 2023					
	Opening Balance	Payments		Closing Balance		
		Principal	Interest			
<b>Vehicle loan</b>	\$ 23,345	\$ 5,808	\$ 919	\$ 17,537		
<b>Insurance loan</b>	\$ 12,722	\$ 12,722	\$ 460	-		

## 8. GAIN ON REVERSAL OF ACCOUNTS PAYABLE

The gain on reversal of accounts payable consists of \$526,555 of accounts payable, which the Company's management reach a successful agreement with a former vendor. These amounts were previously expensed in cost of services.

## 9. SECURED DEBENTURES

### February 2022 Debentures

In February 2022, the Company issued senior secured debentures in the aggregate principal amount of \$1,640,000, of which \$520,000 was provided by Reclaim Ltd. CEO, Mr. Neil Sweeney. (the “February 2022 Debentures”), bearing interest at 12% per annum, payable every six months and maturing on February 24, 2025. As consideration for secured debentures, the Company issued 1,366,666 bonus shares (Note 12) with a fair value of \$328,000 based on the shares trading price, of which \$104,000 was issued to Mr. Sweeney. The secured debentures have an effective interest rate of 21.9% per annum.

On April 3, 2023, the Company has entered into agreements with Reclaim Ltd. CEO, Mr. Neil Sweeney and non-arm’s length creditors through the issuance of common shares of the Company. The Company settled \$420,000 of the February 2022 Debentures, by issuing 14,000,000 Common Shares at a deemed price of \$0.03 per Common Share. Mr. Sweeney is considered a related party to the Company.

On July 11, 2023, the Company has entered into agreements with non-arm’s length creditors through the issuance of common shares of the Company. The Company settled \$100,000 of the February 2022 Debentures, by issuing 2,000,000 Common Shares at a deemed price of \$0.05 per Common Share.

The secured debenture summary is as follows:

	Carrying value
Gross proceeds from secured debentures	\$ 1,640,000
Common shares issued	(328,000)
Debt conversion, April 3, 2023	(420,000)
Debt conversion, July 11, 2023	(100,000)
Transaction costs	(17,210)
Interest and accretion expense	457,338
Interest paid	(252,230)
<b>Closing balance, September 30, 2023</b>	<b>\$ 979,898</b>
<b>Current portion</b>	<b>\$ 28,916</b>
<b>Long-term portion</b>	<b>\$ 950,982</b>

## 10. RELATED PARTY & KEY MANAGEMENT COMPENSATION

Compensation for key management personnel, including the Company’s officers and directors, was as follows for the three and nine months ended September 30:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Salaries, benefits, and contractors	\$ 115,651	\$ 124,838	\$ 314,146	\$ 285,763
Stock based compensation	2,577	7,007	72,546	13,937
Board fees and related stock based compensation	10,626	16,136	15,846	18,246
<b>Total key management compensation</b>	<b>\$ 128,854</b>	<b>\$ 147,981</b>	<b>\$ 402,538</b>	<b>\$ 317,946</b>

On September 8, 2023, a board member stepped down from the Company’s Board of Directors and was issued \$10,000 of Restricted Share Units.

On April 3, 2023, the CEO participated in the conversion of debt to equity in the amount of \$250,000 by and received 8,333,333 Common Shares (note 9).

During the year ended December 31, 2022, the CEO participated in the secured debenture financing in the amount of \$520,000 and received \$108,000 in bonus common shares (note 9).

## 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, 2022	67,377,894	\$ 27,267,924
Issuance pursuant to senior secured debentures February 24, 2022 (i)	1,366,666	325,599
Issuance pursuant to private placement June 23, 2022 (ii)	19,924,906	479,997
Issuance pursuant to private placement July 19, 2022 (iii)	3,970,740	167,412
Balance as of December 31, 2022	92,640,206	\$ 28,240,932
Issuance pursuant to debt conversion April 3, 2023 (iv)	<b>14,000,000</b>	<b>414,017</b>
Issuance pursuant to private placement May 8, 2023 (v)	<b>1,500,000</b>	<b>59,954</b>
Issuance pursuant to debt conversion July 11, 2023 (iv)	<b>2,000,000</b>	<b>98,575</b>
Issuance pursuant to services rendered by consultant (vi)	<b>773,195</b>	<b>30,000</b>
Issuance pursuant to the exercise of warrants	<b>58,094</b>	<b>6,886</b>
<b>Balance as of September 30, 2023</b>	<b>110,971,495</b>	<b>\$ 28,850,364</b>

- i) On February 24, 2022, the Company issued 1,366,666 bonus common shares in connection with the issuance of \$1,640,000 in secured debentures. Of this \$2,401 in transaction costs were allocated to share capital.
- ii) On June 23, 2022, the Company closed the first tranche of a non-brokered private placement of 19,214,906 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$1,296,872 of which, \$808,730 was allocated to warrants. Each Unit was sold for \$0.0675 and was comprised of one common share and one common share purchase warrant exercisable for \$0.10 for a three year period, subject to an acceleration clause. Consideration for transaction costs are allocated and recognized as a single transaction with the final tranche on July 19, 2022.
- iii) On July 19, 2022, the Company closed the final tranche of a non-brokered private placement of 3,970,740 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$270,925 of which, \$103,513 was allocated to warrants. Each Unit was sold for \$0.0675 and was comprised of one common share and one common share purchase warrant exercisable for \$0.10 for a three year period, subject to an acceleration clause. Transaction costs include allocated legal expenses of \$21,638, finder warrants of 894,740 and finder units of 710,500. Each finder warrant is exercisable into one common share at \$0.10 for a period of three years, subject to an acceleration clause. Each finder unit comprises of one common share and one common share purchase warrant exercisable into one common shares at \$0.10 for three years, subject to an acceleration clause.
- iv) On February 16, 2023, the Company issued 773,195 Common Shares to a Consultant, at a deemed price per share of \$0.0388.
- v) On April 3, 2023, the Company closed the debt conversion and settled indebtedness of \$420,000 by issuing 14,000,000 common shares at a deemed price of \$0.03 per common shares (note 9). On July 11, 2023, the Company closed the debt conversion and settled indebtedness of \$100,000 by issuing 2,000,000 common shares at a deemed price of \$0.05 per common shares (note 9). Shared transaction costs include legal expenses of \$7,408.
- vi) On May 8, 2023, the Company closed a non-brokered private placement offering of 1,500,000 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$90,000 of which \$25,500 was allocated to warrants. Each Unit was sold for \$0.06 and was comprised of one common share and one common share purchase warrant exercisable for \$0.10 for a three-year period, subject to an acceleration clause. Transaction costs include allocated legal expenses of \$13,751.

## 11. SHARE CAPITAL (continued)

Warrants issued and outstanding:

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

	2023		2022	
	Number of Share Warrants	Weighted average exercise price	Number of Share Warrants	Weighted average exercise price
Balance as at January 1	32,555,704	\$ 0.31	7,054,818	\$ 1.05
Exercise of warrants	(58,094)	0.10	-	-
Issuance of warrants	1,500,000	0.10	25,500,886	0.10
Expiry of warrants	(7,054,818)	1.05	-	-
Balance as at September 30	26,942,792	\$ 0.10	32,555,704	\$ 0.31

The following table presents information related to warrants outstanding as at September 30, 2023:

	Number of Share Warrants	Weighted average exercise price	Expiry date
	Issuance pursuant to private placement June 23, 2022	19,924,906	\$0.10
Issuance pursuant to private placement July 19, 2022	3,970,740	\$0.10	July 19, 2025
Finder warrants related to private placement	1,605,240	\$0.10	July 19, 2025
Issuance pursuant to private placement May 8, 2023	1,500,000	\$0.10	May 8, 2026

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

	May 8, 2023	July 19, 2022	June 23, 2022
Weighted average share price	\$0.0600	\$0.0675	\$0.0675
Expected life, in years	3	3	3
Volatility	100%	100%	100%
Risk free interest rate	5.00%	3.14%	3.14%
Anticipated forfeiture	-	-	-
Dividend yield	-	-	-
Barrier	\$0.15	\$0.15	\$0.15
Rebate	\$0.05	\$0.05	\$0.05

## 12. STOCK OPTION PLAN AND RESTRICTED SHARE UNITS

### 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 2,966,221 options issued during the nine months ended September 30, 2023 (September 30, 2022 – 335,000) to employees and contractors. The fair value of compensation expense related to options issued to employees and contractors for the nine months ended September 30, 2023, is \$83,910 (September 30, 2022 - \$16,069). The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

September 30, 2023

	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, January 1, 2023	6,290,800	\$0.11
Granted	2,966,221	0.04
Forfeited	(4,000)	0.25
<b>Outstanding, September 30, 2023</b>	<b>9,253,021</b>	<b>\$0.09</b>

December 31, 2022

	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, January 1, 2022	1,499,887	\$0.33
Granted	5,352,000	0.06
Exercised	-	-
Forfeited	(561,087)	0.40
<b>Outstanding, December 31, 2022</b>	<b>6,290,800</b>	<b>\$0.11</b>

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

	<u>2023</u>	<u>2022</u>
Weighted average share price	\$0.03	\$0.05 - 0.20
Expected life, in years	1-5	1-5
Volatility	100%	100%
Risk free interest rate	3.30% - 4.20%	1.26% - 4.02%
Anticipated forfeiture	26%	34%
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, 2023:

<u>Options Outstanding</u>			<u>Options Exercisable</u>
<u>Exercise prices</u>	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable</u>
\$0.04	2,966,221	4.70	2,966,221
0.05	17,000	4.38	-
0.06	5,000,000	4.33	5,000,000
0.08	335,000	4.17	331,667
0.25	225,800	1.70	225,800
0.34	140,000	3.40	46,666
0.35	459,000	2.10	459,000
0.41	10,000	2.90	6,668
0.625	40,000	2.43	26,666
0.65	50,000	2.43	50,000
1.00	10,000	1.68	10,000
<b>\$0.08-\$1.00</b>	<b>9,253,021</b>	<b>4.23</b>	<b>9,122,688</b>

## 12. STOCK OPTION PLAN AND RESTRICTED SHARE UNITS (continued)

The following table summarizes information about stock options as at December 31, 2022:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
\$0.05	17,000	4.88	-
0.06	5,000,000	4.82	5,000,000
0.08	335,000	4.66	82,500
0.25	229,800	0.67	229,800
0.34	140,000	3.90	46,666
0.35	459,000	2.60	401,000
0.41	10,000	3.40	3,334
0.625	40,000	2.92	26,666
0.65	50,000	2.92	50,000
1.00	10,000	2.17	10,000
\$0.08-\$1.00	6,290,800	4.44	5,849,966

### Restricted Share Units (RSU's)

As of August 23, 2023, The RSU plan was instituted through the adoption of the Omnibus Equity Incentive Plan.

The following tables summarizes information about RSU's as of September 30, 2023:

	2023		2022	
	Number of RSU's	Weighted average exercise price	RSU's	Weighted average exercise price
Balance as at January 1	-	\$ -	-	\$ -
Exercise of warrants	-	-	-	-
Issuance of warrants	117,647	0.09	-	-
Expiry of warrants	-	-	-	-
Balance as at September 30	117,647	\$ 0.09	-	\$ -

The following table presents information related to warrants outstanding as at September 30, 2023:

	Number of RSU's	Number exercisable	Date issued
Share based compensation	117,647	117,647	June 23, 2025

## 13. COMMITMENTS

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

	As at September 30, 2023
Less than one year	\$ 50,877
Between one and five years	1,540,004

During the nine months ended September 30, 2023, \$209,471 (September 30, 2022 - \$932,308) 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 three and nine months ended September 30, 2023, and 2022.

Revenue	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Identity	\$ 173,817	\$ 233,290	\$ 695,832	\$ 578,508
Platform	750,149	373,141	1,999,865	1,063,872
<b>Total revenue</b>	<b>\$ 923,966</b>	<b>\$ 606,431</b>	<b>\$ 2,695,697</b>	<b>\$ 1,642,380</b>

### Major Trade receivables

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

	September 30, 2023		December 31, 2022	
Customer 1	\$	269,392	\$	403,418
Customer 2		99,928		-
Customer 3		98,747		-
Customer 4		-		163,378
<b>Total receivables from major customers</b>	<b>\$</b>	<b>468,067</b>	<b>\$</b>	<b>566,796</b>

## 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,	
	2023	2022	2023	2022
Data Engineering				
Salaries	\$ 12,500	\$ 50,101	\$ 37,500	\$ 205,104
Hosting fees	19,190	341,658	72,885	1,374,550
Total data engineering costs	\$ 31,690	\$ 391,759	\$ 110,385	\$ 1,579,654
Management Platforms	155,284	113,639	495,451	383,502
<b>Total cost of sales</b>	<b>\$ 186,974</b>	<b>\$ 505,398</b>	<b>\$ 605,836</b>	<b>\$ 1,963,156</b>

## 16. CASH FLOW INFORMATION

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

	Nine months ended September 30,	
	2023	2022
Trade and other receivables	\$ (192,306)	\$ (300,199)
Prepaid expenses	(6,667)	15,549
Trade and other liabilities	(761,813)	560,922
Contract liabilities	(745)	4,388
	<b>\$ (961,531)</b>	<b>\$ 280,660</b>

## 17. 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
Secured debenture		Yes		Yes

The carrying values of cash and cash equivalents, trade and 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*

Credit risk arises from cash held with banks and trade receivables and these financial assets are subject to the expected credit loss model. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions and minimizes the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

## 17. FINANCIAL INSTRUMENTS, RISKS, AND CAPITAL MANAGEMENT (continued)

### *Trade accounts receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past the transaction date. The expected loss rates are based on the payment profiles of sale over a period of 24 months before September 30, 2023. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the credit worthiness for current and future customers and the GDP and unemployment rate of the countries in which the Company sells goods into to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables (Note 5) are the result of billings of services performed. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

The carrying amount of trade receivables are reduced through the use of an allowance for credit loss and the amount is recognized in the consolidated statements of loss and comprehensive loss in general and administrative expenses. The Company closely monitors all receivable balances, when a balance is over 180 days past the transaction date the Company evaluates whether this balance is uncollectible. It is determined to be uncollectible when the customer has ceased communications for greater than 90 days or has communicated non-payment due to liquidity issues and the Company does not believe other recourses would be financially beneficial and there is no reasonable expectation of recovery. When a receivable balance is considered uncollectible, it is written off against the allowance for credit loss. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the consolidated statements of loss and comprehensive loss. As of September 30, 2023, it was determined that an allowance for credit loss of \$18,708 (2022 – \$127,137) was required and wrote off uncollectible balances of \$176,075 (2022 – \$nil).

The aging of the Company's accounts receivable as of September 30, 2023 and 2022, was as follows:

	As at September 30, 2023	As at December 31, 2022
Current	\$ 691,945	\$ 485,746
31 - 60 days	2,154	3,847
61 - 90 days	39,686	19,393
over 91 days	33,440	174,362
Total accounts receivable	767,225	683,348
Allowance for credit loss	(18,708)	(127,137)
	\$ 748,517	\$ 556,211

## 17. FINANCIAL INSTRUMENTS, RISKS, AND CAPITAL MANAGEMENT (continued)

### 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 following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as of September 30, 2023, and December 31, 2022:

	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, 2023</b>					
Trade and other liabilities	\$ 1,260,644	-	-	-	\$ 1,260,644
Loan payable	747	1,494	6,726	9,716	18,683
Secured debentures	-	-	121,114	1,187,752	1,308,866
	<u>\$ 1,261,391</u>	<u>\$ 1,494</u>	<u>\$ 127,840</u>	<u>\$ 1,197,468</u>	<u>\$ 2,588,193</u>
<b>As at December 31, 2022</b>					
Trade and other liabilities	\$ 1,971,905	-	-	-	\$ 1,971,905
Loan Payable	\$ 4,043	8,086.00	10,022.00	16,442.00	\$ 38,593
Secured debentures	-	99,209	97,591	1,936,547	2,133,347
	<u>\$ 1,975,948</u>	<u>\$ 107,295</u>	<u>\$ 107,613</u>	<u>\$ 1,952,989</u>	<u>\$ 4,143,845</u>

### 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, 2023, the Canadian entities US-dollar net monetary assets totaled approximately US \$146,541 (CAD \$198,124) (December 31, 2022, net monetary assets – US (-\$402,861) (CAD -(\$572,034))) and the Company's United States subsidiaries US-dollar net monetary assets totaled approximately US \$33,223 (CAD \$44,918) (December 31, 2022 – US (-\$170,996) (CAD -(\$232,418))). A 10% strengthening in the Canadian dollar against the United States dollar as at September 30, 2023 would have increased comprehensive loss and decreased shareholder's equity by \$118,410 (2022 - \$168,151). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

## **17. FINANCIAL INSTRUMENTS, RISKS, AND CAPITAL MANAGEMENT (continued)**

### *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 and secured debentures. 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.

## **18. SUBSEQUENT EVENT**

On October 24, 2023, the Company has agreed to satisfy certain outstanding indebtedness owed to a certain non-arms length creditor (the "Creditor") through the issuance of common shares (the "Common Shares") of the Company (the "Debt Settlement"). The Company plans to settle indebtedness of \$100,000 by issuing 1,250,000 Common Shares at a deemed price of \$0.08 per Common Share.