



# RECLAIM



# REKLAIM LTD.

Management's Discussion & Analysis  
As of September 30, 2023, and 2022

DATED: November 8, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS**

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements of [Reclaim](#) ("the Company") and the notes to those statements for the nine months ended September 30, 2023. The accompanying consolidated financial statements have been prepared and are the responsibility of Reclaim's management. The consolidated financial statements, including comparatives, have been prepared per International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Dollar amounts are expressed in Canadian dollars unless otherwise noted.

### **CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

The following MD&A contains forward-looking information and statements. Except for statements of historical fact that address activities, events, or developments that the Company believes, expects, or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve several risks and uncertainties, including statements regarding the addition of accounts and the conversion of such accounts to users; the growth of the Company's active user base; the Company's strategic partnerships; the Company's growth of revenue generated; the Company's plans to scale its business; the Company's communications with accounts; the introduction of new products and features; improvements to user experience on the Reclaim platform; and the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will," "may," "should," "continue," "anticipate," "believe," "plan(s)," "estimate," "project," "expect," "intend" and similar expressions to the extent that they relate to the Company or its management. These risks and uncertainties could cause actual results to differ materially from those indicated. Such risks and uncertainties include, but are not limited to: the Company may not be successful in acquiring data, adding accounts to its platform, or converting such accounts to users; the Company's active user base may not grow despite the Company's efforts; the Company may not be able to cultivate strategic partnerships in the future; the Company's revenue may not increase over time; the Company may not be able to scale its business; the Company may not be successful in obtaining opt-in from the accounts; the Company may not introduce any new products or features; the Company may not be able to improve user experience on the Reclaim platform; and the ability of the Company to implement its growth strategy. Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A, and Reclaim disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers should not place undue reliance on the Company's forward-looking statements.

## OVERVIEW OF THE BUSINESS

Every consumer has a data profile circulating in the market today. No consumer has access to this profile, options for how it should be used, or control over it. Reclaim is focused on changing this for the world's 7 billion consumers. **Reclaim's mission is to provide every consumer with access to their data, to view the data that is in the market, to see what companies are using it for, to see how much revenue is being generated from it, and to provide options for consumers regarding how they would like their data to be used, including direct compensation.** The future of data is driven by an acceleration towards privacy that includes the consumer in its decision-making. Reclaim aspires to be the brand facilitating this optionality and control for the consumer.

Consumers in North America can visit the [Reclaim](#) mobile application and add an email address or phone number to query what data is circulating on them today. Once validated, Reclaim cross-references this email address or phone number across thousands of data and security sources and shows the user the data others exploit. **87% of North Americans can find data on themselves in the Reclaim ecosystem when adding more than one email or phone number. Reclaim is the only company in the world that provides this service.** With this transparency now supplied to a consumer, the user can place (#reclaim) this data in a Reclaim account. In a Reclaim account, users can edit, add or remove data from their profile. They can also opt-out or opt-in to be compensated in exchange for using their data. Should a user opt-in, they will be exposed to 'orders' from brands directly asking explicit permission to use the data the consumer has shared. If accepted by the consumer, they will receive weekly compensation that they can claim and have redeemed into various forms, including, but not limited to, crypto, gift cards, a product sample box, or charitable donations. Orders are tied to a business model where the payment to the user goes up when Reclaim sells more data and down when it sells less. Reclaim earns a commission each time data is purchased. The more data in the platform, the more data can be sold. The more data sold, the more money the consumer (and Reclaim) makes, inspiring the consumer to share more data, which drives more sales. This is the Reclaim fly-wheel.

By offering compliant, [zero-party data](#) to brands, agencies, data platforms, and data companies, Reclaim provides an environment where these firms can purchase this data directly from the user (Fair Trade Data), solving relevant compliance, fidelity, privacy, and user consent issues.

[Reclaim](#) believes there is currently no Direct-to-Consumer ("DTC") brand in the market for consumer data providing the services that Reclaim does and that by becoming the destination for consumers, its brand will become synonymous with consumer privacy.

## **Reclaim Highlights for the three months ending September 30, 2023 (Q3 2023)**

- The company reported its second consecutive quarter of profitability<sup>1</sup>, posting a quarterly profit of \$529,914 for Q3-2023. This is up 107% or \$274,247 from Q2-2023.
- Additionally, the Company has achieved profitability for the nine-month year-to-date period ending September 30, 2023, totaling \$635,828. This is up 119% or \$4,006,760 from the same period in 2022.
- For the three months ending September 30, 2023, the Company's revenue grew 52% to \$923,966 over the same period last year.
- For the nine months ending September 30, 2023, revenue grew 64% to \$2,695,697 over the same period last year.
- For the three months ending September 30, 2023, the Company maintained its gross margin at 80%. For the nine months ending September 30, 2023, the Company's gross margins are 78%.
- Achieved recurring revenue of 91% in Q3-2023 and 93% for the nine months ending September 30, 2023, up from 90% to 83% for the same periods last year.
- Platform revenue, which represents 74% of total revenue, grew by 91% in Q3-2023 and 162% for the nine months ending September 30, 2023, compared to the same periods last year.
- Reduced operating expenses by 9% in Q3-2023 and 45% for the nine months ending September 30, 2023, compared to the same reporting periods last year.
- Achieved positive cash flow from operations for Q3 and YTD through improved efficiency and operating margins.

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<sup>1</sup> For the purpose of the MD&A, 'profitability' refers to Net Comprehensive Income

## **Key Performance Indicators (“KPIs”) for Q3 2023**

Following our efforts to scale accounts and distribution channels, Reclaim is successfully executing its business-to-business (“B2B”) strategy of selling unique consumer data to a large and growing list of clients. Although our business has seasonality (more robust in the fourth calendar quarter), our B2B sales efforts continue to scale. We track our progress with the following KPIs:

- For the three and nine months ending September 30, 2023, revenue generated through global data platforms increased by 91% and 162%, respectively, compared to last year.
- For the three and nine months ending September 30, 2023, identity revenue decreased by 13% and increased by 20% for the respective periods.
- The number of B2B customers remained at 119 at the end of Q3 2023 compared to 96 in Q3 2022, an increase of 24%.
- The Company has restructured 32% of its secured debentures in the first nine months, exchanging the debt for common shares.

## **OBJECTIVES**

Reclaim has millions of accounts on its platform through strategic partnerships with data companies, security firms, and publishers. These partners bring their data to Reclaim to augment the fidelity and consent of their data. The result is a zero-cost data acquisition model for Reclaim. Typical use cases for why partners bring their data to Reclaim are adding new identifiers such as email or a mobile ID to an existing profile. This improves addressability while signals such as cookies decline due to privacy. Adding additional attributes such as age and gender to an existing profile or gaining 1x1 consent from a user due to the partner's inability to communicate directly with consumers are other reasons companies use Reclaim to augment their data. Reclaim is compensated each time it provides one of these partners with an enhanced profile.

While the Company anticipates the number of consumer profiles and data per profile to continue growing, there are other priorities besides adding more data to the Reclaim ecosystem. Instead, the focus is driving increased profitable revenue by selling more of the data it currently has to more brands, agencies, and data companies, while simultaneously expanding the distribution of Reclaim data. Reclaim does not suffer a sales ‘demand’ problem but is limited in its headcount and capital regarding what it can support. We are not prepared to burn money for additional topline growth in today's environment. Profitability is our focus. As we continue to grow revenue, so too will our ability to capture more of the latent demand in the market as we will staff accordingly.

## MARKET OUTLOOK

The advertising market of the USA continued to remain buoyant in Q3, with advertising agencies and media companies all seeing modest growth. As outlined by market [analyst](#) Brian Weiser from Madison and Wall, the overall ad industry, when looking at the majority of Q3 earnings calls, is expected to have grown 5.5% in Q3.

From the Reclaim vantage point, we have not seen any material softness from brands or their media agencies, even with increased interest rates and various global conflicts. Most clients have finished their dollar allocations for Q4 as of this report and have turned their attention to 2024 planning. When comparing year over year, it's important to note that at this time last year, brands began holding back and cutting Q4-2022 and Q1-2023 spending as there was uncertainty around a weakening economy; we are seeing no such behavior this year. While cautious, we expect the USA advertising market in 2024 to be up over 2023, especially considering that next year is a USA election year, which will bring considerable new dollars to the market that were absent in 2023. According to the World Federation of Advertisers, [60%](#) of advertisers are expected to increase their 2024 budgets over 2023. Last year's report predicted that only 29% of brands expected to increase their budgets in 2023. Categories that we expect to be soft in the early part of 2024 are those dependent on consumer financing (ex: cars). However, with full employment, we expect that the consumer will continue to spend on goods at the expense of larger ticket items.

### *Government Privacy Initiatives*

The US\$245 billion<sup>2</sup> data market is transitioning to a market that legally requires consumer inclusion.

The EU and Canada have passed consumer data privacy laws requiring more consumer inclusion.

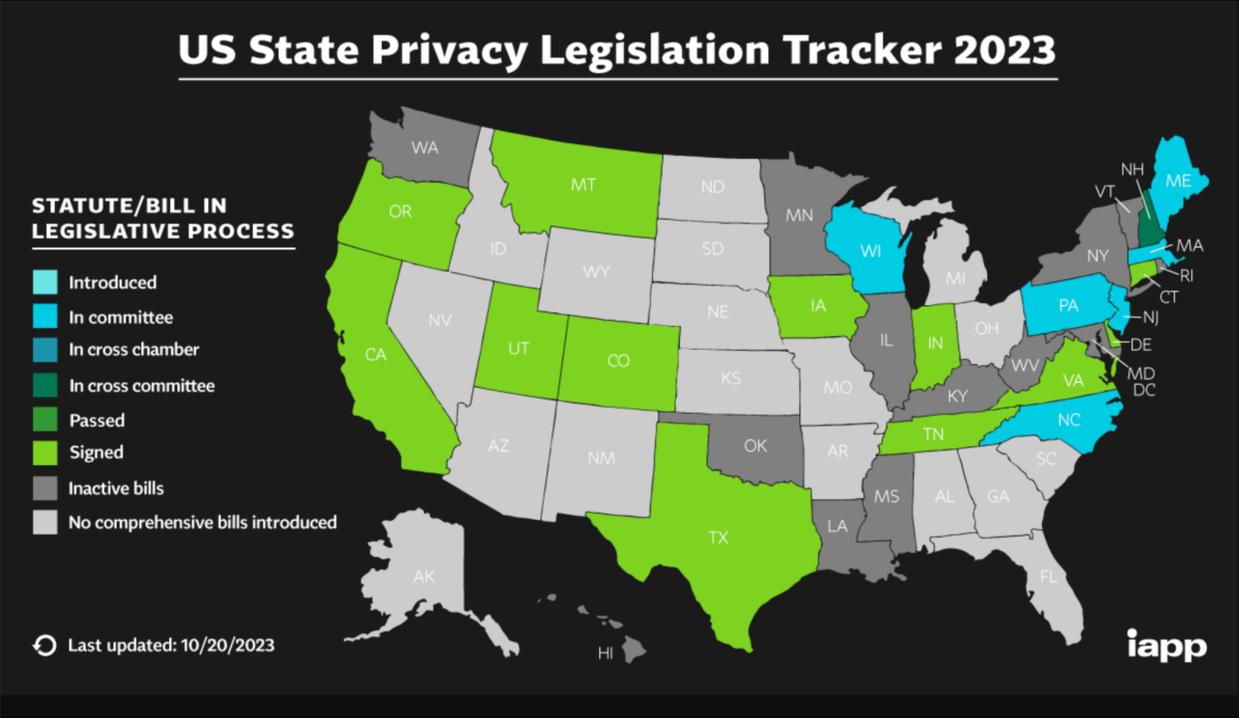
In the USA, 12 states have passed new privacy legislation requiring more consumer inclusion and protection, with an additional 21 states having proposed new legislation.

Additionally, in January 2023, the California Privacy Right Act (CPRA) came into effect, an amendment to its predecessor, the California Consumer Protection Act (CCPA). This law created the California Privacy Protection Agency (CPPA), which, amongst duties, will enforce the rules enshrined in the California Consumer Privacy Act.

Additionally, the Attorney General of California has been actively pursuing brands like [Sephora](#) that do not align with privacy. This litigious environment is expected to accelerate in 2024 as the AGs and CPPA look to enforce their agenda on behalf of consumers.

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<sup>2</sup> <https://www.statista.com/statistics/1135046/value-of-data-market-us/#statisticContainer>

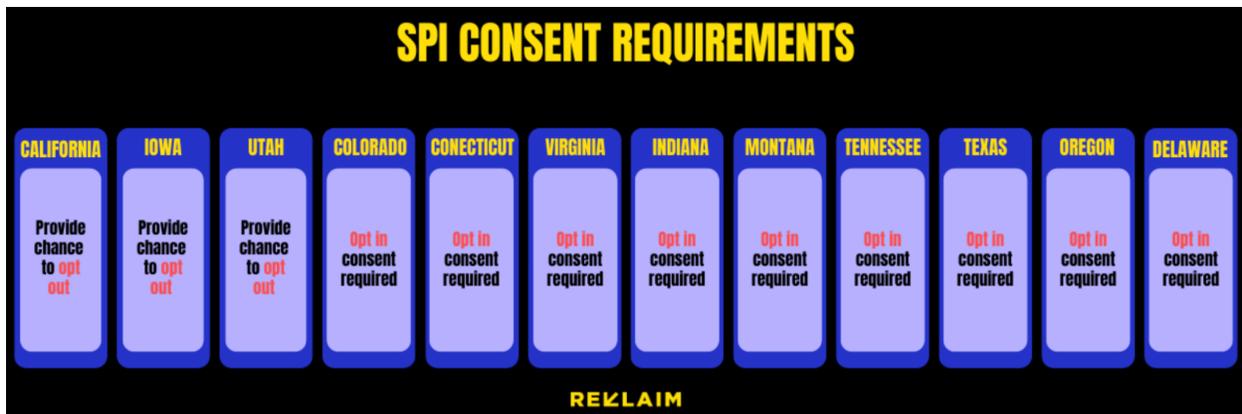


Source: <https://bit.ly/3zzOEU1>

*SPI: Sensitive Personal Information*

Accelerating this transition has been the introduction of the SPI (sensitive personal information) category in states such as Texas and Virginia, which require explicit opt-in vs. the assumed opt-in that has dominated advertising for the past 20 years.

Unless consumers have explicitly opted-in, the passed bills in these states and seven others do not allow the targeting of users in categories designated as SPI. Categories defined as SPI include Location data, Ethnicity data (Asian, African American, Hispanic), Health data, Credit information, and others. While Reclaim does not participate in many of these categories (ex: location or credit card), it does in some, such as multicultural and ethnicity data. Multicultural marketing is one of the fastest-growing advertising categories in North America, where multicultural consumers number approximately [40%](#) of the population, with only 5% of media being allocated towards this category. As Fortune 500 brands increasingly look to diversify and be more inclusive, the multicultural market is poised to receive a significant boost in years to come, but only if there is compliant SPI data they can use. Reclaim has this data and stands to benefit from this category and its regulation.



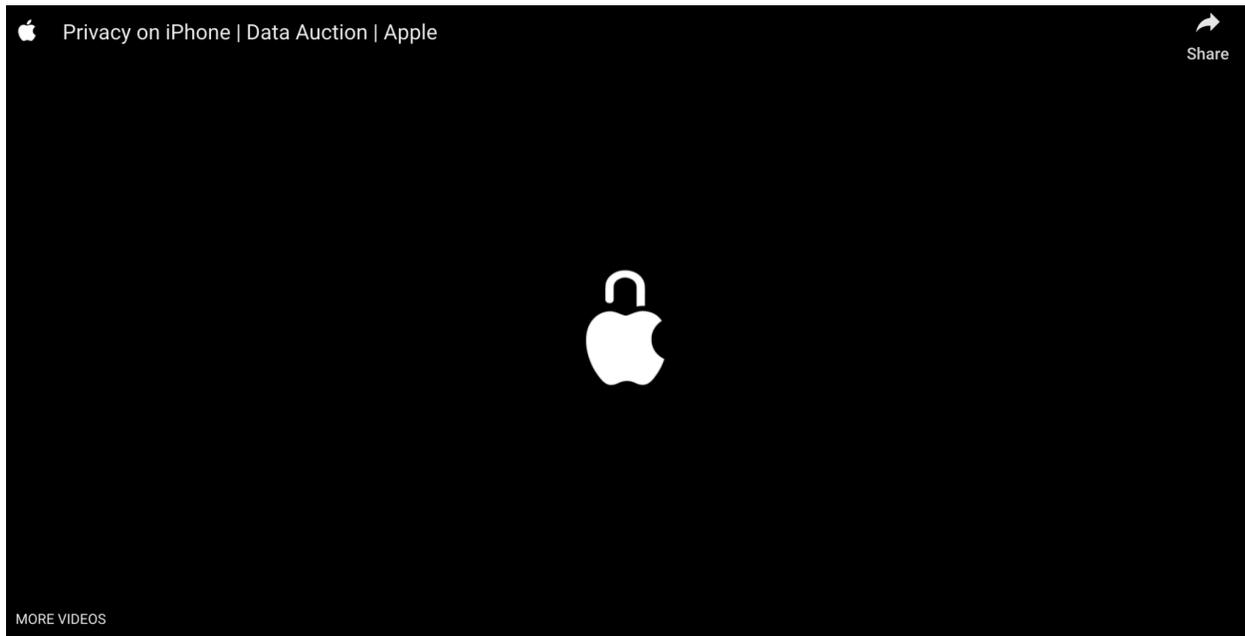
The market is accelerating towards a market of consumer inclusion as well as opt-in vs. opt-out. A tailwind to these changes will be increased privacy and OEM changes that will lead to a collapse of data suppliers in the market who cannot remain compliant, creating an enormous opportunity for Reclaim for those clients looking for a new supplier.

Without a U.S. federal data privacy law (although the Information Privacy and Data Transparency Act was re-introduced), enterprises that use unconsented consumer data face legal and logistical issues to remain compliant across state lines. CEOs of companies that collect and ingest data are looking to neutralize this liability by partnering with companies that can provide the required data to run their businesses while mitigating this legal and supply exposure. Reclaim is this company.

*OEMs: Apple & Google*

Compounding state-level privacy issues are the actions of technology firms to protect user data, primarily Apple and Google. Apple now allows iOS users to opt out of ad tracking (via ATT - [Advanced Ad Tracking](#)), which over [75%](#) of users do. Translated, this means two things: before this change, this data was being automatically collected with no consumer knowledge or inclusion, and secondly, the removal of approximately 75% of data that firms have historically used to run their businesses has led to a massive supply disruption that is impacting virtually every application listed on the Apple app store today (there are [1.76m apps](#) in the Apple App store). The impact is real, and nobody is paying attention. In [Q4 2021, Facebook announced a USD\\$10 billion reduction](#) in earnings due to the Advanced Ad Tracking (ATT) privacy change in Apple. Due to an inability to track on Apple devices, write-downs occurred at Twitter, SNAP, Pinterest, and other companies that rely on this data. The introduction of ATT by Apple is only the first of many changes at Apple that will restrict the use of consumer data. Apple has strategically decided to differentiate in the market not on design or processing power but by

'privacy.' Investors should note when the most prominent company in the world decides that privacy is something they should lead with. Expect more brands to follow.



Source: <https://youtu.be/NOXK4EVfmJY> <https://youtu.be/fjf7c-O5GyQ> <https://youtu.be/rEWeA7qDV4k>

Additional privacy initiatives introduced by Apple over the past year that further restrict consumer data are as follows:

- [Private Relay](#) - which encrypts the data that leaves your device, preventing people from creating a profile about you.
- [Sign In with Apple](#) - hides your email when logging into a site and eliminates tracking by the site you have logged in to.
- [Mail Privacy Protection](#) - prevents IP address, geolocation, time, device type, browser/platform, and 'open' flags from being recorded.
- [iOS 17 Safari Tracking](#): iOS 17's Safari browser now strips tracking information from web addresses that can be used to identify your device and track you across the web.

With Apple's privacy initiatives, data leaks from their devices will be limited. As a result, any company that has historically relied on this OEM to provide them with data is exposed and will need to find a new supplier (#Reclaim) or cease to exist.

Apple does not hold the exclusivity on privacy; Google is moving as quickly to implement privacy changes to fend off [anti-trust concerns](#) but also future-proof their business. The most high profile of these announcements is that Google would [ban](#) third-party cookies in Chrome, a browser with over 65% global market share and virtually 100% of the cookie market (all the other browsers,

such as Safari, Brave, and others, already block cookies). The cookie removal by Google will remove tracking for the 1.8 billion websites operating on the open web today that rely on this variable to monetize their property. This is a critical point. Without the cookie, 1.8b websites will lose 100% of their targeting, which theoretically could eliminate 100% of their revenue and make the open web as we know it go dark. The above result is that every publisher must find a new supplier or risk going dark. We believe that Google is working towards becoming a walled garden similar to Facebook and Amazon, where data generated inside Google will not leave the 'island' of Google. Facebook created this playbook, and Apple, Google, and Amazon are copying it. Under the guise of privacy, Google will justify this walled garden approach to validate the removal of the cookie 'due to privacy concerns.' The result will be that it cannot share data outside of the Google ecosystem, and all data from publishers will have to remain inside of Google and be monetized inside the Google ecosystem only. There is a precedent for the skeptics. YouTube, owned by Google, used to be monetized outside of Google by third-party platforms until Google pulled all inventory behind its walls and forced the purchasing inside of Google only. The impact on Google is enormous. YouTube has [2.6b global](#) visitors monthly, [9x more than Netflix](#), and is the world's most dominant video ad platform.

Lost on the market is just how much data Google is supplying the rest of the advertising market, and what would happen if this supply ceased to exist or be provided? Examining the market for [Demand Side Platforms](#) (DSPs), which allow brands to purchase publishers' inventory via a bidding system, indicates the disruption ahead. On average, 10%-30% of the 'supply' (think advertising space) that companies such as The Trade Desk, StackAdapt, Nexxen, and +100 others monetize directly from Google via an intricate bidding waterfall. In short, Google passes data to external companies (DSPs) to build products to compete directly against them for advertising dollars. This is what Google is attempting to eliminate under the guise of 'privacy.' Should this supply be cut or restricted, it will result in massive disruption in both the competition and viability of third-party platforms and lead to consolidation of these platforms, removing competition for Google. The world needs an alternative to the walled gardens of Facebook, Google, and others.

Privacy is the perfect excuse to cut the oxygen from the market for companies that rely on data from Google. As outlined above, the canary in the coal mine is already dead; just nobody has noticed.

Below is a series of links outlining how Google has been reducing the signals historically provided to the market.

- [Google to sunset IP Address tracking](#): In Oct 2023, Google announced it would launch IP Protection, which cloaks users' IP addresses in Chrome to prevent firms (not Google) from tracking consumers.

- [Google Slows Referring Traffic to Traditional News Publishers](#): Top news sites got about 11.5 percent of their web traffic in the United States from social networks in September 2020, By September this year, it was down to 6.5 percent.
- [Google introduces Privacy Sandbox](#): Privacy Sandbox replaces traditional cookie tracking. In Privacy Sandbox, all targeting takes place in the Chrome (Google) browser, eliminating the ability for any third party to target independently.
- [The cookie countdown](#): Chrome plans to disable third-party cookies for 1% of users from Q1 2024 to facilitate testing and then ramp up to 100% of users from Q3 2024.
- [Prepare for a loss of signals from Google](#): Targeting is getting harder, and those with unique, first-party data will do well.

Fundamental change is required in how platforms procure data. Facebook, Google, Apple, and others believe the data in their systems is THEIRS, not the consumer's. We disagree. Everything will stay the same as long as the ecosystem supports data moving from a user to a platform vs. the other way around. Reclaim believes data transference needs to invert, that data should reside at the consumer level, and that each platform that wants to use your data must come to the consumer first. In this world, data and consent live with the consumers; no data resides in the platforms, and control moves from Zuckerberg to the consumer. We are building this at Reclaim and are further ahead than anyone else.

Reclaim is positioned to take advantage of this supply reduction as the reduction accelerates. Brands, companies, and advertising agencies, who all currently buy data today, will continue buying data in the future but instead will be required to find a new supplier that is both compliant and has scale. The Company stands to benefit from our data as brands, agencies, and platforms are cut off from their previous supply and are forced to look to new companies that can provide data at a compliant scale and not exposed to cookies.

The Company anticipates continued growth in the number of customers buying its data. We expect revenue per account to increase as the data segments and internal sales team grows. While we pursued selective M&A opportunities in 2022, we found them too expensive and excessively dilutive due to our market capitalization. We have abandoned these to focus our resources on our organic growth. This is not to suggest that we may not pursue these M&A deals in the future; instead, we are waiting for more realistic valuations in both our stock and the valuation of the acquired companies before pursuing them.

## Additional Quarterly Reading

- [The Year \(So Far\) In Data Privacy](#)
- [California Delete Act, What Is It?](#)
- [WTF Is The California Delete Act?](#)
- [We Need To Stop Data Brokers](#)
- [Texas Enacts Most Robust Data Broker Registry](#)
- [FTC Puts Data Brokers on Notice](#)
- [Time For the Ad Industry To Make Some Hard Decisions](#)
- [Slow and Steady Growth Expected for Ad Market](#)

## Key goals for 2023

- Expand the number of B2B platforms that carry and expose Reclaim data to their clients. Doing so will result in friction-free, high-margin recurring revenue for the business. *Progress Update: Ongoing*
- International expansion of Reclaim data, starting with Canada, expanding into other foreign markets later in 2023. *Completed CAN expansion Q2-2023*
- Introduction of ‘deals’ combining Reclaim data with premium inventory to allow existing clients to purchase an end-to-end privacy deal. *Completed in Q2-2023*
- Focus on those data elements that require a higher level of compliance and opt-in, such as SPI and Ethnicity, to support a critical gap in the North American multicultural market. *Progress Update: Ongoing & in the market currently*
- Continue to focus on improved operating margins and cost reductions through maximizing efficiencies in cloud hosting to maintain a cash-neutral / cash-positive business. *Progress Update: Ongoing*
- Continue to reduce the amount of secured debentures outstanding beyond the initial 26% goal. *Progress: Have further reduced outstanding debt this quarter*
- Continued iteration of the ‘paycheck’ to improve transparency and tie to a fluctuating model that compensates users +/- depending on Reclaim revenue. *Progress Update: Completed in Q2-2023*
- Achieve profitability for the 2023 Fiscal year. *Progress Update: Two consecutive quarters & nine months of profitability*

### **Business-to-Business Growth**

The Company is focused on increasing the volume of data sold to existing and new clients from the insights generated from its current data profiles. We expect growth to continue on the same trajectory for upcoming quarters. To accelerate its data monetization, the Company plans to increase the size of its existing sales team in the USA to generate more leads when cash flow permits.

### **Accounts versus Active Users**

In addition to individuals signing up directly to the Reclaim platform, the Company acquires consented data through partnerships with publishers and data companies. Like Uber and AirB&B, Reclaim aspires to 'own' no data. Instead, it acts as a destination for consumers who can own and manage their data for a fee, creating an increasingly high-margin, asset-light business model.

After integrating data from its partners, the Company attempts to contact each account to notify them of how they can access their data while allowing them to take advantage of the income opportunities offered in the Company's ecosystem. Reclaim is the only company today offering consumers access to historically collected and sold data without their participation. Upon joining the Reclaim platform, the Company recognizes such an account as active and is integrated into the Company's ecosystem.

If the account opts out, the account is removed from the Company's platform.

## SUMMARY OF FINANCIAL AND OPERATING RESULTS

### Selected Financial Information

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 923,966	\$ 606,431	\$ 2,695,697	\$ 1,642,380
Cost of Services	186,974	505,398	605,836	1,963,156
Gross Margin	736,992	101,033	2,089,861	(320,776)
General and administrative	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

#### a) Revenue

The Company currently generates revenue through two revenue streams: identity and platforms. Identity revenue is generated by selling derivative data products with new identifiers, behavioral attributes, and explicit consent to data companies.

Platform revenue, the focus for the company, is generated by selling audience segments to data platforms. These data platforms act as the grocery stores of the data market, where Fortune 500 brands and agencies visit to purchase their data. Similar to distribution in any other industry, the more outlets a product is carried in, the larger the opportunity for sale. Reclaim aspires to increase the number of distribution outlets its data is available within, increasing its chance for a purchase.

The following chart shows the breakdown of revenue earned in the various channels for the three and nine months ending September 30, 2023, and 2022.

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

The Company's total operating revenue increased to \$923,966 and \$2,695,697 for the three and nine months ending September 30, 2023, compared to \$606,431 and \$1,642,380 for the same periods in 2022 (an increase of 52% and 64% respectively). This increase was due to the Company's focus on monetizing the scale, distribution, and increased awareness of our products.

The Company's other income is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Other income				
Gain on sale of Freckle business unit	\$ -	\$ -	\$ -	\$ 4,446
Other income	526,555	23,270	526,555	340,068
Interest income	-	913	-	1,187
Total other income	\$ 526,555	\$ 24,183	\$ 526,555	\$ 345,701

The 'gain on sale of Freckle business unit' is directly related to the definitive asset purchase agreement with [PlacelQ](#). Revenue share from the sold book of business has been recognized and is offset by legal expenses directly attributable to the transaction.

'Other income' relates to a gain on the settlement of a dispute regarding payables from a former vendor. The amounts resulted in a recapture of expenses that the company had previously expensed in its cost of services.

Interest income relates to interest earned on funds from a deposit account.

## b) Cost of Services/Gross Margin

The Company's cost of services is 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
Total cost of sales	\$ 186,974	\$ 505,398	\$ 605,836	\$ 1,963,156

In 2023, the Company canceled contracts and removed vendors that materially impacted high fees in prior years. New partnerships and the removal of the vendor have drastically improved margins in 2023. It is expected that as a result of these changes, the margins presented here represent the new normal for the business.

The data engineering costs are salaries, benefits, and web hosting/processing fees directly associated with sales rather than with Research and Development.

Management platforms are costs related to platform fees and are calculated as a percentage of gross revenue from the platform. These costs move directly in line with the revenue calculated from platform revenue as they are typically a percentage of revenue generated.

The Company's gross margin is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 923,966	\$ 606,431	\$ 2,695,697	\$ 1,642,380
Cost of Services	186,974	505,398	605,836	1,963,156
Gross Margin	\$ 736,992	\$ 101,033	\$ 2,089,861	\$ (320,776)
Gross Margin %	80%	17%	78%	-20%

For the three months ending September 30, 2023, the Company's gross margin improved from 17% to 80% compared to the same period last year. For the nine months ending September 30, 2023, the Company's gross margin improved from -20% to 78% compared to the same period last year. The Company has continued to reap the benefits of automation and cost reduction through efficient architecture to support the Company's scale of data. The Company expects the gross margin to maintain this current rate for the coming quarters.

### c) Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
General and administrative	<b>389,886</b>	471,618	<b>1,104,330</b>	1,265,471
Research and development	<b>119,383</b>	151,413	<b>346,200</b>	826,242
Selling and business development	<b>178,186</b>	104,871	<b>362,046</b>	743,257
Marketing	<b>46,353</b>	71,874	<b>170,067</b>	743,655
Total operating expenses	<b>733,808</b>	799,776	<b>1,982,643</b>	3,578,625

General and administrative expenses decreased to \$389,886 and \$1,104,330 for the three and nine months ended September 30, 2023, compared to \$471,618 and \$1,265,471 for the same periods in 2022 (a decrease of 17% and 13%, respectively). The decrease was primarily driven by lower salaries, legal, consulting, financing fees, travel, and rent, offset by interest and finance expenses, and bad debt.

Research and development expenses decreased to \$119,383 and \$346,200 for the three and nine months ended September 30, 2023, compared to \$151,413 and \$826,242 for the same periods in 2022 (a decrease of 21% and 58%, respectively). The decrease was primarily driven by lower headcount and streamlined hosting fees for the Company's data architecture.

Selling and business development expenses increased to \$178,186 and decreased to \$362,046 for the three and nine months ended September 30, 2023, compared to \$104,871 and \$743,257 for the same periods in 2022 (an increase of 70% and decrease of 51%, respectively). The increase for the three months ending September 30, 2023, is primarily driven by growth capital deployed by the hiring of more staff in the sales department. The decline for the nine months ending September 30, 2023, is due primarily to a decrease in headcount over the same period.

Marketing expenses decreased to \$46,353 and \$170,067 for the three and nine months ended September 30, 2023, compared to \$71,874 and \$743,655 for the same periods in 2022 (a decrease of 36% and a decrease of 77%), respectively. This was primarily driven by lower headcount, a lower user balance liability from the application, and reduced paid advertising.

## SELECT QUARTERLY RESULTS

	2023				2022				2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	923,966	1,043,427	728,304	718,730	606,431	645,008	390,941	441,858	230,284	204,590
Cost of services	186,974	208,694	210,168	528,648	505,398	650,615	807,143	489,627	469,544	293,615
Gross profit	736,992	834,733	518,136	190,082	101,033	(5,607)	(416,202)	(47,769)	(239,260)	(89,025)
Total operating expenses	733,808	579,705	669,130	827,104	799,776	1,126,126	1,652,723	2,001,843	1,360,909	1,491,604
Other income	526,555	-	-	213	24,183	317,020	4,498	12,960	39,921	95,963
Net Income/(Loss)	529,739	255,028	(150,994)	(636,809)	(674,560)	(814,713)	(2,064,427)	(2,036,652)	(1,560,248)	(1,484,666)

## CASH FLOWS

The Company's cash position was \$160,540 on September 30, 2023, compared to \$244,464 on December 31, 2022.

	Nine months ended September 30,	
	2023	2022
Cash flows used in operating activities before working capital	\$ 984,759	\$ (3,219,660)
Changes in working capital	(961,531)	280,660
Cash flows used in operating activities	23,228	(2,939,000)
Cash flows from financing activities	(103,201)	3,112,983
Cash flows from (used in) investing activities	(6,006)	(4,010)
Foreign currency translation difference	2,055	(175,469)
Increase (decrease) in cash	\$ (83,924)	\$ (5,496)

### Operating activities:

For the nine months ending September 30, 2023, cash spent on operating activities decreased by 100% compared to the same period last year. The material efficiencies found in note (c) above, combined with a growing revenue line and continued cost reduction, resulted in this positive change and decrease.

### Financing activities:

For the nine months ending September 30, 2023, cash received from financing decreased by 103% compared to the same period last year. In February 2022, the Company closed a \$1,640,000 secured debenture with a 12% interest rate that matures in February 2025. In addition, The Company issued 1,366,666 Class A common shares as bonus shares in connection with the Transaction (the "Bonus Shares"). Accordingly, as additional consideration, each Investor received Bonus Shares equal to 20% of the total amount of the Debentures purchased by the Investor based on the Company's closing price on the TSX Venture Exchange (the "TSXV") on February 23, 2022, of \$0.24/share. Of this amount, the Company's CEO, Neil Sweeney, participated in this transaction as a related part.

On April 3, 2023, the company announced that it had entered into agreements to satisfy certain outstanding indebtedness owed to specific arm's length and non-arms length creditors through the issuance of common shares of the Company. The Company plans to settle indebtedness of approximately \$420,000, or 25.6% of the company's debt, by issuing 14,000,000 Common Shares at a deemed price of \$0.03 per Common Share.

On July 11, 2023, the Company has entered into agreements with non-arms 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 Company is focused on reducing the outstanding balance on the secured debenture from 2022. Investors should expect the company to continue to consistently reduce this debt over subsequent quarters.

### **ACCOUNTING POLICIES**

See Note 3 of the unaudited consolidated interim financial statements to summarize all significant accounting policies.

### **CRITICAL JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed continuously based on historical experience and other relevant factors. Revisions to estimates and the effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The critical judgments, estimates, and assumptions applied in preparing the Company's unaudited condensed consolidated interim financial statements are reflected in Note 3 (e).

### **RISK FACTORS AND UNCERTAINTIES**

The Company is focused on growing its business with new and existing customers and scaling Reclaim to achieve continued growth and profitability. Nevertheless, the Company's future financial outlook will depend on its ability to find and secure financing and continuously introduce new products and enhancements to its customers. Other additional risks and uncertainties are described below.

a) Evolving Business Model

Reklaim's business model will continue to evolve. Reklaim seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its offerings. There can be no assurance that Reklaim can expand its operations cost-effectively or that any such efforts will create, maintain, or increase overall market acceptance.

b) History of Net Losses, Future Net Losses, Profitability not Guaranteed

Reklaim has incurred losses in recent financial periods. Reklaim may not achieve or maintain profitability and may continue to incur significant losses in the future. Reklaim needs to earn sufficient revenues to offset the expected costs and operating expenses so that Reklaim will be profitable. External funding is potentially necessary to ensure that future revenues will be adequate to generate the funds required to continue operations.

c) Future Capital Needs

Reklaim may need to raise funds through public or private financing if Reklaim incurs operating losses or requires substantial capital investment or for Reklaim to respond to unanticipated competitive pressures or take advantage of unforeseen opportunities. There can be no assurances that additional financing will be available on terms favorable to Reklaim or at all. Reklaim faces risks frequently encountered by early-stage entities. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams while maintaining adequate cost controls. Any expansion failure will adversely affect Reklaim's business, financial condition, and results.

d) Limited Operating History

Reklaim became a public company in June 2019 and had a limited operating history as a public company. This lack of operating history may make it difficult for investors to evaluate Reklaim's prospects for success. There is no guarantee that Reklaim's business model is guaranteed to achieve its strategic objectives. There is no assurance that Reklaim will be successful, and the likelihood of success must be considered in light of its relatively early stage of operation.

Reklaim is subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations concerning personnel, financial and other resources, and lack of revenues. There is no assurance that Reklaim will successfully achieve a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of operations.

#### e) Foreign Exchange Exposure

Reklaim continues to seek to expand its operations into the U.S. and international markets. Fluctuations in the currency exchange rate may affect the revenue and operations of Reklaim. The potential effect of the currency exchange rate fluctuations will be magnified as the percentage of sales in foreign markets grows.

#### f) Jurisdictional Risks

Reklaim is exposed to risks of changes in government policies, laws, and regulations in the countries where it may operate or do business. Any changes in regulations or political conditions may adversely affect Reklaim's business. Reklaim's operations may be affected by government regulations, including those concerning privacy laws and the use of personal data. In the event of a dispute arising from Reklaim's foreign operations, Reklaim may be subject to the jurisdiction of foreign courts or may not successfully subject foreign companies or individuals to the jurisdiction of Canada.

#### g) Allegations of Intellectual Property Infringement

If Reklaim's products, services, or solutions employ a subject matter claimed under its competitors' intellectual property ("**IP**"), those companies may bring infringement actions or other IP claims against Reklaim.

Infringement and other IP claims can be expensive, and the result of any litigation is uncertain. Reklaim may not have the resources to defend against infringement or IP claims. Reklaim may be forced to alter its business or discontinue certain products because of any court judgment or settlement.

#### h) Misappropriation of Reklaim's IP

The protection of Reklaim's IP is vital to its success. Reklaim protects its IP rights by registering its trademarks and has taken steps to patent particular inventions. These precautions may not be sufficient to prevent the misappropriation of Reklaim's IP or deter the independent development of similar products and services by competitors of Reklaim.

Litigation may be necessary to enforce Reklaim's IP rights. Regardless of the outcome, IP litigation could result in substantial costs, adverse publicity, or diversion of management and technical resources, any of which could adversely affect Reklaim's business. Moreover, due to the differences in foreign IP laws, Reklaim's IP may not receive the same protection in foreign countries as in Canada or the United States. Reklaim's failure to adequately protect its IP rights could adversely affect its business.

i) Failure to Protect Platform

Any failure to protect Reklaim or Reklaim's platforms could harm its business and competitive position. There can be no assurance that any steps Reklaim has taken or intends to take will be adequate to defend and prevent the misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to Reklaim's technology.

j) Market Price Fluctuation

The market price of shares of Reklaim may be subject to wide fluctuations in response to many factors, including variations in the operating results of Reklaim and its subsidiaries, divergence in financial results from market expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for Reklaim and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of Reklaim's control. In addition, stock markets have occasionally experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for shares of Reklaim.

k) Privacy Regulations

In addition, several federal and provincial laws protect the confidentiality of personal information and restrict the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act (Canada)* ("**PIPEDA**") protect personal information by limiting the use and disclosure of personal information. Suppose Reklaim was found to violate the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information. In that case, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and adversely affect the business, results of operations, and financial condition of Reklaim.

Reklaim is also subject to California's data protection law, *California Consumer Privacy Act* ("**CCPA**"). If Reklaim is found to violate the CCPA, it could face fines of up to \$7,500 for each intentional violation and \$2,500 for each unintentional violation. Private rights of action may, which can be asserted on a class action basis, may also be allowed for violations of the CCPA.

l) Cybersecurity

Reklaim collects and stores sensitive data, proprietary business information, and personally identifiable information of its customers and employees in data centers and information technology networks. The secure operation of these networks and systems is critical to Reklaim's business operations and strategy. Despite Reklaim's efforts to protect sensitive, confidential, or

personal data or information, Reklaim may be vulnerable to security breaches, theft, misplaced or lost data, programming errors, employee errors, or misconduct that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, unauthorized access, use, disclosure, modification or destruction of information, production downtimes, and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to Reklaim’s reputation or competitiveness, remediation or increased protection costs, litigation, or regulatory action.

m) Errors or Defects in Software

Due to the complexity and sophistication of Reklaim’s software, from time to time, it may contain defects, security vulnerabilities, software “bugs,” or failures that are difficult to detect, control, and correct. Reklaim may be unable to correct such errors or defects promptly or at all, resulting in lost revenue, significant expenditures of capital, delay or loss in market acceptance, or damage to Reklaim’s brand. Moreover, such errors and defects could adversely affect Reklaim’s business, growth, financial condition, and the result of operations.

n) Dependence on Strategic Relationships with Third Parties

Reklaim anticipates that the growth of its business will continue to depend on select third-party relationships.

o) Failure to Add New Users

The size of the user base of Reklaim is critical to Reklaim’s success. Reklaim’s financial performance has been and will continue to be significantly determined by Reklaim’s success in adding, retaining, and engaging users of its products. If people do not perceive Reklaim’s products to be helpful, reliable, and trustworthy, Reklaim may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. If Reklaim cannot increase or maintain its user base and engagement, Reklaim’s revenue and financial results may be adversely affected. Any decrease in user retention, growth, or engagement could render Reklaim’s products less attractive to users and marketers, which is likely to have a material and adverse impact on Reklaim’s revenue, business, financial condition, and results of operations.

p) Reliance on Key Customers

Historically, most of Reklaim’s sales have been to a relatively small number of customers for a significant portion of its revenue. While Reklaim expects this reliance to decrease over time, Reklaim will continue to rely on this relatively small number of customers for the foreseeable future. Reklaim must add new customers to sustain or increase its existing revenue. Despite Reklaim’s efforts and investments in business development, sales, and market, it may not

successfully attract new customers. If Reklaim fails to grow its current customers, it will be difficult for Reklaim to sustain and grow its revenue.

q) Need to Manage Growth

The growth of Reklaim's business and its products and services cause significant demands on Reklaim's managerial, operational, and financial resources. Demands on Reklaim's financial resources will multiply with Reklaim's expanding customer base. Additional working capital may be required, and there are no assurances that access to the capital needed for future growth and expansion plans will be available.

Reklaim may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of Reklaim to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train, and supervise its employee base. The inability of Reklaim to deal with this growth may have a material adverse effect on Reklaim's business, financial condition, results of operations, and prospects.

r) Limited Market for Securities

An active trading market for securities of Reklaim may not develop or be sustained going forward. The lack of a dynamic market may impair an investor's ability to sell their securities of Reklaim at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of Reklaim. Further, an inactive market may also impair Reklaim's ability to raise capital by selling securities of Reklaim and may impair its ability to enter into collaborations or acquire companies or products by using the securities of Reklaim as consideration. The market price of securities of Reklaim may be volatile, and an investor could lose all or part of their investment. There can be no assurance that an active trading market for the securities of Reklaim will be sustained.

s) Significant Holdings by Limited Number of Existing Shareholders

Reklaim's management and directors own many of Reklaim's outstanding common shares (on a fully diluted basis). Reklaim's management and directors can exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of meaningful corporate actions.

t) Dependency on Key Personnel

Reklaim's success depends upon the continued service of its senior management team. Reklaim employees may voluntarily terminate their employment with Reklaim at any time. The loss of services of key personnel could have a material adverse effect on Reklaim's business, financial condition, and operation results.

## SHARE CAPITAL

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares without par value. The Company had the following securities outstanding on September 30, 2023:

	<u>Number Outstanding</u>
Common shares	110,971,495
Warrants	26,942,792
Stock Options	9,253,021
Restricted Share Units	<u>117,647</u>
<b>Fully Diluted</b>	<b>147,284,955</b>

## FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

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 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. It reduces the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

### *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. Trade receivables have been grouped based on shared credit risk characteristics and the days past the transaction date to measure the expected credit losses. The expected loss rates are based on the payment profiles of sales over 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 creditworthiness for current and future customers and the GDP and unemployment rate of the countries where the Company sells goods to be the most relevant factors and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables (Note 5) result from billings of services performed. The Company's credit risk arises from the possibility that a counterparty that owes the Company money is unable or unwilling to meet its obligations per 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 is reduced through an allowance for credit loss, which 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 deemed uncollectible when the customer has ceased communications for more than 90 days or has communicated non-payment due to liquidity issues. 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

### 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 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	\$ 1,262,553	-	-	-	\$ 1,262,553
Loan payable	747	1,494	6,726	9,716	18,683
Secured debentures	-	-	121,114	1,187,752	1,308,866
	<u>\$ 1,263,300</u>	<u>\$ 1,494</u>	<u>\$ 127,840</u>	<u>\$ 1,197,468</u>	<u>\$ 2,590,102</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. 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 monetary 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 of 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.

### *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 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, accumulated deficit, loans payable, and secured debentures. The Company seeks to ensure 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 funded its liquidity needs primarily through private and public placements of common shares and loan placements. 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 to support the evolving data-driven industries. Management reviews its capital management practices continuously and believes that its approach, given the company's relative size, is reasonable.

### **CONTRACTUAL OBLIGATIONS**

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

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

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## 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
Total key management compensation	\$ 128,854	\$ 147,981	\$ 402,538	\$ 317,946

## 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.

## MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of Reclaim Ltd. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts based on management's best estimates that have been made using careful judgment. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the consolidated financial statements. Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are correctly recorded, and the financial records are reliable for preparing consolidated financial statements.