

REKLAIM

Condensed Consolidated Interim Financial Statements

Reklaim Ltd.

September 30, 2024

(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 Kili 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 Three and nine months ended September 30, 2024 and 2023 (in Canadian Dollars)

	Note	September 30, 2024	December 31, 2023
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 394,680	\$ 164,279
Trade and other receivables	4, 15	1,067,057	1,191,121
Prepaid expenses		59,269	66,882
<i>Total current assets</i>		<u>1,521,006</u>	<u>1,422,282</u>
<i>Non Current Assets</i>			
Property and equipment, net	5	18,783	22,977
<i>Total assets</i>		<u>\$ 1,539,789</u>	<u>\$ 1,445,259</u>
Liabilities and Shareholders' Equity (Deficit)			
<i>Current Liabilities</i>			
Trade and other liabilities	6	\$ 928,857	\$ 1,162,398
Contract liabilities		-	1,867
Current portion of loans payable	7	8,647	8,272
Current portion of secured debentures	8	907,503	58,036
<i>Total current liabilities</i>		<u>1,845,007</u>	<u>1,230,573</u>
Non-current portion of loans payable	7	738	7,271
Non-current portion of secured debentures	8	-	888,105
<i>Total liabilities</i>		<u>\$ 1,845,745</u>	<u>\$ 2,125,949</u>
<i>Shareholders' equity (deficit)</i>			
Share capital	10	29,377,966	29,128,164
Warrants	10	885,087	921,376
Contributed surplus		3,686,684	3,505,092
Cumulative translation adjustment		144,777	138,682
Deficit		(34,400,470)	(34,374,004)
<i>Total Shareholders' equity (deficit)</i>		<u>(305,956)</u>	<u>(680,690)</u>
<i>Total Shareholders' equity (deficit) and liabilities</i>		<u>\$ 1,539,789</u>	<u>\$ 1,445,259</u>
Going concern uncertainty, related party, commitments, and subsequent event	2, 9, 12, 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 consolidated financial statements.

Reklaim Ltd.

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income Three and nine months ended September 30, 2024 and 2023 (in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2024	2023	2024	2023
Revenue	13	\$ 1,487,321	923,966	\$ 3,315,204	\$ 2,695,697
Cost of services	14	273,373	186,974	621,372	605,836
Gross profit		<u>1,213,948</u>	<u>736,992</u>	<u>2,693,832</u>	<u>2,089,861</u>
Expenses					
General and administrative	9, 12	348,029	389,886	1,183,203	1,104,330
Research and development		146,695	119,383	366,703	346,200
Selling and business development		358,290	178,186	915,259	362,046
Marketing		100,038	46,353	255,133	170,067
		<u>953,052</u>	<u>733,808</u>	<u>2,720,298</u>	<u>1,982,643</u>
Other income					
Other Income	16	-	526,555	-	526,555
Net income (loss)		<u>260,896</u>	<u>529,739</u>	<u>(26,466)</u>	<u>633,773</u>
Other comprehensive income					
Foreign currency translation differences		8,846	175	6,095	2,055
Total comprehensive income (loss)		<u>\$ 269,742</u>	<u>\$ 529,914</u>	<u>\$ (20,371)</u>	<u>\$ 635,828</u>
Earnings (loss) per share					
Earnings (loss) per share, basic and diluted		0.00	0.00	0.00	0.00
Weighted average shares outstanding, basic and diluted		116,548,122	110,737,263	115,952,884	103,975,311

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

Reclaim Ltd.

Unaudited Condensed Consolidated Interim Statements of Changes in Equity Nine months ended September 30, 2024 and 2023 (in Canadian Dollars)

		Number of Common Shares	Shares to be Issued	Share Capital	Warrants	Contributed Surplus	Cumulative translation adjustment	Accumulated Deficit	Total Equity (Deficiency)
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	10	-	-	-	(1,529,381)	1,529,381	-	-	-
Issuance of share capital related to the debt conversion	8	14,000,000	-	420,000	-	-	-	-	420,000
Issuance of share capital related to the second debt conversion	8	2,000,000	-	100,000	-	-	-	-	100,000
Share issuance costs related to the debt conversion	8	-	-	(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		58,094	-	6,886	(1,077)	-	-	-	5,809
Issuance of share capital related to consultant		773,195	-	30,000	-	-	-	-	30,000
Issuance of restricted share unit		-	-	-	-	10,000	-	-	10,000
Share-based compensation	11	-	-	-	-	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)
Balance as at January 1, 2024		112,821,495	1,832,214	29,128,164	921,376	3,505,092	138,682	(34,374,004)	(680,690)
Shares issued related to prior period		1,832,214	(1,832,214)	-	-	-	-	-	-
Exercise of warrants	10	2,134,670	-	249,802	(36,289)	-	-	-	213,513
Issuance of restricted share unit	11	-	-	-	-	66,000	-	-	66,000
Share-based compensation	11	-	-	-	-	115,592	-	-	115,592
Net income and comprehensive income		-	-	-	-	-	6,095	(26,466)	(20,371)
Balance as at September 30, 2024		116,788,379	-	\$ 29,377,966	\$ 885,087	\$ 3,686,684	\$ 144,777	(34,400,470)	(305,956)

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

Reclaim Ltd.

Unaudited Condensed Consolidated Interim Statements of Cash Flows Nine months ended September 30, 2024 and 2023 (in Canadian Dollars)

	Note	Nine months ended September 30,	
		2024	2023
Operating activities			
Net loss		\$ (26,466)	\$ 633,773
Depreciation of property and equipment	5	10,651	15,071
Interest and accretion expense		197,447	242,005
Share based compensation	11	181,592	93,910
Net change in non-cash operating working capital	15	(103,162)	(961,531)
Net cash flows provided by/(used in) operating activities		<u>260,062</u>	<u>23,228</u>
Financing activities			
Issuance of units, net issuance costs	11	-	633,135
Issuance of warrants, net issuance costs	11	-	(1,077)
Proceeds on exercise of warrants	11	213,513	-
Proceeds from debt / secured debentures	8	-	(446,458)
Repayment of debt	7	(6,533)	(6,158)
Interest paid	8	(236,279)	(282,643)
Cash flows used in financing activities		<u>(29,299)</u>	<u>(103,201)</u>
Investing activities			
Purchase of property and equipment	5	(6,457)	(6,006)
Cash flows used in investing activities		<u>(6,457)</u>	<u>(6,006)</u>
Effect of foreign exchange on working capital		6,095	2,055
Net increase/(decrease) in cash and cash equivalents		230,401	(83,924)
Cash and cash equivalents, beginning of year		164,279	244,464
Cash and cash equivalents, end of period		<u>\$ 394,680</u>	<u>\$ 160,540</u>

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

Reclaim Ltd.

**Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2024 and 2023
(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 150 Ferrand Dr., Suite 800, Toronto, ON, M3C 3E5.

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 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, 2024 and 2023 (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 the 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, 2024, the Company generated a comprehensive loss of \$20,371 (2023 – income of \$635,828) and cash flows from operations of \$260,062 (2023 – \$23,228). In addition, as at September 30, 2024 the Company has an accumulated deficit of \$34,400,470 (December 31, 2023 - \$34,374,004).

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, 2024 and 2023 (in Canadian Dollars)

3. MATERIAL 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, 2024.

On November 13, 2024, 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, 2024 and 2023.

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. MATERIAL 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 that 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, 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, 2024	As at December 31, 2023
Input tax receivable	\$ 24,679	\$ 32,756
Trade accounts receivable, gross	1,094,287	1,201,110
Allowance for credit losses	(51,909)	(42,745)
	\$ 1,067,057	\$ 1,191,121

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, 2024	As at December 31, 2023
Opening allowance for expected credit losses	\$ 42,745	\$ 127,137
Provision/(recovery) for expected credit losses	9,164	(251,255)
Less: Trade receivables written off	-	166,863
Closing balance for expected credit losses	\$ 51,909	\$ 42,745

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
Cost:			
At December 31, 2022	\$ 105,022	\$ 40,053	\$ 145,075
Additions	9,492	-	9,492
At December 31, 2023	\$ 114,514	\$ 40,053	\$ 154,567
Additions	6,457	-	6,457
At September 30, 2024	\$ 120,971	\$ 40,053	\$ 161,024
Accumulated depreciation:			
At December 31, 2022	\$ 90,622	\$ 21,139	\$ 111,761
Depreciation	13,153	6,676	19,829
Disposals	-	-	-
At December 31, 2023	\$ 103,775	\$ 27,815	\$ 131,590
Depreciation	5,645	5,006	10,651
At September 30, 2024	\$ 109,420	\$ 32,821	\$ 142,241
Carrying amounts:			
At December 31, 2023	\$ 10,739	\$ 12,238	\$ 22,977
At September 30, 2024	\$ 11,551	\$ 7,232	\$ 18,783

6. TRADE AND OTHER LIABILITIES

	As at September 30, 2024	As at December 31, 2023
Trade payables	\$ 808,229	\$ 1,088,737
Accrued liabilities	120,628	73,661
Total trade and other liabilities	\$ 928,857	\$ 1,162,398

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 \$7,232 as of September 30, 2024 (December 31, 2023 - \$12,238). A total interest of \$569 was paid for the nine months ended September 30, 2024 (2023 - \$919). The total loan payable outstanding as at September 30, 2024, is \$9,385 (December 31, 2023 - \$15,543) of which \$8,647 (December 31, 2023 - \$8,272) is included in current liabilities.

The loan is summarized as follows:

	For the three months ending September 30, 2024					Closing Balance
	Opening Balance	Payments				
		Principal	Interest			
Vehicle loan	\$ 15,543	\$ 6,157	\$ 568		\$ 9,385	

8. 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 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.

The secured debenture summary is as follows:

	Carrying value
Gross proceeds from secured debentures	\$ 1,640,000
Common shares issued	(328,000)
Transaction costs	(17,210)
Interest and accretion expense	269,295
Interest paid	(97,091)
Closing Balance, December 31, 2022	1,466,994
Debt conversion, April 3, 2023	(420,000)
Debt conversion, July 11, 2023	(100,000)
Debt conversion, October 20, 2023	(100,000)
Interest and accretion expense	264,687
Interest paid	(165,540)
Closing balance, December 31, 2023	946,141
Debt repayment - April 23, 2024	(100,000)
Interest and accretion expense	162,570
Interest paid	(101,208)
Closing balance, September 30, 2024	\$ 907,503

9. 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,	
	2024	2023	2024	2023
Salaries, benefits, and contractors	\$ 131,143	\$ 115,651	\$ 376,506	\$ 285,763
Stock based compensation	818	2,577	105,578	13,937
Board fees and related stock based compensation	-	10,626	66,000	18,246
Total key management compensation	\$ 131,961	\$ 128,854	\$ 548,084	\$ 317,946

10. 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	Shares to be issued	Balance
Balance as of January 1, 2023	92,640,206	-	\$ 28,240,932
Issuance pursuant to services rendered by consultant (i)	1,373,195	1,832,214	127,800
Issuance pursuant to debt conversion April 3, 2023 (ii)	14,000,000	-	415,555
Issuance pursuant to private placement May 8, 2023 (iii)	1,500,000	-	59,954
Issuance pursuant to debt conversion July 11, 2023 (ii)	2,000,000	-	178,095
Issuance pursuant to debt conversion October 20, 2023 (ii)	1,250,000	-	98,942
Issuance pursuant to the exercise of warrants	58,094	-	6,886
Balance as of Dec 31, 2023	112,821,495	1,832,214	\$ 29,128,164
Issuance pursuant to services rendered by consultant	1,832,214	(1,832,214)	-
Issuance pursuant to the exercise of warrants	2,134,670	-	249,802
Balance as of September 30, 2024	116,788,379	-	\$ 29,377,966

- i) Pursuant to the share for services agreement to various Contractors, the Company agreed to issue the following shares:

	Shares issued	Total fair value of shares
Share for services	3,205,409	\$ 127,800

The fair value price per share was calculated as the five-day volume weighted average trading price of the Company's listed shares on the TSXV for the five trading days immediately preceding the payment dates. The fees for the Contractors were expensed in Consulting Fees.

- ii) 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 fair value of \$0.03 per Common Shares (note 8). 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 fair value of \$0.09 per Common Shares (note 8). On October 20, 2023, the Company closed the debt conversion and settled indebtedness of \$100,000 by issuing 1,250,000 Common Shares at a fair value of \$0.08 per Common Share (note 8). The Company recognized a \$80,000 loss on settlement from the debt conversions due to the differences in stock price from when the debt conversion agreement was signed to the issuance of the common shares. Shared transaction costs include legal expenses of \$7,408.
- iii) 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 \$6,343.

10. SHARE CAPITAL (continued)

Warrants issued and outstanding:

The following table presents information regarding warrants issued by the Company for the nine-months ending September 30, 2024.:

	2024		2023	
	Number of Share Warrants	Weighted average exercise price	Number of Share Warrants	Weighted average exercise price
Balance as at January 1	26,232,292	\$ 0.10	32,555,704	\$ 0.31
Exercise of warrants	(2,134,670)	0.10	-	-
Expiry of warrants	-	-	(7,054,818)	1.05
Balance as of September 30, 2024	24,097,622	\$ 0.10	25,500,886	\$ 0.10

The following table presents information related to warrants outstanding as at September 30, 2024:

	Number of Share Warrants	Weighted average exercise price	Expiry date
Issuance pursuant to private placement June 23, 2022	17,309,736	\$0.10	June 23, 2025
Issuance pursuant to private placement July 19, 2022	3,740,740	\$0.10	July 19, 2025
Finder warrants related to private placement	1,547,146	\$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	\$0.06	\$0.08	\$0.12
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

11. 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 1,106,000 options issued during the nine months ended September 30, 2024 (September 30, 2023 – 2,966,221) 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, 2024, is \$115,592 (September 30, 2023 - \$83,910). The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

	<u>September 30, 2024</u>	
	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, January 1, 2024	9,267,021	\$0.09
Granted	1,106,000	0.14
Exercised	-	-
Forfeited	(136,000)	0.25
Outstanding, September 30, 2024	10,237,021	\$0.09

	<u>December 31, 2023</u>	
	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, January 1, 2023	6,290,800	\$0.11
Granted	2,987,221	0.04
Exercised	-	-
Forfeited	(11,000)	0.05
Outstanding, December 31, 2023	9,267,021	\$0.08

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

	<u>2024</u>	<u>2023</u>
Weighted average share price	\$0.14	\$0.03
Expected life, in years	1-5	1-5
Volatility	100%	100%
Risk free interest rate	4% - 4.31%	3.30% - 4.20%
Anticipated forfeiture	25%	26%
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.

11. STOCK OPTION PLAN AND RESTRICTED SHARE UNITS (continued)

The following table summarizes information about stock options as of September 30, 2024:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
\$0.04	2,966,221	3.45	2,966,221
0.05	10,000	3.13	3,334
0.06	5,007,000	3.08	5,002,333
0.08	349,000	2.96	333,334
0.14	1,106,000	4.51	1,106,000
0.25	89,800	3.89	89,800
0.34	140,000	2.15	93,332
0.35	459,000	0.85	459,000
0.41	10,000	1.65	10,000
0.625	40,000	1.17	40,000
0.65	50,000	1.17	50,000
1.00	10,000	0.42	10,000
\$0.08-\$1.00	10,237,021	3.21	10,163,354

The following table summarizes information about stock options as at December 31, 2023:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
\$0.04	2,966,221	4.20	2,966,221
0.05	10,000	3.88	3,334
0.06	5,007,000	3.83	5,000,000
0.08	349,000	3.71	331,667
0.25	225,800	0.70	225,800
0.34	140,000	2.90	93,332
0.35	459,000	1.60	459,000
0.41	10,000	2.40	6,668
0.625	40,000	1.92	40,000
0.65	50,000	1.92	50,000
1.00	10,000	1.17	10,000
\$0.08-\$1.00	9,267,021	3.72	9,186,022

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, 2024:

	2024		2023	
	Number of RSU's	Weighted average exercise price	RSU's	Weighted average exercise price
Balance as at January 1	117,647	\$ 0.09	-	\$ -
Exercise of RSU's	-	-	-	-
Issuance of RSU's	528,000	0.125	117,647	0.09
Expiry of RSU's	-	-	-	-
Balance as of September 30, 2024	645,647	\$ 0.12	117,647	\$ 0.09

The following table presents information related to RSUs outstanding as at September 30, 2024:

Number of RSU's	Number	
	exercisable	Expiry date
117,647	117,647	June 23, 2025
528,000	528,000	N/A
645,647	645,647	

12. COMMITMENTS

The Company has non-cancellable contracts for the cost of services and contractors as well as secured debentures. These commitments are as follows:

	As at September 30, 2024
Less than one year	\$ 1,123,726
Between one and five years	262,737

During the nine months ended September 30, 2024, \$244,767 (September 30, 2023 - \$209,471) was expensed to general and administration, research and development, cost of services and interest.

13. 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, 2024, and 2023.

Revenue	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Identity	\$ 281,937	\$ 173,817	\$ 700,261	\$ 695,832
Platform	1,205,384	750,149	2,614,943	1,999,865
Total revenue	\$ 1,487,321	\$ 923,966	\$ 3,315,204	\$ 2,695,697

Major Trade receivables

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

	September 30, 2024	December 31, 2023
Customer 1	\$ 442,481	\$ 765,981
Customer 2	170,812	-
Customer 3	-	179,202
Total receivables from major customers	\$ 613,293	\$ 945,183

14. COST OF SERVICES

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Data Engineering				
Salaries	\$ 12,500	\$ 12,500	\$ 37,500	\$ 37,500
Hosting fees	15,619	19,190	62,773	72,885
Total data engineering costs	\$ 28,119	\$ 31,690	\$ 100,273	\$ 110,385
Management Platforms	245,254	155,284	521,099	495,451
Total cost of sales	\$ 273,373	\$ 186,974	\$ 621,372	\$ 605,836

15. CASH FLOW INFORMATION

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

	Nine months ended September 30,	
	2024	2023
Trade and other receivables	\$ 124,064	\$ (192,306)
Prepaid expenses	7,613	(6,667)
Trade and other liabilities	(232,972)	(761,813)
Contract liabilities	(1,867)	(745)
	\$ (103,162)	\$ (961,531)

16. OTHER INCOME

In 2023, the other income relates to a gain on reversal of accounts payable consisting of \$526,555, which the Company's management reach a successful agreement with a former vendor. These amounts were previously expensed in cost of services.

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.

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, 2024. 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.

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

Trade receivables (note 4) 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, 2024, it was determined that an allowance for credit loss of \$51,909 (2023 – \$176,210) was required and wrote off uncollectible balances of \$nil (2023 – \$nil).

The aging of the Company's accounts receivable as of September 30, 2024 and 2023, was as follows:

	As at September 30, 2024	As at December 31, 2023
Current	\$ 971,749	\$ 995,134
31 - 60 days	90,664	86,094
61 - 90 days	14,243	105,604
over 91 days	42,310	47,034
Total accounts receivable	1,118,966	1,233,866
Allowance for credit loss	(51,909)	(42,745)
	<u>\$ 1,067,057</u>	<u>\$ 1,191,121</u>

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.

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

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as of September 30, 2024, and December 31, 2023:

	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
As at September 30, 2024					
Trade and other liabilities	\$ 928,857	-	-	-	\$ 928,857
Loan payable	747	1,494	6,726	747	9,714
Secured debentures	-	-	964,462	-	964,462
	\$ 929,604	\$ 1,494	\$ 971,188	\$ 747	\$ 1,903,033
As at December 31, 2023					
Trade and other liabilities	\$ 1,162,398	-	-	-	\$ 1,162,398
Loan Payable	747	1,494	6,726	7,474	16,441
Secured debentures	-	67,752	67,016	1,087,752	1,222,520
	\$ 1,163,145	\$ 69,246	\$ 73,742	\$ 1,095,226	\$ 2,401,359

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, 2024, the Canadian entities US-dollar net monetary assets totaled approximately US \$713,573 (CAD \$963,252) (December 31, 2023, net monetary assets – US \$583,239 (CAD \$779,327)) and the Company's United States subsidiaries US-dollar net monetary assets totaled approximately US \$10,848 (CAD \$14,644) (December 31, 2023 – US \$2,568 (CAD \$3,397)). A 10% strengthening in the Canadian dollar against the United States dollar as at September 30, 2024 would have increased comprehensive loss and decreased shareholder's equity by \$474,172 (2023 - \$356,030). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as equity and debt, comprised of issued common shares, warrants, contributed surplus, and accumulated deficit, as well as loans payable 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

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

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 10, 2024, the Company has agreed to satisfy \$100,000 of indebtedness owed to a non-arms length creditor through the issuance of 1,111,111 common shares at a deemed price of \$0.09 per share.