

# REKLAIM

## **Condensed Consolidated Interim Financial Statements**

Reklaim Ltd. (formerly Killi Ltd.)

September 30, 2021

(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 Reklaim Ltd. (Formerly Killi Ltd.) have been prepared by and are the responsibility of the Company's management.

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

## Reclaim Ltd. (Formerly Killi Ltd.)

Unaudited Condensed Consolidated Interim Statements of Financial Position  
As at September 30, 2021, and December 31, 2020  
(in Canadian Dollars)

	Note	September 30, 2021	December 31, 2020
<b>Assets</b>			
<i>Current Assets</i>			
Cash and cash equivalents	4	\$ 2,031,753	\$ 1,519,500
Trade and other receivables	5	226,096	382,399
Prepaid expenses		177,329	193,238
<i>Total current assets</i>		<u>2,435,178</u>	<u>2,095,137</u>
<i>Non Current Assets</i>			
Property and equipment, net	6	49,705	50,756
<i>Total assets</i>		<u>\$ 2,484,883</u>	<u>\$ 2,145,893</u>
<b>Liabilities and Shareholders' Equity</b>			
<i>Current Liabilities</i>			
Trade and other liabilities	7	\$ 1,118,181	\$ 848,544
Current portion of loan payable	8	26,409	26,409
<i>Total current liabilities</i>		<u>1,144,590</u>	<u>874,953</u>
Non-current portion of loan payable	8	25,437	30,702
<i>Total liabilities</i>		<u>\$ 1,170,027</u>	<u>\$ 905,655</u>
<i>Shareholders' equity</i>			
Share capital	10	27,743,438	24,227,148
Warrants	10	1,053,867	500,552
Contributed surplus		1,696,255	1,163,694
Cumulative translation adjustment		(122,129)	118,749
Deficit		(29,056,575)	(24,769,905)
<i>Total Shareholders' equity</i>		<u>1,314,856</u>	<u>1,240,238</u>
<i>Total Shareholders' equity and liabilities</i>		<u>\$ 2,484,883</u>	<u>\$ 2,145,893</u>
Related party, commitments, and subsequent event	9, 12, 19		

Approved on behalf of the Board of Directors:

Original signed by \_\_\_\_\_  
Neil Sweeney, CEO & Founder

Original signed by \_\_\_\_\_  
Robert Fericola, Chair of the Audit Committee

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

## Reclaim Ltd. (Formerly Killi Ltd.)

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Revenue	13, 18	\$ 230,284	9,686	\$ 558,342	\$ 34,973
Cost of services	14	469,544	32,860	950,048	40,431
Gross profit (loss)		(239,260)	(23,174)	(391,706)	(5,458)
Expenses					
General and administrative	9	276,392	258,342	1,049,922	1,323,628
Research and development		210,361	615,703	662,257	1,850,543
Selling and business development		386,052	157,759	958,233	245,102
Marketing		488,104	175,493	1,379,400	335,943
		1,360,909	1,207,297	4,049,812	3,755,216
Other income (loss)					
Gain on sale of Freckle business unit	17	36,742	83,478	145,397	61,834
Property and equipment disposal	6	-	-	-	79
Interest income		3,179	4,522	9,451	7,877
		39,921	88,000	154,848	69,790
Net income (loss) from continuing operations		(1,560,248)	(1,142,471)	(4,286,670)	(3,690,884)
Loss from discontinued operations, net of tax	17	-	(46,939)	-	26,639
Net loss		(1,560,248)	(1,189,410)	(4,286,670)	(3,664,245)
Other comprehensive gain (loss)					
Foreign currency translation differences		(157,701)	46,742	(240,878)	(100,416)
Total comprehensive loss		\$ (1,717,949)	\$ (1,142,668)	\$ (4,527,548)	\$ (3,764,661)
Net loss per share from continuing operations:					
Basic and diluted	10	\$ (0.023)	\$ (0.024)	\$ (0.065)	\$ (0.075)
Net income (loss) per share from discontinued operations:					
Basic and diluted	10	\$ -	\$ (0.001)	\$ -	\$ 0.001
Weighted average number of common shares outstanding					
Basic and diluted		67,333,464	48,572,108	65,588,592	48,572,108

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

## Reklam Ltd. (Formerly Killi Ltd.)

Unaudited Condensed Consolidated Interim Statements of Changes in Equity  
 Nine months ended September 30, 2021 and 2020  
 (in Canadian Dollars)

		Number of Common Shares (As restated - Note 10)	Share Capital	Warrants	Contributed Surplus	Cumulative translation adjustment	Accumulated Deficit	Total Equity (Deficiency)
Balance as at January 1, 2021		60,204,343	24,227,148	500,552	1,163,694	118,749	(24,769,905)	1,240,238
Issuance of share capital related to the private placement	10	7,054,818	3,516,827	1,068,805	-	-	-	\$ 4,585,632
Share issuance costs	10	-	(49,154)	(14,938)	-	-	-	\$ (64,092)
Reclassing expired warrants	10	-	-	(500,552)	500,552	-	-	\$ -
Exercise of stock options	10	118,733	48,617	-	(18,934)	-	-	\$ 29,683
Share-based compensation	11	-	-	-	50,943	-	-	\$ 50,943
Net loss and comprehensive loss		-	-	-	-	(240,878)	(4,286,670)	\$ (4,527,548)
Balance as at September 30, 2021		<u>67,377,894</u>	<u>27,743,438</u>	<u>1,053,867</u>	<u>1,696,255</u>	<u>(122,129)</u>	<u>(29,056,575)</u>	<u>\$ 1,314,856</u>
Balance as at January 1, 2020		43,304,343	\$ 21,014,079	\$ 1,212,669	\$ 400,439	\$ 26,609	\$ (20,115,131)	\$ 2,538,665
Issuance of share capital related to the private placement		8,400,000	823,289	226,711	-	-	-	\$ 1,050,000
Exercise of stock options		100,000	25,000	-	-	-	-	\$ 25,000
Exercise of warrants		60,000	16,619	(1,619)	-	-	-	\$ 15,000
Share issuance costs		-	(23,318)	(6,421)	-	-	-	\$ (29,738)
Reclassing expired warrants		-	-	(719,169)	719,169	-	-	\$ -
Share-based compensation	11	-	-	-	90,664	-	-	\$ 90,664
Net loss and comprehensive loss		-	-	-	-	(100,416)	(3,664,245)	\$ (3,764,661)
Balance as at September 30, 2020		<u>51,864,343</u>	<u>21,855,669</u>	<u>712,171</u>	<u>1,210,272</u>	<u>(73,807)</u>	<u>(23,779,376)</u>	<u>(75,070)</u>

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

## Reclaim Ltd. (Formerly Killi Ltd.)

Unaudited Condensed Consolidated Interim Statements of Cash Flows  
 Nine months ended September 30, 2021 and 2020  
 (in Canadian Dollars)

	Note	Nine months ended September 30,	
		2021	2020
<b>Operating activities</b>			
Net loss from continuing operations		\$ (4,286,670)	\$ (3,690,884)
Net gain from discontinued operations	17	-	26,639
Adjustments to net loss:			
Depreciation of property and equipment	6	18,137	19,327
Gain on sale of property and equipment	6	-	(79)
Gain on sale of disposed business	17	(145,397)	(61,834)
Interest related to financing, net		5,357	3,711
Share based compensation	11	50,943	90,664
Net change in non-cash operating working capital	15	441,849	1,030,863
Net cash flows used in operating activities		<u>(3,915,781)</u>	<u>(2,581,593)</u>
<b>Financing activities</b>			
Issuance of units, net issuance costs		3,467,673	869,689
Issuance of warrants, net issuance costs		1,053,867	193,079
Proceeds on exercise of stock options		29,683	-
Proceeds from issuance of debt		33,333	26,134
Repayment of debt		(38,598)	(14,861)
Interest paid		(5,357)	(3,711)
Cash flows from financing activities		<u>4,540,601</u>	<u>1,070,330</u>
<b>Investing activities</b>			
Proceeds on disposal of business		145,397	61,834
Purchase of property and equipment		(17,086)	(5,985)
Proceeds from sale of property and equipment	6	-	400
Cash flows from investing activities		<u>128,311</u>	<u>56,249</u>
Effect of foreign exchange on cash and cash equivalents		(240,878)	(100,416)
Net increase/(decrease) in cash and cash equivalents		512,253	(1,555,430)
Cash and cash equivalents, beginning of period		1,519,500	2,364,127
Cash and cash equivalents, end of period		<u>\$ 2,031,753</u>	<u>\$ 808,697</u>

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

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

## **Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (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 1306-80 John Street, Toronto, ON, M5V 3X4.

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

On June 14, 2019, the Company completed a reverse takeover transaction, pursuant to which Freckle I.O.T. Ltd. amalgamated with a wholly owned subsidiary of the Company and was subsequently renamed Freckle Ltd. and continued as a corporation under the Ontario Business Corporation Act.

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

On May 29, 2020, the Company finalized a definitive asset purchase agreement with PlaceIQ, Inc. (“PlaceIQ”) for the sale of certain assets of the Company’s offline attribution and data business (see Note 17).

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

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

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

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

## **Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)**

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

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) as issued by International Accounting Standards Board (IASB). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the nine months ended September 30, 2021, the Company incurred a comprehensive loss of \$4,527,548 (2020 - \$3,764,661) and negative cash flows from operations of \$3,915,781 (2020 – \$2,581,592). In addition, the Company has an accumulated deficit of \$29,056,575 (December 31, 2020 - \$24,769,905).

In assessing whether the going concern assumption is appropriate, management takes into account 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 a number of 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 financing will be available, or that it can be obtained on terms favorable to the Company. The Company has also been affected by the outbreak of COVID-19. The full impact of the COVID-19 pandemic on our full year financial results will depend on future development, such as the ultimate duration and scope (see Note 3 (e)). The above factors indicate a material uncertainty that may cast significant doubt as to the Company’s ability to continue to operate 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 was 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.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

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

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IAS 34 and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) and in effect at the closing date of September 30, 2021.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

On November 23, 2021, the Company's Board of Directors approved these unaudited condensed consolidated interim financial statements and authorize them for issue.

In accordance with IAS 34, the same accounting policies are followed in the unaudited condensed consolidated interim financial statements as were followed in the most recent annual consolidated financial statements for the year ended December 31, 2020.

#### (b) Basis of consolidation

The consolidated financial statements include the accounts of Reclaim Ltd. and its subsidiaries. The chart below summarizes the entities included in the unaudited condensed consolidated interim financial statements as at September 30, 2021 and December 31, 2020.

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

#### (c) Critical accounting estimates and judgements

The Company's unaudited 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 unaudited condensed consolidated interim financial statements.

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

The estimates, judgments and assumptions applied in the unaudited condensed consolidated interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2020.



# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

### (d) Discontinued operations and gain (loss) on sale

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

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

The measurement of the consideration promised in the contract is variable depending on the results of the disposed business. The Company is entitled to a revenue share net of any directly attributed costs governed by the asset purchase agreement. In accordance with IFRS 15, the Company is to recognize an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Company updates its estimated transaction price for assessment of variable consideration. Management believes that it is highly probable that a revenue reversal would occur, as such, management has made the judgment that no amount of variable consideration can be estimated reliably. The Company to date has recognized revenue on the sale based on the actual revenue share amount earned to the end of September 30, 2021.

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

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

In response the Company has qualified for the Canadian Emergency Wage Subsidy (“CEWS”) and the Canadian Emergency Rent Subsidy (“CERS”). The amounts received have been broken down as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
CEWS	\$ 129,722	\$ 166,715	\$ 450,492	\$ 333,560
CERS	3,793	-	28,017	-
	<u>\$ 133,515</u>	<u>\$ 166,715</u>	<u>\$ 478,509</u>	<u>\$ 333,560</u>

These amounts have been netted against departmental expenses in the unaudited condensed consolidated interim statement of loss and comprehensive loss. The Canadian government announced its intention to extend the wage subsidy though to October 2021. The Company will continue to monitor changes to CEWS, CERS and other COVID-19 related grants and subsidies that may be available.

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

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

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

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

### 4. CASH AND CASH EQUIVALENTS

On October 28, 2020, the Company purchased a \$1,000,000 redeemable guaranteed investment certificate ("GIC") with a maturity date of Oct 28, 2021 and an interest rate of 0.45%. As of September 30, 2021 the balance of the GIC was \$nil (December 31, 2020 - \$1,000,000).

On March 11, 2021, the Company purchased a \$3,300,000 redeemable guaranteed investment certificate ("GIC") with a maturity date of March 11, 2022 and an interest rate of 0.35%. As of September 30, 2021 the balance of the GIC was \$1,780,000 (December 31, 2020 - \$nil).

### 5. TRADE AND OTHER RECEIVABLES

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

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

	As at <u>September 30, 2021</u>	As at <u>December 31, 2020</u>
Input tax receivable	\$ 22,830	\$ 23,661
Government receivables	-	62,632
Trade accounts receivable, gross <sup>1</sup>	205,774	305,647
Allowance for credit losses	(2,508)	(9,541)
	<u>\$ 226,096</u>	<u>\$ 382,399</u>

<sup>1</sup>The trade amount receivable, gross includes the receivable due from PlaceIQ.

The changes in the expected credit loss are as follows:

	As at <u>September 30, 2021</u>	As at <u>December 31, 2020</u>
Opening allowance for expected credit losses	\$ 9,541	\$ 35,163
Provision for expected credit losses	(7,033)	128,833
Less: Trade receivables written off	-	(154,455)
Closing balance for expected credit losses	<u>\$ 2,508</u>	<u>\$ 9,541</u>

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

## Reclaim Ltd. (Formerly Killi Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements  
Three and nine months ended September 30, 2021 and 2020  
(in Canadian Dollars)

### 6. PROPERTY AND EQUIPMENT

	<b>Computer Equipment</b>	<b>Furniture</b>	<b>Vehicle</b>	<b>Total</b>
<b>Cost:</b>				
As December 31, 2019	\$ 77,080	\$ 9,592	\$ 40,053	\$ 126,725
Additions	6,666	-	-	6,666
Disposals	(1,446)	(9,592)	-	(11,038)
At December 31, 2020	\$ 82,300	\$ -	\$ 40,053	\$ 122,353
Additions	17,086	-	-	17,086
At September 30, 2021	<b>\$ 99,386</b>	<b>\$ -</b>	<b>\$ 40,053</b>	<b>\$ 139,439</b>
<b>Accumulated depreciation:</b>				
As December 31, 2019	\$ 46,672	\$ 5,184	\$ 1,112	\$ 52,968
Depreciation	18,262	1,439	6,676	26,377
Disposals	(1,125)	(6,623)	-	(7,748)
As December 31, 2020	\$ 63,809	\$ -	\$ 7,788	\$ 71,597
Depreciation	13,130	-	5,007	18,137
At September 30, 2021	<b>\$ 76,939</b>	<b>\$ -</b>	<b>\$ 12,795</b>	<b>\$ 89,734</b>
<b>Carrying amounts:</b>				
At December 31, 2020	\$ 18,491	\$ -	\$ 32,265	\$ 50,756
At September 30, 2021	<b>\$ 22,447</b>	<b>\$ -</b>	<b>\$ 27,258</b>	<b>\$ 49,705</b>

### 7. TRADE AND OTHER LIABILITIES

	<b>As at September 30, 2021</b>	<b>As at December 31, 2020</b>
Trade payables	\$ 493,746	\$ 570,964
Accrued liabilities	624,435	277,580
Total trade and other liabilities	<b>\$ 1,118,181</b>	<b>\$ 848,544</b>

### 8. LOAN PAYABLE

On October 16, 2019, the Company entered into a credit agreement with a Canadian chartered bank for a vehicle in the amount of \$45,238 with payments due in equal installments until the maturity date of October 27, 2025 at which time the loan will be paid in full. The credit agreement bears an interest rate of 5.89% and the term of the loan is 72 months. The loan is secured by the vehicle which has a net book value of \$27,258 as of September 30, 2021. (December 31, 2020 - \$32,625). Total interest of \$1,559 was paid for the period ended September 30, 2021 (December 31, 2020 - \$2,428). The total loan payable outstanding at September 30, 2021 is \$32,477 of which \$7,042 (December 31, 2020 - \$6,942) is included in current liabilities.

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

On July 7, 2020, and November 17, 2020 the Company entered into a credit agreement with an insurance company in the amount of \$27,778 and \$16,418 respectively with payments due in equal installments until the maturity date of April 7, 2021 at which time the loan will be paid in full. The credit agreement bears an interest rate of 3.00% and the term is 10 months. Total interest of \$621 was paid for the period ended September 30, 2021 (December 31, 2020 - \$571). The total loan payable outstanding at September 30, 2021 is \$nil (December 31, 2020 - \$19,467).

On July 9, 2021, the Company entered into a credit agreement with an insurance company in the amount of \$33,333 with payments due in equal installments until the maturity date of April 7, 2022 at which time the loan will be paid in full. The credit agreement bears an interest rate of 3.00% and the term is 10 months. Total interest of \$300 was paid for the period ended September 30, 2021 (December 31, 2020 - \$nil). The total loan payable outstanding at September 30, 2021 is \$19,367 (December 31, 2020 - \$nil) all of which is included in current liabilities.

### 9. RELATED PARTY & KEY MANAGEMENT COMPENSATION

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries, benefits and contractors	\$ 68,500	\$ 138,987	\$ 240,011	\$ 366,474
Stock based compensation	1,883	19,682	13,263	42,243
Board fees and related stock based compensation	6,057	13,956	19,998	14,341
Total key management compensation	\$ 78,051	\$ 183,183	\$ 196,832	\$ 482,527

### 10. SHARE CAPITAL

On April 1, 2021, the Company consolidated all the issued and outstanding common shares on a five for one basis. No fractional shares were issued, therefore each fractional share then remaining after the consolidation was cancelled. All shares, warrants, options, per share figures and references in the financial statements have been retroactively adjusted to reflect the share consolidation (Note 1).

Authorized:

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

Issued and outstanding:

	Number of	
	Shares	Balance
Balance as of January 1, 2020	43,304,343	\$ 21,014,079
Issuance pursuant to private placement May 18, 2020 <sup>1</sup>	8,400,000	805,254
Issuance pursuant to the exercise of stock options	100,000	92,804
Issuance pursuant to the exercise of warrants	8,400,000	2,315,011
Balance as of December 31, 2020	60,204,343	\$ 24,227,148
Issuance pursuant to private placement March 10, 2021 <sup>2</sup>	7,054,818	3,467,673
Issuance pursuant to the exercise of stock options	118,733	48,617
Balance as of September 30, 2021	67,377,894	\$ 27,743,438

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

<sup>1</sup> Transaction costs include legal expenses of \$29,738, all of which was allocated to share capital.

<sup>2</sup> On March 10, 2021, the Company closed a non-brokered private placement of 7,054,818 units of the Company (each, a “unit” and, collectively, the “Units”) for aggregate gross proceeds of \$4,585,632. Each Unit was sold for \$0.65 and was comprised of one common share and one common share purchase warrant. Transaction costs include allocated legal expenses of \$49,154.

Warrants issued and outstanding:

	<u>September 30, 2021</u>		
	Number of Share Warrants	Weighted average exercise price	Expiry date
Balance as of January 1, 2021	1,896,620	\$1.40	
Issuance pursuant to private placement March 10, 2021 <sup>1</sup>	7,054,818	\$1.05	March 10, 2023
Expiry of issuance pursuant to private placement March 28, 2019 <sup>2</sup>	(1,500,000)	\$1.50	March 28, 2021
Expiry of compensation warrants issuance pursuant to the conversion of subscription receipts and private placement June 14, 2018	(396,620)	\$1.00	June 14, 2021
<b>Balance as of September 30, 2021</b>	<b>7,054,818</b>	<b>\$1.05</b>	

  

	<u>December 31, 2020</u>		
	Number of Share Warrants	Weighted average exercise price	Expiry date
Balance as of January 1, 2020	4,838,295	\$1.46	
Expiry of issuance pursuant to private placement April 17, 2018 <sup>3</sup>	(1,925,000)	\$1.50	April 17, 2020
Expiry of commission warrants issuance pursuant to the private placement April 17, 2018 <sup>3</sup>	(15,750)	\$1.50	April 17, 2020
Issuance pursuant to private placement May 18, 2020	8,400,000	\$0.25	November 16, 2021
Expiry of issuance pursuant to private placement September 28, 2018 <sup>4</sup>	(935,925)	\$1.50	September 28, 2020
Expiry of issuance pursuant of private placement December 31, 2018 <sup>5</sup>	(65,000)	\$1.50	December 31, 2020
Exercise of warrants	(8,400,000)	\$0.25	
<b>Balance as of December 31, 2020</b>	<b>1,896,620</b>	<b>\$1.40</b>	

<sup>1</sup> Transaction costs include allocated legal costs of \$14,938. The warrants expire after two years, however, the Company has the right to accelerate exercise if the share has traded at a price greater than or equal to \$1.50 for 20 consecutive days on any Canadian market, following which the warrants will expire if not exercised within 30 days.

<sup>2</sup> Transaction costs include 3.5% cash commission of \$52,500, of which \$13,125 was allocated to warrants, advisory fee of \$125,000, of which \$7,500 was allocated to warrants, compensation warrants fair value costs of \$222,672, of which \$12,789 was allocated to warrants and legal costs of \$466,856 of which \$63,708 was allocated to warrants. The warrants expire after two years.

<sup>3</sup> Transaction costs include 7% cash commission on certain investments totalling \$15,750 of which \$3,937 was allocated to warrants, 7% warrant commission on certain investments equating to 78,750 warrants valued at \$3,938 of which \$984 was allocated to warrants and legal costs totalling \$32,747 of which \$8,188 was allocated to warrants.

<sup>4</sup> Transaction costs include allocated legal costs of \$9,561.

<sup>5</sup> Transaction costs include allocated legal costs of \$632.

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

	<u>March 10, 2021</u>	<u>May 18, 2020</u>
Weighted average share price	\$0.130	\$0.025
Volatility	100%	100%
Risk free interest rate	0.22%	0.32%
Dividend yield	-	-
Barrier	\$0.300	\$0.080
Rebate	\$0.090	\$0.030

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

Loss per share:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Weighted average number of common shares outstanding	67,333,464	48,572,108	65,588,595	48,572,108
Additions to reflect the dilutive effect of employee stock options and warrants	-	-	-	-
Adjusted denominator for diluted loss per share	67,333,464	48,572,108	65,588,595	48,572,108

All convertible items are anti-dilutive and were not included in the compilation of diluted common shares.

### 11. 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 125,000 options issued in the period ended September 30, 2021 (nine months ended September 30, 2020 – 747,800) to employees and contractors. The fair value of compensation expense related to options issued to employees and contractors for the period ended September 30, 2021 is \$50,943 (nine months ended September 30, 2020 - \$90,664). On May 25, 2020, the Company repriced a total of 701,954 options to a new exercise price of \$0.25. On August 27, 2020, the Company repriced a total of 70,000 options to a new exercise price of \$0.35. On November 6, 2020, the Company repriced a total of 50,000 options to a new exercise price of \$0.25. The impact of the repricing in 2020 increased the fair value of previously granted stock options by \$34,284. An additional increase in fair value of \$6,858 for previously granted stock options will be recognized over the remaining vesting term. The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

#### September 30, 2021

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2021	1,806,952	\$0.35
Granted	676,000	0.50
Exercised	(118,733)	0.46
Forfeited	(915,998)	0.23
<b>Outstanding, September 30, 2021</b>	<b>1,448,221</b>	<b>\$0.37</b>

#### December 31, 2020

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2020	1,563,970	\$0.65
Granted	937,800	0.40
Exercised	(100,000)	0.25
Forfeited	(594,818)	0.65
<b>Outstanding, December 31, 2020</b>	<b>1,806,952</b>	<b>\$0.35</b>

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

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

	<u>2021</u>	<u>2020</u>
Weighted average share price	\$0.37	\$0.08
Expected life, in years	1-5	1-5
Volatility	100%	100%
Risk free interest rate	0.22 - 0.53%	0.2% - 1.44%
Anticipated forfeiture	55% - 63%	0% - 48%
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 the day of the grant. The volatility is based on comparable public companies within comparable industries.

The following table summarizes information about stock options as at September 30, 2021:

<u>Options Outstanding</u>			<u>Options Exercisable</u>
<u>Exercise prices</u>	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable</u>
\$0.25	516,554	1.53	472,554
0.35	530,667	3.83	277,668
0.41	78,000	4.65	-
0.625	40,000	4.18	-
0.65	148,000	4.38	16,667
1.00	10,000	3.43	10,000
<u>\$0.25-\$1.00</u>	<u>1,323,221</u>	<u>3.05</u>	<u>776,889</u>

The following table summarizes information about stock options as at December 31, 2020

<u>Options Outstanding</u>			<u>Options Exercisable</u>
<u>Exercise prices</u>	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable</u>
\$0.25	957,552	2.48	760,354
0.35	639,400	4.59	102,667
0.625	40,000	4.92	-
0.65	50,000	4.92	16,667
0.775	100,000	4.92	33,333
1.00	20,000	3.91	20,000
<u>\$0.25-\$1.00</u>	<u>1,806,952</u>	<u>3.50</u>	<u>933,021</u>

## 12. COMMITMENTS

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

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

	<b>As at</b>
	<b>September 30, 2021</b>
Less than one year	<b>\$ 285,571</b>
Between one and five years	-

During the period ended September 30, 2021, \$202,564 was expensed to general and administration and cost of services.

### 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, 2021 and 2020.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue from continued operations:				
Identity	\$ 74,217	\$ 9,686	\$ 201,754	\$ 34,973
Platform	156,067	-	356,588	-
Total revenue from continued operations:	230,284	9,686	558,342	34,973
Total revenue from discontinued operations:	\$ -	\$ -	\$ -	\$ 1,234,636
Total revenue	\$ 230,284	\$ 9,686	\$ 558,342	\$ 1,269,609

The Company's revenue broken down by geographical location:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue from continued operations:				
US	\$ 229,956	\$ 9,686	\$ 558,014	\$ 34,973
Canada	328	-	328	-
Total revenue from continued operations:	230,284	9,686	558,342	34,973
Revenue from discontinued operations:				
US	-	-	-	1,200,941
Canada	-	-	-	33,695
Total Revenue from discontinued operations:	-	-	-	1,234,636
Total revenue	\$ 230,284	\$ 9,686	\$ 558,342	\$ 1,269,609

#### Major trade receivables

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Customer 1	\$ 98,601	\$ 62,748
Customer 2	-	39,062
Total revenue from major customers	\$ 98,601	\$ 101,810



# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

### 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,	
	2021	2020	2021	2020
Data Engineering				
Salaries	\$ 92,727	\$ -	\$ 238,101	\$ -
Hosting fees	344,467	-	580,766	-
Total data engineering costs	\$ 437,194	\$ -	\$ 818,867	\$ -
Management Platforms	32,350	32,860	131,181	40,431
	\$ 469,544	\$ 32,860	\$ 950,048	\$ 40,431

### 15. CASH FLOW INFORMATION

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

	Nine months ended September 30,	
	2021	2020
Trade and other receivables	\$ 156,303	\$ 1,122,065
Prepaid expenses	15,909	18,422
Investment tax credit recoverable	-	120,642
Trade and other liabilities	269,637	(212,238)
Contract liabilities	-	(18,028)
	\$ 441,849	\$ 1,030,863

Non-cash investing activities are as follows:

Consideration for disposal of business included in trade and other receivables of \$145,397 (September 30, 2020 – \$58,865).

### 16. 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 which they may be subject to are set out in the following table.

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

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

The carrying values of cash and cash equivalents, trade receivables, other receivables, trade and other liabilities and 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, 2021. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the credit worthiness for current and future customers and the GDP and unemployment rate of the countries in which the Company sells goods into to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

The carrying amount of trade receivables are reduced through the use of an allowance for credit loss and the amount is recognized in the unaudited condensed consolidated interim statement 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

## Reclaim Ltd. (Formerly Killi Ltd.)

### Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

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, 2021, it was determined that an allowance for credit loss of \$2,508 (2020 – \$9,541) was required and wrote off uncollectible balances of \$nil (2020 – \$154,455).

#### Liquidity risk

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

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

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as at September 30, 2021 and December 31, 2020:

	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, 2021</b>					
Trade and other liabilities	\$ 1,118,181	-	-	-	\$1,118,181
Loan Payable	3,614	7,228	18,193	27,653	56,688
	<u>\$ 1,121,795</u>	<u>\$ 7,228</u>	<u>\$ 18,193</u>	<u>\$ 27,653</u>	<u>\$1,174,869</u>
<b>As at December 31, 2020</b>					
Trade and other liabilities	\$ 848,544	-	-	-	\$ 848,544
Loan Payable	5,769	11,539	11,748	34,379	63,435
	<u>\$ 854,313</u>	<u>\$ 11,539</u>	<u>\$ 11,748</u>	<u>\$ 34,379</u>	<u>\$ 911,979</u>

#### Market risk

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

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

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Three and nine months ended September 30, 2021 and 2020

(in Canadian Dollars)

As at September 30, 2021, the Canadian entities US-dollar net monetary assets totaled approximately US -\$98,774 (CAD -\$125,156) (December 31, 2020, net monetary assets – US \$254,593 (CAD \$326,083)) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US -\$33,013 (CAD -\$41,831) (2020 – US \$11,384 (CAD \$14,581)). A 10% strengthening in the Canadian dollar against the United States dollar as at September 30, 2021 would have increased comprehensive loss and decreased shareholder's equity by \$16,699 (2020 - \$32,608). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

### *Capital management*

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

## 17. DISCONTINUED OPERATIONS

On May 29, 2020, the Company finalized a definitive asset purchase agreement with PlaceIQ, Inc. ("PlaceIQ") for the sale of certain assets of the Company's offline attribution and data business for cash consideration of up to \$4,000,000. The total potential consideration of up to \$4,000,000 is the sum of the potential revenue share and revenue milestone amounts disclosed below.

The Company is entitled to a revenue share amount, calculated each calendar quarter, terminating April 1, 2022 based on revenue earned by the purchaser from the purchased business. The Company is further entitled to revenue milestone amounts if certain aggregate revenue amounts are earned.

The Company has determined that no amount of variable consideration can be made reliably as management does not believe that it is highly probable that a revenue reversal would not occur. As such, the Company has recognized revenue on the sale based on actual revenue share amount earned, net of transaction costs of \$165,486, to date the Company has recognized \$378,864 to the end of September 30, 2021 can be broken out as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Gain/(loss) on sale	\$ 36,742	\$ 83,478	\$ 145,397	\$ 61,834

# Reclaim Ltd. (Formerly Killi Ltd.)

## Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2021 and 2020 (in Canadian Dollars)

The comparative results of the discontinued operations included in net loss for the year were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Revenue	\$ -	\$ -	\$ -	\$ 1,234,636
Cost of services	-	(59,321)	-	454,604
Gross margin	-	59,321	-	780,032
Expenses				
General and administrative	-	101,392	-	(91,797)
Research and development	-	-	-	205,259
Selling and business development	-	4,868	-	639,931
	-	106,260	-	753,393
(Loss) income from discontinued operations	\$ -	\$ (46,939)	\$ -	\$ 26,639

The following table presents the effect of the discontinued operations on the consolidated statement of cashflows:

	Nine months ended September 30,	
	2021	2020
Cash (used in) provided by operating activities	\$ -	\$ 1,171,049
Cash provided by financing activities	-	-
Cash provided by investing activities	-	-
Net cash outflow	\$ -	\$ 1,171,049

There is no current tax expense with respect to the discontinued operations for the period ended September 30, 2021 (2020 - \$Nil)

### 18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period. Revenue and Cost of Services have both increased in the amount of \$33,520 for nine months ended September 30, 2021 (\$nil – for the nine months ended September 30, 2020), previously certain platform charges were netted against revenue rather than reflected in the Cost of Services.

### 19. SUBSEQUENT EVENT

On November 2, 2021, the Company's shareholders approved the name change from Killi Ltd. to Reclaim Ltd.