Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three and nine months ended September 30, 2023 and 2022

(Unaudited)

Notice of disclosure of non-audit review of unaudited condensed consolidated interim financial statements (“interim financial statements”) pursuant to National instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim financial statements of the Company for the three and nine months ended September 30, 2023 and 2022 have been prepared in accordance with the International Accounting Standard 34, interim financial reporting as issued by the International Accounting Standard Board and are the responsibility of the Company’s management. The Company’s independent auditors have not performed an audit or a review of these interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
September 30, 2023 and December 31, 2022

		2023		2022
Assets				
Current assets:				
Cash	$	**445**	$	1,253
Restricted Cash (note 7 (a))		**49**		-
Accounts receivable (note 12(a))		**2,836**		3,535
Other current assets		**221**		234
		3,551		5,022
Non-current assets:				
Property and equipment		**33**		55
Intangible assets (note 6)		**1,954**		2,156
Goodwill		**2,914**		2,914
	$	**8,452**	$	10,147
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	**2,840**	$	3,488
Loans and borrowings (note 7 (b) and (c))		**948**		79
Rewards payable		**1,358**		1,281
Contract liabilities		**-**		60
		5,146		4,908
Shareholders' equity		**3,306**		5,239
	$	**8,452**	$	10,147

Going Concern (note 2 (b))

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)
Three and nine months ended September 30, 2023 and 2022

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenue (note 4)	$ 2,617	$ 2,111	$ 6,849	$ 8,065
Expenses:				
Publishing costs	1,347	1,298	3,875	5,063
Employee compensation and benefits	893	1,195	2,917	3,822
Other operating expenses	593	1,127	1,704	3,577
Depreciation of property and equipment	8	16	27	54
Depreciation of right-of-use asset	-	-	-	6
Amortization of intangible assets	203	122	652	400
Restructuring costs	-	97	122	97
Gain from acquisition-related transaction (note 3 (b))	(483)	-	(483)	-
	2,561	3,855	8,814	13,019
Income (loss) from operations	56	(1,744)	(1,965)	(4,954)
Finance income (note 5)	3	16	8	33
Finance costs (note 5)	(31)	(39)	(42)	(87)
Net income (loss)	28	(1,767)	(1,999)	(5,008)
Total comprehensive income (loss)	28	(1,767)	(1,999)	(5,008)
Loss per share:				
Basic and diluted	$ -	$ (0.03)	$ (0.03)	$ (0.07)
Weighted average number of shares outstanding basic and diluted	69,468,957	69,435,624	69,457,236	69,435,624

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars, except per share amounts)
Nine months ended September 30, 2023 and 2022

	Common shares												
	Number of shares		**Amount**		**Contributed surplus**		**Warrants**		**Accumulated other comprehensive loss**		**Deficit**		**Total equity**
Balance, January 1, 2023	69,435,624	$	94,291	$	4,481	$	-	$	(2,062)	$	(91,471)	$	5,239
Net loss	-		-		-		-		-		(1,999)		(1,999)
Share-based payments (note 9)	-		-		40		-		-		-		40
Exercise of stock options (note 8 & 9)	33,333		46		(20)		-		-		-		26
Balance, September 30, 2023	**69,468,957**	**$**	**94,337**	**$**	**4,501**	**$**	**-**	**$**	**(2,062)**	**$**	**(93,470)**	**$**	**3,306**

	Common shares												
	Number of shares		**Amount**		**Contributed surplus**		**Warrants**		**Accumulated other comprehensive loss**		**Deficit**		**Total equity**
Balance, January 1, 2022	69,435,624	$	94,291	$	4,160	$	91	$	(2,062)	$	(85,036)	$	11,444
Net loss	-		-		-		-		-		(5,008)		(5,008)
Share-based payments (note 9)	-		-		203		-		-		-		203
Warrants expired	-		91		-		(91)		-		-		-
Balance, September 30, 2022	**69,435,624**	**$**	**94,382**	**$**	**4,363**	**$**	**-**	**$**	**(2,062)**	**$**	**(90,044)**	**$**	**6,639**

See accompanying notes to unaudited condensed consolidated interim financial statements

EO INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
Nine months ended September 30, 2023 and 2022

		2023		2022
Cash flows from operating activities:				
Net loss	$	(1,999)	$	(5,008)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation of property and equipment		27		54
Depreciation of right-of-use asset		-		6
Amortization intangible assets		652		400
Share-based payments (note 9)		40		203
Unrealized foreign exchange loss (gain)		1		(24)
Finance costs, net		11		17
Change in non-cash operating working capital (note 14)		80		363
Net cash used in operating activities		(1,188)		(3,989)
Cash flows from financing activities:				
Repayment of obligations under property lease		-		(45)
Proceeds from loans and borrowings (note 7 (c))		868		-
Proceeds from exercise of stock options (notes 8 & 9)		26		-
Interest paid		(18)		-
Net cash from (used) in financing activities		876		(45)
Cash flows from investing activities:				
Interest income received (note 5)		8		33
Increase in restricted cash		(49)		-
Earn-out payout (note 3 (a))		-		(1,305)
Purchases of property and equipment		(4)		(17)
Addition of intangible assets (note 6)		(450)		(450)
Net cash used in investing activities		(495)		(1,739)
Decrease in cash		(807)		(5,773)
Foreign exchange gain (loss) on cash held in foreign currency		(1)		24
Cash, beginning of the period		1,253		8,763
Cash, end of the period	$	445	$	3,014

See accompanying notes to unaudited condensed consolidated interim financial statements

1. Corporate information:

EQ Inc. ("EQ Works") or (the "Company") empowers businesses to better understand, predict, and influence consumer behavior. Using unique data sets, advanced analytics, machine learning and artificial intelligence. The Company creates actionable intelligence for businesses to attract, retain, and grow their customers through its proprietary SaaS technology platforms, LOCUS and ATOM. The Company is able to ingest, enrich, analyze and action upon receipt of large quantities of data. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The Company is a publicly listed on the TSX Venture Exchange ("TSX-V").

2. Basis of preparation:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standards 34, interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022 (the "2022 financial statements"). The accounting policies applied in these interim financial statements are based on International Financial Reporting Standard ("IFRS") issued and outstanding as of the date the Board of Directors authorized the statements for issue.

The notes presented in these interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year ended December 31, 2022 and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These interim financial statements should be read in conjunction with the 2022 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on November 16, 2023.

(b) Basis of presentation and going concern:

These interim financial statements have been prepared mainly on a historical cost basis. Other measurement bases used are described in the applicable notes to these interim financial statements.

The interim financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern is dependent upon the Company's ability to successfully generate profit from operations, or to finance its cash requirements through equity financing, debt financing or rights offerings from existing shareholders. There is no assurance that the Company will be successful in generating profits or raising sufficient funds through financing.

2. Basis of preparation (continued):

(b) Basis of presentation and going concern (continued):

The Company has incurred total comprehensive losses of $1,999 and negative cash flows from operations of $1,188 for the nine months ended September 30, 2023, and has a working capital deficit of $1,595 as at September 30, 2023. As a result, these material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

These interim financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue, and expenses and the statement of financial position classification used if the Company was unable to continue operations in accordance with this assumption. Such adjustments could be material.

(c) Functional and presentation currencies:

These interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Significant accounting policies:

These interim financial statements have been using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Company for the year ended December 31, 2022.

3. Acquisition:

(a) Tapped Networks Inc.:

On October 15, 2018, the Company completed the purchase of 100% of the shares of Tapped Networks Inc. ("Tapped Mobile"), an Ontario based company. The acquisition agreement provides for contingent consideration payment up to $2,800, based on achievement of certain predetermined revenue and gross profits targets, in the 24-months period following the closing of the acquisition to a maximum total compensation paid to the former shareholders of Tapped Mobile up to $3,500.

The first year of Earn-out of $744 was paid in December 2019. The Company paid $95 of second year Earn-out and has a remaining accrual of $1,401 for potential future Earn-out and legal fees in 2021. The two parties were in dispute regarding the amount owed relating to the second year earnout. However, the Ontario Superior Court ruled that the Company was to pay the former shareholders of Tapped Mobile the entire amount for the second year earnout under the Share Purchase Agreement. The Company did not agree with this judgement and appealed the decision to the upper court. However, the upper court upheld the decision and the Company settled the remainder of $1,305 of the second year Earn-out, and legal fees of $96 and interest of $46 in 2022.

(In thousands of Canadian dollars, except per share amounts)

3. Acquisition (continued):

(b) Integrated Rewards Inc.

On July 2, 2021, the Company completed the acquisition of all the shares of Integrated Rewards Inc., and its consumer facing application Paymi.com. In addition to a working capital adjustment, the purchase price payable on closing was $2,500, of which $500 was paid in cash and of which net liabilities of $2,000 were assumed by the Company and will be settled in the manner directed by Paymi.

There was a dispute related to the working capital adjustment. The Company and the former shareholder of Paymi engaged a third party to review the working capital adjustment. During the three and nine months that ended September 30, 2023, the dispute between the Company and the former shareholder of Paymi was resolved. Based on the third-party review, the Company recognized a gain on acquisition-related transaction of $483.

4. Segment information:

The Company's management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its services as one reportable segment, which provides real-time technology and advance analytics to improve performance for all web, mobile, social and video advertising initiatives and focuses on targeted advertising and incorporates the most sophisticated advertising technologies, data analytics and programmatic media buying capabilities into a single system. The chief operating decision maker evaluates the Company's performance, makes operating decision, and allocates resources based on financial data consistent with the presentation in these interim financial statements.

The Company's assets and operations are all located in Canada; however, the Company services customers in the United States.

The Company generates revenue across two geographical regions; customer revenue by region is as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Canada	**$ 2,612**	$ 2,110	**$ 6,833**	$ 8,055
U.S.	**5**	1	**16**	10
	$ 2,617	$ 2,111	**$ 6,849**	$ 8,065

For the three months ended September 30, 2023, there were four customers that comprised 24%, 16%, 13% and 12%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. For the three months ended September 30, 2022, there were three customers that comprised 22%, 20% and 17%, respectively, of the Company's total revenue from operations.

(In thousands of Canadian dollars, except per share amounts)

4. Segment information (continued):

For the nine months that ended September 30, 2023, there were three customers that comprised 22%, 19% and 11% of the Company's total revenue and four customers that comprised 32%, 15%, 12% and 10% of the Company's total revenue for the same period in 2022.

The components of revenue are as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Advertising Services	**$ 1,990**	$ 1,414	**$ 5,211**	$ 5,975
Data Sales	**627**	697	**1,638**	2,090
	$ 2,617	$ 2,111	**$ 6,849**	$ 8,065

(1) Data sales are comprised of fixed CPM data and licenses.

5. Finance income and finance cost:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Finance income:				
Interest income on cash and cash equivalent	3	16	8	33
Total finance income	3	16	8	33
Finance costs:				
Other interest expense	(3)	(22)	(13)	(23)
Interest on loans and borrowings (note 6)	(18)	–	(18)	–
Accretion on escrow	–	(3)	–	(20)
Accretion on lease	–	–	–	(29)
Accretion on loans and borrowings	(1)	–	(1)	(1)
Foreign exchange loss, net	(9)	(14)	(10)	(14)
Total finance costs	(31)	(39)	(42)	(87)
Net finance costs recognized in profit or loss	$ (28)	$ (23)	$ (34)	$ (54)

(In thousands of Canadian dollars, except per share amounts)

6. Intangible assets:

	Customer relationships	Non-compete	Backlog	Software	Developed Technology	Paymi Brand	Total
Cost							
Balance January 1, 2022	$ 1,141	$ 25	$ 71	$ 1,550	$ 178	$ 120	$ 3,085
Addition	–	–	–	460	140	–	600
Disposal	–	(25)	(71)	–	–	–	(96)
Balance, December 31, 2022	**$ 1,141**	**$ –**	**$ –**	**$ 2,010**	**$ 318**	**$ 120**	**$ 3,589**
Cost							
Balance January 1, 2023	$ 1,141	$ –	$ –	$ 2,010	$ 318	$ 120	$ 3,589
Addition	–	–	–	450	–	–	450
Balance, September 30, 2023	**$ 1,141**	**$ –**	**$ –**	**$ 2,460**	**$ 318**	**$ 120**	**$ 4,039**

(In thousands of Canadian dollars, except per share amounts)

6. Intangible assets (continued):

Amortization	Customer relationships	Non-compete	Backlog	Software	Developed Technology	Paymi Brand	Total
Balance, January 1, 2022	$ 326	$ 25	$ 71	$ 417	$ 33	$ 20	$ 892
Amortization	91	–	–	512	54	(20)	637
Disposal	–	(25)	(71)	–	–	–	(96)
Balance, December 31, 2022	**$ 417**	**$ –**	**$ –**	**$ 929**	**$ 87**	**$ –**	**$ 1,433**
Amortization							
Balance January 1, 2023	$ 417	$ –	$ –	$ 929	$ 87	$ –	$ 1,433
Amortization	74	–	–	514	64	–	652
Balance, September 30, 2023	**$ 491**	**$ –**	**$ –**	**$ 1,443**	**$ 151**	**$ –**	**$ 2,085**

Carrying amounts	Customer relationships	Non-compete	Backlog	Software	Developed Technology	Paymi Brand	Total
Balance, December 31, 2022	$ 724	$ –	$ –	$ 1,081	$ 231	$ 120	$ 2,156
Balance, September 30, 2023	**$ 650**	**$ –**	**$ –**	**$ 1,017**	**$ 167**	**$ 120**	**$ 1,954**

7. Loans and borrowings:

(a) Bank credit facility:

The Company has $49 credit card facility (the “Facility”), with a Canadian chartered bank. This Facility is secured by cash deposit. As at September 30, 2023, $27 (2022 – $87) was outstanding under the Facility included in accounts payable and accrued liabilities.

(b) Canada Emergency Business Loan:

The Government of Canada launched the Canada Emergency Business Loan (“CEBA”) to provide interest-free loans to business to help cover operating costs during the period of COVID-19. As at December 31, 2020, the Company received $80 from the CEBA. For the year ended December 31, 2021, the Company received an additional $40 CEBA loan, on top of the $80 received as at December 31, 2020. The loan is interest-free until December 31, 2023 and 5% starting on January 1, 2024. No principal repayment is required before December 31, 2023 and is due on December 31, 2025. Interest payments is required if the principal remains outstanding after December 31, 2023. The repayment deadline for partial loan forgiveness was extended to January 18, 2024. The Company plans to repay the loan on or before January 18, 2024 and expect a loan forgiveness of $40. The loan balance is measured at the present value, discounted using 7.5%.

(c) Accounts receivable factoring facility:

During the three and nine months ended September 30, 2023, the Company replaced its revolving line of credit facility with an accounts receivable factoring facility. Under the new arrangement, the Company can borrow up to $4,000 based on 85% of the eligible accounts receivable aged under 90 days. The borrowings bears interest at the bank’s prime rate plus 6% per annum. As at September 30, 2023, $868 (2022 – Nil) was outstanding under the accounts receivable factoring facility.

8. Common shares:

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

During the three months ended September 30, 2023, no stock option was exercised and during nine months ended September 30, 2023, 33,333 stock options were exercised into 33,333 common shares of the Company at an average exercise price of $0.76 for total proceeds of $26. During the three and nine months ended September 30, 2022, no stock option was exercised.

(In thousands of Canadian dollars, except per share amounts)

9. Share-based payments:

The following table summarizes the continuity of options issued under the Company's stock option plan (the "Plan") for the period ended:

	September 30, 2023		September 30, 2022	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,191,000	$ 1.08	2,746,000	$ 1.08
Granted	100,000	0.96	112,500	1.19
Exercised	(33,333)	0.76	-	-
Forfeited or cancelled	(249,167)	1.26	(262,500)	1.21
Outstanding, end of period	2,008,500	1.06	2,596,000	1.07
Options exercisable, end of period	1,845,166	$ 1.06	1,719,834	$ 1.06

A summary of the status of the Company's options under the Plan is as follows:

	September 30, 2023			September 30, 2022		
Range of exercise price	**Number of options**	**Weighted average remaining contractual life (years)**	**Number of options exercisable**	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
$0.70 – 0.79	**250,000**	**0.4**	**250,000**	275,000	1.3	275,000
$0.80 – 0.89	**40,000**	**1.0**	**40,000**	55,000	2.0	40,000
$0.90 – 0.99	**1,176,000**	**1.76**	**1,076,000**	1,441,000	2.5	1,025,670
$1.10 – 1.19	**45,000**	**3.8**	**-**	75,000	4.8	-
$1.20 – 1.29	**12,500**	**3.3**	**4,167**	237,500	4.1	-
$1.30 – 1.39	**150,000**	**2.0**	**155,000**	157,500	3.0	152,500
$1.40 – 1.49	**235,000**	**2.3**	**205,000**	255,000	3.6	186,666
$1.70 – 1.79	**100,000**	**2.6**	**100,000**	100,000	3.6	100,000
	2,008,500		**1,830,167**	2,596,000		**1,779,836**

During the three months ended September 30, 2023, 100,000 stock option was granted and no stock option exercised. During the nine months ended September 30, 2023, 100,000 stock option was granted and 33,333 exercised. During the three and nine months ended September 30, 2022, 75,000 and 112,500 stock options were granted, respectively and no stock option was exercised.

During the three months ended September 30, 2023, the Company recorded share-based payments of $10 (2022 - $71). During the nine months ended September 30, 2023, the Company recorded a share-based payment of $40 (2022 - $203).

(In thousands of Canadian dollars, except per share amounts)

10. Fair values of financial instruments:

Classification of financial instruments:

The following table provides the allocation of financial assets and liabilities required to be measured at amortized cost or fair value and their carrying values:

September 30, 2023		**Carrying value total**		**Fair value total**
Measurement basis				
Financial assets at amortized cost:				
Cash	**$**	**445**	**$**	**445**
Restricted cash		**49**		**49**
Accounts receivable		**2,836**		**2,836**
	$	**3,330**	**$**	**3,330**
Financial liabilities at amortized cost:				
Accounts payable and accrued liabilities	**$**	**2,840**	**$**	**2,840**
Loans and borrowings		**948**		**948**
Rewards payable		**1,358**		**1,358**
	$	**5,146**	**$**	**5,146**

December 31, 2022		Carrying value total		Fair value total
Measurement basis				
Financial assets at amortized cost:				
Cash	$	1,253	$	1,253
Accounts receivable		3,535		3,535
	$	4,788	$	4,788
Financial liabilities at amortized cost:				
Accounts payable and accrued liabilities	$	3,488	$	3,488
Rewards payable		1,281		1,281
Loans and borrowings		79		79
	$	4,848	$	4,848

There have been no transfers of assets between levels during the three and nine months ended September 30, 2023 and year ended December 31, 2022.

11. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, accumulated other comprehensive income and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or raising capital and borrowings, as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. There has been no changes to the Company’s capital management approach as at September 30, 2023 from 2022.

12. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable and cash. The majority of the Company's customers are located in Canada. At September 30, 2023, four customers represented 23%, 23%, 15% and 12% of the gross accounts receivable balance of $3,018, respectively. At December 31, 2022, three customers represented 24%, 19% and 18% of the gross accounts receivable balance of $3,748, respectively. No other individual customers represented more than 10% of accounts receivable. As at September 30, 2023, the expected credit losses were $178 (December 31, 2022 - $213). The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company’s customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty’s financial position, past experience and other factors. As at September 30, 2023, approximately 62%, $295 (December 31, 2022 – 43%, $162) of accounts receivable balances over 90 days were not impaired. The consolidated entity has a credit risk exposure with two agencies located in Canada, which as at September 30, 2023 owed the consolidated entity $1,388 (46% of trade receivables) (December 31, 2022: $1,600 (43% of trade receivables)). This balance was within its terms of trade and no impairment was made as at September 30, 2023. The Company’s payment terms range from 30 days to 60 days from the invoice date. There are no guarantees against this receivable, but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management believes that the expected credit loss allowance is adequate.

(In thousands of Canadian dollars, except per share amounts)

12. Financial risk management (continued):

(a) Credit risk (continued):

The Company, from time to time, invests its excess cash with the objective of maintaining safety of the principal and providing adequate liquidity to meet current payment obligations and future planned capital expenditures and with the secondary objective of maximizing the overall yield of the portfolio. The Company's cash as at September 30, 2023 is not subject to external restrictions and is held with Schedule I banks in Canada.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for principal and interest payments on its debt, capital expenditures and working capital needs. The Company uses its operating cash flows, operating facilities and cash balances to maintain liquidity.

The following are the undiscounted contractual maturities for the Company's obligations:

September 30, 2023	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**1-3 years**	**>3 years**
Trade and other payables[(i)]	**$ 2,840**	**$ 2,840**	**$ 2,840**	**$ -**	**$ -**
Loans and borrowings	**948**	**988**	**868**	**120**	**-**
Reward payable	**1,358**	**1,358**	**1,358**	**-**	**-**
	$ 5,146	**$ 5,186**	**$ 5,066**	**$ 120**	**$ -**

December 31, 2022	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables[(i)]	$ 3,488	$ 3,488	$ 3,488	$ -	$ -
Reward payable	1,281	1,281	1,281	-	-
Loans and borrowings	79	120	-	120	-
Reward payable	1,281	1,281	1,281	-	-
	$ 4,848	$ 4,889	$ 4,769	$ 120	$ -

[(i)] Trade and other payables exclude other non-contractual liabilities

(In thousands of Canadian dollars, except per share amounts)

12. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the Company's share price, will affect the Company's income or the value of its financial instruments.

(i) Interest rate risk:

The Company's interest rate risk arises primarily from its loans and borrowings obligations, which is bank's prime rate plus 6% per annum. As the borrowing costs at a 22 year high, management believes that the Company is not significantly exposed to cash flow interest rate risk in the next twelve months.

(ii) Currency risk:

The Company operates internationally with the Canadian dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in U.S dollars. The Company's main objective in managing its foreign exchange risk is to maintain U.S. cash on hand to support international forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $33 (December 31, 2022 - $17) due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income (loss).

Balances held in non-Canadian dollars are as follows:

		September 30, 2023		December 31, 2022
		US		US
Cash	**$**	55	$	95
Accounts receivable		-		1
Accounts payable and accrued liabilities		298		225

(In thousands of Canadian dollars, except per share amounts)

13. Related party transactions and balances:

On December 29, 2021, the corporation provided certain employees with $157 of short terms loans to cover the taxes owing in terms of the option excise. The loans were provided pursuant to promissory notes issued to the Company by each employee (collectively, the “Promissory Notes”). The Promissory Notes are fully secured by all of the options exercised. The Promissory Notes bear interest at a rate of 2.45%. All interest accrued under the Promissory Notes is to be paid at the maturity date.

During 2022, $59 was repaid and the remaining balance was extended to December 29, 2023 at an interest rate of 6.45%. All interest accrued under the Promissory Notes is to be paid at the maturity date.

14. Consolidated statements of cash flows:

The change in non-cash operating working capital comprises the following:

	Nine months ended September 30,	
	2023	2022
Accounts receivable	**$ 699**	$ 2,236
Other current assets	**13**	36
Accounts payable and accrued liabilities	**(649)**	(1,512)
Rewards payable	**77**	132
Contract liabilities	**(60)**	(529)
	$ 80	$ 363