Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three and nine months ended September 30, 2024 and 2023

(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 EQ Inc. for the three and nine months ended September 30, 2024 and 2023 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, 2024 and December 31, 2023

		2024		2023
Assets				
Current assets:				
Cash	$	**461**	$	381
Restricted cash (note 6 (a))		**48**		48
Accounts receivable (note 11(a))		**2,949**		3,962
Other current assets		**145**		206
		3,603		4,597
Non-current assets:				
Property and equipment		**15**		25
Intangible assets (note 5)		**800**		985
	$	**4,418**	$	5,607
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	**2,754**	$	3,237
Rewards payable		**1,596**		1,387
Loans and borrowings (note 6 (b))		**310**		1,568
		4,660		6,192
Non-current liabilities:				
Loans and borrowings (note 6 (c))		**1,000**		-
		1,000		-
Shareholders' deficiency		**(1,242)**		(585)
	$	**4,418**	$	5,607

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, 2024 and 2023

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenue (note 3)	$ 2,454	$ 2,617	$ 6,578	$ 6,849
Expenses:				
Publishing costs	1,379	1,347	3,766	3,875
Employee compensation and benefits	802	893	2,374	2,917
Other operating expenses	423	593	1,381	1,704
Depreciation of property and equipment	5	8	18	27
Amortization of intangible assets	170	203	635	652
Restructuring costs	-	-	-	122
	2,779	3,044	8,174	9,297
Loss from operations	(325)	(427)	(1,596)	(2,448)
Finance income (note 4)	4	3	7	8
Finance costs (note 4)	(55)	(31)	(142)	(42)
Gain from acquisition-related transaction (note 14)	975	483	975	483
Net income (loss)	599	28	(756)	(1,999)
Total comprehensive income (loss)	599	28	(756)	(1,999)
Income (loss) per share:				
Basic and diluted	$ 0.01	$ -	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding basic and diluted	69,554,555	69,468,957	69,497,698	69,457,236

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)
(In thousands of Canadian dollars, except per share amounts)
Nine months ended September 30, 2024 and 2023

	Common shares					
	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total deficiency
Balance, January 1, 2024	69,468,957	$ 94,337	$ 4,514	$ (2,062)	$ (97,374)	$ (585)
Net loss	-	-	-	-	(756)	(756)
Share-based payments (note 8)	-	-	9	-	-	9
Exercise of stock options (note 7 & 8)	125,000	165	(75)	-	-	90
Balance, September 30, 2024	**69,593,957**	**$ 94,502**	**$ 4,448**	**$ (2,062)**	**$ (98,130)**	**$ (1,242)**

	Common shares					
	Number of shares	Amount	Contributed surplus	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 8)	-	-	40	-	-	40
Exercise of stock options (note 7 & 8)	33,333	46	(20)	-	-	26
Balance, September 30, 2023	**69,468,957**	**$ 94,337**	**$ 4,501**	**$ (2,062)**	**$ (93,470)**	**$ 3,306**

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, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Net loss	**$**	**(756)**	$	(1,999)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation of property and equipment		**18**		27
Amortization of intangible assets		**635**		652
Share-based payments (note 8)		**9**		40
Unrealized foreign exchange loss (gain)		**(1)**		1
Finance costs, net		**114**		11
Gain from acquisition-related transaction		**(975)**		(483)
Change in non-cash operating working capital (note 13)		**1,759**		563
Net cash from (used) in operating activities		**803**		(1,188)
Cash flows from financing activities:				
Proceeds from (repayment) of loans and borrowings (note 6 (b))		**(1,258)**		868
Proceeds from loans and borrowings (note 6 (c))		**1,000**		-
Proceeds from exercise of stock options (note 7 & 8)		**90**		26
Interest paid		**(105)**		(18)
Net cash from (used) in financing activities		**(273)**		876
Cash flows from investing activities:				
Interest income received (note 4)		**7**		8
Increase in restricted cash		**-**		(49)
Purchase of property and equipment		**(8)**		(4)
Addition of intangible assets (note 5)		**(450)**		(450)
Net cash used in investing activities		**(451)**		(495)
Increase (decrease) in cash		**79**		(807)
Foreign exchange gain (loss) on cash held in foreign currency		**1**		(1)
Cash, beginning of the period		**381**		1,253
Cash, end of the period	**$**	**461**	$	445

See accompanying notes to unaudited condensed consolidated interim financial statements

1. Corporate information:

EQ Inc. ("EQ Works") or (the "Company") enables businesses to understand, predict, and influence customer behaviour. Using unique data sets, advanced analytics, machine learning and artificial intelligence, EQ Works creates actionable intelligence for businesses to attract, retain, and grow the customers that matter most. The Company's proprietary SaaS platform mines insights from movement and geospatial data, enabling businesses to close the loop between digital and real-world consumer actions. 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 material accounting policies disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2023 (the "2023 financial statements"). The material 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, 2023 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 2023 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on November 25, 2024.

(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 $756 for the nine months ended September 30, 2024, and has a working capital deficit of $1,057 as at September 30, 2024. 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 equity financing. 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) Material accounting policies:

These interim financial statements have been using the same material accounting policies and methods of computation as the annual audited consolidated financial statements of the Company for the year ended December 31, 2023.

(e) Future accounting policies:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements). The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retroactively to January 1, 2022. The Company has adopted the Amendments to IAS 1 effective January 1, 2024 and the amendments did not have any impact on the Company's interim financial position or results of operations.

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

3. 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, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Canada	**$ 2,448**	$ 2,612	**$ 6,571**	$ 6,833
U.S.	**6**	5	**7**	16
	$ 2,454	$ 2,617	**$ 6,578**	$ 6,849

For the three months ended September 30, 2024, there were four customers that comprised 27%, 25%, 13% and 13%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. 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.

For the nine months ended September 30, 2024, there were three customers that comprised 31%, 17% and 16%, respectively, of the Company's total revenue and three customers that comprised 22%, 19% and 11%, respectively, of the Company's total revenue for the same period in 2023.

The components of revenue are as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Advertising Services	**$ 1,917**	$ 1,990	**$ 5,168**	$ 5,221
Data Sales	**537**	627	**1,410**	1,638
	$ 2,454	$ 2,617	**$ 6,578**	$ 6,849

(1) Data sales are comprised of fixed fee, variable CPM and licenses.

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

4. Finance income and finance costs:

	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Finance income:				
Interest income on cash and cash equivalent	4	3	7	8
Total finance income	4	3	7	8
Finance costs:				
Other interest expense	(2)	(3)	(8)	(13)
Interest on loans and borrowings (note 6 (b and c))	(49)	(18)	(113)	(18)
Accretion on loans and borrowings	–	(1)	–	(1)
Foreign exchange loss, net	(4)	(9)	(21)	(10)
Total finance costs	(55)	(31)	(142)	(42)
Net finance costs	$ (51)	$ (28)	$ (135)	$ (34)

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

5. Intangible assets:

	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Cost					
Balance January 1, 2023	$ 1,141	$ 2,010	$ 318	$ 120	$ 3,589
Addition	–	600	–	–	600
Balance, December 31, 2023	**$ 1,141**	**$ 2,610**	**$ 318**	**$ 120**	**$ 4,189**
Cost					
Balance January 1, 2024	$ 1,141	$ 2,610	$ 318	$ 120	$ 4,189
Addition	–	450	–	–	450
Balance, September 30, 2024	**$ 1,141**	**$ 3,060**	**$ 318**	**$ 120**	**$ 4,639**

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

5. Intangible assets (continued):

Amortization	Customer relationships	Software	Developed Technology	Paymi Brand	Total
Balance, January 1, 2023	$ 417	$ 929	$ 87	$ –	$ 1,433
Amortization	99	696	85	–	880
Impairment	625	–	146	120	891
Balance, December 31, 2023	**$ 1,141**	**$ 1,625**	**$ 318**	**$ 120**	**$ 3,204**
Amortization					
Balance January 1, 2024	$ 1,141	$ 1,625	$ 318	$ 120	$ 3,204
Amortization	–	635	–	–	635
Balance, September 30, 2024	**$ 1,141**	**$ 2,260**	**$ 318**	**$** 120	**$ 3,839**

Carrying amounts					
Balance, December 31, 2023	$ –	$ 985	$ –	$ –	$ 985
Balance, September 30, 2024	**$ –**	**$ 800**	**$ –**	**$ –**	**$ 800**

6. Loans and borrowings:

(a) Bank credit facility:

The Company has a cash secured credit card facility of $100 (the "Facility") with a Canadian chartered bank. Borrowings under this Facility are secured by cash. The Company set aside $48 in the restricted cash that is held by the Company to support the Facility. As at September 30, 2024, $74 (2023 – $27) was outstanding under the Facility included in accounts payable and accrued liabilities.

(b) Accounts receivable factoring facility:

The Company has an accounts receivable factoring facility (the 'Factoring'). Under the new arrangement, the Company can borrow up to $4,000 based on 85% of the eligible accounts receivable aged under 90 days. Under the Factoring agreement, 85% of the eligible accounts receivable under 90 days will be available as a line of credit for drawing. The Company retains the credit risk with uncollectible accounts receivable. The accounts receivable collection will be paying off the Facility first and the remaining 15% of the receivable will be available for drawing. Trade receivables that are factored by financial institutions with recourse to the Company are not derecognized as the risks and rewards of the receivables remain with the Company. The cash received from the financial institutions is considered a form of financing and is recorded in current liabilities and any fee incurred to effect factoring is recognized in the income statement as part of interest expense. The borrowings bear interest at the bank's prime rate plus 6% per annum. As at September 30, 2024, $310 (December 31, 2023 – $1,568) was outstanding under the accounts receivable factoring facility. The Prime rate as of September 30, 2024 was 6.45% and borrowing rates equate to 12.45%.

(c) Non-revolving loan facility:

The Company has announced that it had closed a $1,000 non-revolving subordinated secured debt financing (the "BDC Loan") with the Business Development Bank of Canada ("BDC"). The BDC Loan will bear interest at a floating rate equal to the BDC base rate plus a margin of 2.5%. As at September 30, 2024, $1,000 (December 31, 2023 – nil) was outstanding under the loan facility. The BDC base rate as of September 30, 2024 was 8.55% and borrowing rates equate to 11.05%. The principal amount of the BDC Loan is repayable on October 31, 2025, with the option to renew 75% of the BDC loan for another twelve. The interest on the BDC Loan is payable monthly. In connection with the advancement of the BDC Loan, the Company will pay BDC a one-time fee of $45 at the maturity date.

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

7. 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, 2024, 125,000 stock options were exercised into 125,000 common shares of the Company at an average exercise price of $0.72 for total proceeds of $90 and during the three months ended September 30, 2023, no stock option was exercised.

During the nine months ended September 30, 2024 and 2023, 125,000 and 33,333 stock options were exercised, respectively.

8. 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, 2024		September 30, 2023	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,883,500	$ 1.08	2,191,000	$ 1.08
Granted	20,000	1.10	1,000,000	0.96
Exercised	(125,000)	0.72	(33,333)	0.76
Forfeited or cancelled	(85,000)	1.03	(249,167)	1.26
Outstanding, end of period	1,693,500	1.11	2,008,500	1.06
Options exercisable, end of period	1,642,666	$ 1.11	1,845,166	$ 1.06

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

8. Share-based payments (continued):

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

	September 30, 2024			September 30, 2023		
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
$0.80 – 0.89	**-**	**-**	**-**	40,000	1.0	40,000
$0.90 – 0.99	**1,176,000**	**0.82**	**1,142,666**	1,176,000	1.76	1,076,000
$1.10 – 1.19	**20,000**	**3.76**	**6,666**	45,000	3.8	-
$1.20 – 1.29	**12,500**	**2.34**	**8,334**	12,500	3.3	4,167
$1.30 – 1.39	**150,000**	**1.13**	**150,000**	150,000	2.0	155,000
$1.40 – 1.49	**235,000**	**1.68**	**230,000**	235,000	2.3	205,000
$1.70 – 1.79	**100,000**	**1.65**	**100,000**	100,000	2.6	100,000
	1,693,500		**1,642,666**	2,008,500		**1,830,167**

During the three months ended September 30, 2024, no stock options was granted and 125,000 stock options were exercised. During the three months ended September 2023, no stock option was granted and exercised.

During the nine months ended September 30, 2024, 20,000 stock options were granted and 125,000 stock options were exercised. During the nine months ended September 30, 2023, 100,000 stock options were granted and 33,333 exercised.

During the three months ended September 30, 2024, the Company recorded share-based payments of $3 compared to $10 during the same period in 2023. During the nine months ended September 30, 2024, the Company recorded a share-based payment of $9 compared to $40 during the same period in 2023.

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

9. 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, 2024	**Carrying value total**	**Fair value total**
Measurement basis		
Financial assets at amortized cost:		
Cash	**$ 461**	**$ 461**
Restricted cash	**48**	**48**
Accounts receivable	**2,949**	**2,949**
Promissory notes	**102**	**102**
	$ 3,560	**$ 3,560**
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	**$ 2,750**	**$ 2,750**
Loans and borrowings	**1,310**	**1,310**
Rewards payable	**1,596**	**1,596**
	$ 5,656	**$ 5,656**

December 31, 2023	Carrying value total	Fair value total
Measurement basis		
Financial assets at amortized cost:		
Cash	$ 381	$ 381
Restricted cash	48	48
Accounts receivable	3,962	3,962
Promissory notes	102	102
	$ 4,493	$ 4,493
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	$ 3,237	$ 3,237
Rewards payable	1,387	1,387
Loans and borrowings	1,568	1,568
	$ 6,192	$ 6,192

There have been no transfers of assets between levels during the three and nine months ended September 30, 2024 and year ended December 31, 2023.

10. 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, 2024 from the year ended December 31, 2023.

11. 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, 2024, four customers represented 35%, 24%, 12% and 12% of the gross accounts receivable balance of $3,089, respectively. At December 31, 2023, four customers represented 28%, 16%, 16% and 16% of the gross accounts receivable balance of $4,183, respectively. No other individual customers represented more than 10% of accounts receivable. As at September 30, 2024, the expected credit losses were $260 (December 31, 2023 - $221). 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, 2024, approximately 41%, $178 (December 31, 2023 – 73%, $609) 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, 2024 owed the consolidated entity $1,118 (36% of trade receivables) (December 31, 2023: $1,839 (44% of trade receivables)). This balance was within its terms of trade and no impairment was made as at September 30, 2024. 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)

11. 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, 2024 is not subject to external restrictions, except for the restricted cash of $48, 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, 2024	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**1-3 years**	**>3 years**
Trade and other payables[i]	**$ 2,750**	**$ 2,750**	**$ 2,750**	**$ -**	**$ -**
Rewards payable	**1,596**	**1,596**	**1,596**	**-**	**-**
Loans and borrowings	**1,310**	**1,310**	**1,310**	**-**	**-**
	$ 5,656	**$ 5,656**	**$ 5,656**	**$ -**	**$ -**

December 31, 2023	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables[i]	$ 3,237	$ 3,237	$ 3,237	$ -	$ -
Reward payable	1,387	1,387	1,387	-	-
Loans and borrowings	1,568	1,568	1,568	-	-
	$ 6,192	$ 6,192	$ 6,192	$ -	$ -

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

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

11. 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 and BDC base rate plus 2.5%. As Bank of Canada lowered the interest rate in June, July, September and October, respectively, management believes that the Company does not have significant exposure 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 $29 (September 30, 2023 - $33) 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, 2024	September 30, 2023
	US	US
Cash	**$** 22	$ 55
Accounts payable and accrued liabilities	239	298

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

12. 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. In December 2023, The Promissory Notes was extended to December 29, 2024 at an interest rate of 7.2%.

13. Consolidated statements of cash flows:

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

	Nine months ended September 30, **2024**	2023
Accounts receivable	**$ 1,013**	$ 699
Other current assets	**1,036**	(28)
Accounts payable and accrued liabilities	**(499)**	(125)
Rewards payable	**209**	77
Contract liabilities	**-**	(60)
	$ 1,759	$ 563

14. 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 paid the remainder of $1,305 of the second year Earn-out, and legal fees of $96 and interest of $46 during 2022.

During the three and nine months ended September 30, 2024, the Company recovered $1,250 of cash from a legal settlement related to the Earn-out. After legal and filing fees, the settlement resulted in a net inflow of $975 in cash.

(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 ("Paymi"). 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 year ended December 31, 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.