Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three months ended March 31, 2022 and 2021

(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 months ended March 31, 2022 and 2021 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)
March 31, 2022 and December 31, 2021

		2022		2021
Assets				
Current assets:				
Cash	**$**	**7,528**	$	8,763
Accounts receivable (note 13(a))		**3,090**		4,687
Other current assets		**384**		388
		11,002		13,838
Non-current assets:				
Property and equipment		**92**		101
Right-of-use asset		**-**		6
Intangible assets (note 3 (b) & (c) & 6)		**2,223**		2,193
Goodwill (note 3 (b) & (c))		**2,914**		2,914
	$	**16,231**	$	19,052
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**3,794**	$	4,514
Rewards payable (note 3(c))		**1,088**		1,071
Lease liability		**-**		16
Contract liabilities		**202**		529
Earn-out (note 3 (a))		**1,401**		1,401
		6,485		7,531
Non-current liabilities:				
Loan (note 7 (b))		**77**		77
		6,562		7,608
Shareholders' equity		**9,669**		11,444
	$	**16,231**	$	19,052

Commitments and contingencies (note 13 (b))

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)
Three months ended March 31, 2022 and 2021

		2022		2021
Revenue (note 4)	**$**	**2,714**	$	1,755
Expenses:				
Publishing costs		**1,776**		937
Employee compensation and benefits		**1,404**		1,174
Other operating costs		**1,204**		458
Depreciation of property and equipment		**21**		17
Depreciation of right-of-use asset		**6**		18
Amortization of intangible assets		**120**		58
		4,531		2,662
Loss from operations		**(1,817)**		(907)
Finance income (note 5)		**4**		4
Finance costs (note 5)		**(46)**		(63)
Net loss		**(1,859)**		(966)
Total comprehensive loss	**$**	**(1,859)**	$	(966)
Loss per share:				
Basic and diluted	**$**	**(0.03)**	$	(0.02)
Weighted average number of shares outstanding basic and diluted		**69,435,624**		63,873,340

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)
Three months ended March 31, 2022 and 2021

	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	-		-		-		-		-		(1,859)		(1,859)
Share-based payments (note 10)	-		-		84		-		-		-		84
Balance, March 31, 2022	**69,435,624**	**$**	**94,291**	**$**	**4,244**	**$**	**91**	**$**	**(2,062)**	**$**	**(86,895)**	**$**	**9,669**

	Common shares												
	Number of shares		**Amount**		**Contributed surplus**		**Warrants**		**Accumulated other comprehensive loss**		**Deficit**		**Total equity**
Balance, January 1, 2021	58,912,008	$	81,923	$	3,559	$	210	$	(2,062)	$	(79,081)	$	4,549
Net loss	-		-		-		-		-		(966)		(966)
Share-based payments (note 10)	-		-		236		-		-		-		236
Exercise of warrants (note 8)	2,108,783		1,392		-		-		-		-		1,392
Equity financing (note 8)	7,187,500		11,500		-		-		-		-		11,500
Share issuance costs (note 8 & 9)	-		(845)		-		91		-		-		(754)
Warrants exercised (note 8)	-		210		-		(210)		-		-		-
Balance, March 31, 2021	**68,208,291**	**$**	**94,180**	**$**	**3,795**	**$**	**91**	**$**	**(2,062)**	**$**	**(80,047)**	**$**	**15,957**

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)
Three months ended March 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net loss	**$ (1,859)**	$ (966)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation of property and equipment	**21**	17
Depreciation of right-of-use asset	**6**	18
Amortization intangible assets	**120**	58
Share-based payments (note 10)	**84**	236
Unrealized foreign exchange loss	**1**	11
Finance costs, net	**34**	46
Change in non-cash operating working capital (note 15)	**566**	737
Net cash from (used) in operating activities	**(1,027)**	157
Cash flows from financing activities:		
Repayment of obligations under property lease	**(49)**	(23)
Loans (note 7(b))	**-**	40
Repayment of promissory notes (notes 7(c))	**-**	(1,717)
Proceeds from exercise of warrants (note 8)	**-**	1,392
Equity financing (note 8)	**-**	11,500
Equity issuance costs (note 8)	**-**	(754)
Interest paid	**-**	(293)
Net cash from (used) in financing activities	**(49)**	10,145
Cash flows from investing activities:		
Interest income received (note 5)	**4**	4
Purchases of property and equipment	**(12)**	(4)
Addition of intangible assets (note 6)	**(150)**	(150)
Net cash used in investing activities	**(158)**	(150)
Increase (decrease) in cash	**(1,234)**	10,152
Foreign exchange loss on cash held in foreign currency	**(1)**	(11)
Cash, beginning of the period	**8,763**	3,209
Cash, end of the period	**$ 7,528**	$ 13,350

See accompanying notes to unaudited condensed consolidated interim financial statements

1. Corporate information:

EQ Inc. (“EQ Works”) or (the "Company") enables businesses to better understand, predict, and influence customer behavior. Using unique data sets, advanced analytics, machine learning and artificial intelligence, the Company creates actionable intelligence for businesses to attract, retain, and grow the 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 and basis of presentation:

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 condensed consolidated financial statements for the year ended December 31, 2021 (the “2021 financial statements”). The accounting policies applied in these condensed consolidated 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 condensed consolidated interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year ended December 31, 2021 and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the 2021 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on May 30, 2022.

The interim financial statements have been prepared under the historical cost basis. Other measurement bases used are described in the applicable notes to these condensed consolidated 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.

2. Basis of preparation (continued):

(b) Risk and uncertainties:

Since December 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. While the global economic conditions have improved in 2021 and many areas of the world experienced a respite in case counts delineating the first wave, the pandemic entered a subsequent wave in 2021 following the detection of new variants including the Delta and Omicron variants, with increased case outbreaks. In response, the Canadian Federal and Provincial governments implemented measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, which have caused material disruption to businesses globally resulting in an economic slowdown, Global equity markets have experienced with significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and other pandemic or public health crisis impacts the Company’s business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the action required to contain the COVID-19 virus or remedy its impact, among others.

(c) Functional and presentation currencies:

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

(d) Significant accounting policies:

These condensed consolidated 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, 2021.

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 total consideration was up to $3,500 through the issuance of 1,000,000 common shares at a price of $0.63 to the shareholders of Tapped Mobile and additional cash consideration of up to $2,800 to be paid out over the following 24 months based on certain performance thresholds being met.

3. Acquisition (continued):

(a) Tapped Networks Inc. (continued):

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 Company has estimated the Earn-out to be $319 and $281 in the first and second year of the contingent consideration period, respectively.

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 claims. The two parties are currently in dispute regarding the amount owing 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 recorded an additional Earn-out of $1,119 plus legal fee of $96 in profits and loss for the year ended December 31, 2021.

The Company does not agree with this judgement and as a result has retained legal counsel and appealed the decision to the upper court.

(b) Juice Mobile

On March 1, 2020, the Company, through its wholly owned subsidiary EQ Advertising Group Ltd., completed the acquisition and licensing of certain assets of Curate Mobile Ltd. (“Curate”), including Juice Mobile (“Juice Mobile”).

The total consideration was $850 and additional cash consideration to be paid out over the following 12 months based on certain performance thresholds being met.

In accordance with IFRS 3, Business Combinations, the assets acquired constitute a business for accounting purposes and was accounted for using the acquisition method of accounting. The Company incurred transaction costs of $32 associated with the acquisition which were expensed. The Company recognized goodwill of $732 arising from the acquisition of Juice Mobile, on March 1, 2020

3. Acquisition (continued):

(c) 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”). Paymi is a cloud-based marketing platform that uses card linking technology to enable consumers to received cash back rewards for credit and debit card transactions and offer merchant partners the ability to understand more about their customers to drive greater sales and increase market share.

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. The $500 of cash was placed into escrow for indemnity purposes. Of the funds held in escrow, $375 will be released after 12 months and $125 will be released after 18 months, in each case subject to any claims by the Company. The $500 placed into escrow was fair valued by discounting the Paymi’s cost of debt of 7.5% to $461 and was recognized at July 2, 2021. For the year ended December 31, 2021, an accretion of $17 was recorded.

This transaction qualifies as a business combination and was accounted for in accordance with IFRS 3, Business Combinations using the acquisition method of accounting. To account for the transaction, the Company has performed a business valuation of Paymi at the date of acquisition and a provisional purchase price allocation. At the time of issuance of these interim financial statements there is still a dispute related to the working capital calculation and the Company will retain a third party for mediation. Certain aspects of the purchase price allocation are not finalized, and the business valuation and the purchase price allocations are subject to change. The Company is currently in dispute with the former shareholders of Paymi regarding to working capital adjustment and the Company and the former shareholder engaged a third party to review the working capital. At this time, the amount of assumed working capital and goodwill are subject to change once the dispute is resolved. The Company incurred transaction costs of $82 associated with the acquisition which were expensed.

As allowed by IFRS 3, the fair values for purchase price allocation as a result of business combination with Integrated Rewards Inc. have been determined provisionally. Hence, the initial accounting for the business combination is incomplete and will be adjusted in the ensuing financial year based on more accurate and complete information and analysis during the measurement period.

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

3. Acquisition (continued):

(c) Integrated Rewards Inc. (continued):

The provisional allocation of the purchase consideration is as follows:

Allocation		
Cash	$	**2**
Other current and non-current assets		**2**
Property and equipment		**16**
Developed technology		**67**
Paymi brand		**120**
Customers relationships		**640**
Goodwill		**2,182**
Accounts payable and accrued liabilities		**(1,232)**
Canada emergency business loan		**(40)**
Debentures		**(125)**
Shareholder loan		**(272)**
Rewards payable		**(898)**
Contract liabilities		**(1)**
Net assets acquired	$	**461**

Purchase consideration:		
Escrow		**461**
Purchase consideration	$	**461**

As at December 31, 2021, the Company recognized goodwill of $2,182 arising from the acquisition of Paymi, on July 2, 2021. Goodwill is calculated as the residual in the purchase price equation. It was determined by subtracting the fair values of net tangible assets and all identified intangible assets from the overall purchase price. A component of the goodwill related to the assembled workforce which reflects the value of the Target's skilled and experienced workforce. The provisional amount of goodwill was determined in accordance with IFRS 3.

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

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 and internationally.

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

	Three months ended March 31,	
	2022	2021
Canada	**$ 2,709**	$ 1,723
United States	**5**	32
	$ 2,714	$ 1,755

For the three months ended March 31, 2022, there were three customers that comprised 37%, 14% and 12%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. For the three months ended March 31, 2021, there were three customers that comprised 24%, 21% and 10%, respectively, of the Company's total revenue from operations.

The components of revenue are as follows:

	Three months ended March 31,	
	2022	2021
Advertising Services	**$ 2,129**	$ 1,275
Data Sales	**585**	480
	$ 2,714	$ 1,755

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

5. Finance income and finance cost:

	Three months ended March 31,	
	2022	2021
Finance income:		
Interest income on cash	**4**	4
Total finance income	**4**	4
Finance costs:		
Accretion on Escrow (note 3 (c))	**(9)**	-
Accretion on lease	**(29)**	(29)
Accretion on promissory notes (note 7 (c))	**-**	(10)
Interest on loans and borrowings (note 7 (c))	**-**	(11)
Foreign exchange loss, net	**(8)**	(13)
Total finance costs	**(46)**	(63)
Net finance costs recognized in profit or loss	**(42)**	(59)

(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, 2021	$ 501	$ 25	$ 71	$ 950	$ –	$ –	$ 1,547
Addition	–	–	–	600	111	–	711
Acquisition (note 3 (c))	640	–	–	–	67	120	827
Balance, December 31, 2021	**$ 1,141**	**$ 25**	**$ 71**	**$ 1,550**	**$ 178**	**$ 120**	**$ 3,085**
Cost							
Balance January 1, 2022	$ 1,141	$ 25	$ 71	$ 1,550	$ 178	$ 120	$ 3,085
Addition	–	–	–	150	–	–	150
Balance, March 31, 2022	**$ 1,141**	**$ 25**	**$ 71**	**$ 1,700**	**$ 178**	**$ 120**	**$ 3,235**

(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, 2021	$ 233	$ 25	$ 68	$ 125	$ –	$ –	$ 451
Amortization	93	–	3	292	33	20	441
Balance, December 31, 2021	**$ 326**	**$ 25**	**$ 71**	**$ 417**	**$ 33**	**$ 20**	**$ 892**
Amortization							
Balance January 1, 2022	$ 326	$ 25	$ 71	$ 417	$ 33	$ 20	$ 892
Amortization	23	–	–	104	(2)	(5)	120
Balance, March 31, 2022	**$ 349**	**$ 25**	**$ 71**	**$ 521**	**$ 31**	**$ 15**	**$ 1,012**

Carrying amounts							
Balance, December 31, 2021	$ 815	$ –	$ –	$ 1,133	$ **145**	$ **100**	$ 2,193
Balance, March 31, 2022	**$ 792**	**$ –**	**$ –**	**$ 1,179**	**$ 147**	**$ 105**	**$ 2,223**

7. Loans and borrowings:

(a) Bank credit facility:

The Company has $1,600 revolving credit facility (the “Facility”), including credit card facility of $100, with a Canadian chartered bank. Borrowing under this Facility are secured by accounts receivable and the Facility bears interest at the bank’s prime rate plus 2.5% per annum. As at March 31, 2022, nil (2021 – nil) was outstanding under the Facility included in the loans and borrowings and $67 (2021 – $69) was outstanding under the credit card 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 in 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 Company plan to repay the loan on or before December 31, 2023 and expect a loan forgiveness of $40. The loan balance is measured at the present value, discounted using 7.5%.

(c) Promissory notes payable:

On August 19, 2019, the Company entered into debt financing (the “2019 Notes”) in the amount of $1,717 due on January 19, 2021. The 2019 Notes, which are non-convertible, bear interest at annual rate of 12% with principal and interest payment due on maturity date. The lenders received one and half non-transferable warrants (the “2019 Bonus Warrants”) for each dollar of principal amount of 2019 Notes, with each 2019 Bonus Warrants being exercisable for a period of seventeen months from the date of issuance for one common share of the Company at an exercise price of $0.66 per common share. All 2019 bonus Warrants are subject to a four month hold period from the date of issuance in accordance with the applicable securities law.

The 2019 Notes were separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issuance was calculated as the discounted cash flows for the debentures assuming a 26.47% effective interest rate which was the estimated rate for the debentures without the warrants. The fair value of the warrants was determined at the time of issuance as the difference between the face value of the debentures and the fair value of the liability component. The value of the warrants has been classified as a component of equity.

On January 19, 2021, the 2019 Notes of $1,717 and accrued interest of $293 was fully repaid.

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

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.

On January 19, 2021, the Company received proceeds of approximately $1,392 as a result of exercise of 2,108,783 Bonus warrants at an exercise price of $0.66. Each Bonus warrant was converted into one common share. The warrants were issued in connection of the 2019 Notes, with expiry dates of January 19, 2021. The Company used the proceeds from the Bonus Warrants as partial repayment for the amount owned under the 2019 Notes.

On February 19, 2021, the Company closed a bought deal offering of aggregate of 7,187,500 shares in the capital of the Company at a price of $1.60 per offered security for total proceeds of $11,500, which included the full exercise of the over-allotment option granted to the underwriters. The offering was completed by a syndicate of underwriters. In consideration for their services, the underwriters received aggregate cash compensation of $460 and 230,160 broker warrants. The broker warrants are exercisable for a period of 18 months following closing of the financing at a purchase price per share equal to the common share issuance price. The Company issued 230,160 broker warrants at a fair value of $0.39 per broker warrant that was determined using the Black-Scholes option pricing model using the following assumption: risk-free interest rate of 0.15%, expected volatility of 49%, expected life of 1.5 years and expected dividends of nil. The broker warrants' value of $91 was recognized with a corresponding reduction of share capital. The Company incurred additional share issuance costs of $294 in connection with the offering.

9. Warrant Capital:

The Company had the following warrants outstanding at March 31, 2022

	March 31, 2022		December 31, 2021	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	230,160	$ 0.66	2,108,783	$ 0.66
Granted	-	-	230,160	1.60
Exercised	-	-	(2,108,783)	0.66
Outstanding, end of period	230,160	$ 0.66	230,160	$ 1.60

The warrants are set to expire in August 2022.

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

10. 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:

	March 31, 2022			March 31, 2021		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of period	2,746,000	$	1.08	4,253,667	$	0.68
Forfeited or cancelled	(65,000)		0.81	(30,000)		0.96
Outstanding, end of period	2,681,000		1.07	4,223,667		0.68
Options exercisable, end of period	1,192,001	$	1.06	1,692,664	$	0.23

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

	March 31, 2022			March 31, 2021		
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
$0.05	**-**	**-**	**-**	1,306,667	0.7	1,306,667
$0.60 – 0.69	**-**	**-**	**-**	14,000	2.5	9,332
$0.70 – 0.79	**275,000**	**1.9**	**275,000**	300,000	2.9	283,332
$0.80 – 0.89	**55,000**	**2.6**	**36,666**	55,000	3.6	18,333
$0.90 – 0.99	**1,521,000**	**3.0**	**540,335**	2,383,000	4.0	-
$1.20 – 1.29	**235,000**	**4.6**	**-**	-	-	-
$1.30 – 1.39	**165,000**	**3.6**	**155,000**	165,000	4.6	75,000
$1.40 – 1.49	**330,000**	**4.2**	**85,000**	-	-	-
$1.70 – 1.79	**100,000**	**4.1**	**100,000**	-	-	-
	2,681,000		**1,192,001**	4,223,667		1,692,664

During the three months ended March 31, 2022 and 2021, no stock options were granted and exercised

During the three months ended March 31, 2022, the Company recorded share-based payments of $84 compared to $236 during the same period in 2021.

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

11. 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:

March 31, 2022		**Carrying value total**		**Fair value total**
Measurement basis				
Financial assets at amortized cost:				
Cash	**$**	**7,528**	**$**	**7,528**
Accounts receivable		**3,090**		**3,090**
	$	**10,618**	**$**	**10,618**
Financial liabilities at amortized cost:				
Accounts payable and accrued liabilities	**$**	**3,794**	**$**	**3,794**
Rewards payable		**1,088**		**1,088**
Loans		**77**		**77**
		4,959		**4,959**
Earn-out		**1,401**		**1,401**
	$	**6,360**	**$**	**6,360**

December 31, 2021		Carrying value total		Fair value total
Measurement basis				
Financial assets at amortized cost:				
Cash	$	8,763	$	8,763
Accounts receivable		4,687		4,687
	$	13,450	$	13,450
Financial liabilities at amortized cost:				
Accounts payable and accrued liabilities	$	4,514	$	4,514
Rewards payable		1,071		1,071
Loans		77		77
		5,662		5,662
Earn-out		1,401		1,401
	$	7,063	$	7,063

There have been no transfers of assets between levels during the three months ended March 31, 2022 and December 31, 2021.

12. 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 March 31, 2022 from 2021.

13. 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 March 31, 2022, two customers represented 37% and 13% of the gross accounts receivable balance of $3,354, respectively. At December 31, 2021, two customers represented 28% and 17% of the gross accounts receivable balance of $4,992, respectively. No other individual customers represented more than 10% of accounts receivable. As at March 31, 2022, the expected credit losses were $264 (December 31, 2021 - $304). 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 March 31, 2022, approximately 33%, $127 (December 31, 2021 – 34%, $158) 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 December 31, 2021 owed the consolidated entity $1,666 (49% of trade receivables) (December 31, 2021: $1,172 (23% of trade receivables)). This balance was within its terms of trade and no impairment was made as at March 31, 2022. 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)

13. 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 March 31, 2022 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:

March 31, 2022	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**1-3 years**	**>3 years**
Trade and other payables[(i)]	**$ 3,794**	**$ 3,794**	**$ 3,794**	**$ -**	**$ -**
Reward payable	**1,088**	**1,088**	**1,088**	**-**	**-**
Loans and borrowings	**77**	**120**	**-**	**120**	**-**
Earn-out	**1,401**	**1,401**	**1,401**	**-**	**-**
	$ 6,360	**$ 6,403**	**$ 6,283**	**$ 120**	**$ -**

December 31, 2021	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables[(i)]	$ 4,514	$ 4,514	$ 4,514	$ -	$ -
Leases	16	48	48	-	-
Reward payable	1,071	1,071	1,071	-	-
Loans and borrowings	77	120	-	120	-
Earn-out	1,401	1,401	1,401	-	-
	$ 7,079	$ 7,154	$ 7,034	$ 120	$ -

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

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

13. 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 bore a fixed interest rate of 12%. As the Company paid off the 2019 Notes on January 19, 2021, 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 $34 (December 31, 2021 - $91) 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:

		March 31, 2022		December 31, 2021
		US		US
Cash	**$**	603	$	1,104
Accounts payable and accrued liabilities		331		388

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

14. Related party transactions and balances:

Officers and directors subscribed $888 of the 2019 Notes of the Company. The Company issued 1,332,448 of warrants related to the 2019 Notes. The principal of $888 including interest of $151 for a total of $1,039 was repaid on January 19, 2021. Officers and directors exercised 1,332,448 warrants at an exercise price of $0.66 with proceeds of $879 on January 19, 2021. Each warrant was converted into one common share.

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 Corporation 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.

15. Consolidated statements of cash flows:

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

	Three months ended March 31, **2022**	2021
Accounts receivable	**$ 1,597**	$ 1,933
Other current assets	**(1)**	(16)
Accounts payable and accrued liabilities	**(720)**	(1,161)
Rewards payable	**17**	-
Contract liabilities	**(327)**	(19)
	$ 566	$ 737