EMERGE Commerce Ltd.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

	Note	**September 30, 2022**	December 31, 2021
		$	$
Assets			
Current assets			
Cash		**3,963,260**	7,767,297
Restricted cash and cash equivalents		**187,000**	187,000
Trade and other receivables	4	**1,964,867**	1,928,245
Current prepaid expenses and deposits		**1,319,544**	1,821,178
Inventory	5	**6,484,715**	4,720,423
		13,919,386	16,424,143
Non-current assets			
Prepaid expenses		**14,941**	32,353
Property and equipment	6	**732,206**	684,577
Intangible assets	7	**25,750,610**	29,753,041
Right-of-use assets	8	**60,074**	139,975
Investment derivative		**109,656**	101,424
Goodwill		**34,510,997**	33,139,624
		75,097,870	80,275,137
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**9,842,684**	11,861,582
Current portion of deferred consideration	9	**3,882,019**	3,102,949
Debt	10	**25,018,706**	24,324,321
Deferred revenue	11	**1,632,899**	2,557,951
Income tax payable		**1,107,302**	1,012,313
Current portion of lease liability	8	**72,843**	147,507
		41,556,453	43,006,623
Non-current liabilities			
Lease liability	8	**-**	31,745
Deferred consideration	9	**2,559,252**	2,304,456
Contingent consideration	9	**848,121**	2,513,670
Deferred tax liability		**4,810,997**	5,414,731
		49,774,823	53,271,225
Shareholders' equity			
Common shares	12	**44,126,915**	43,971,303
Reserves	13, 14	**3,121,755**	3,039,566
Foreign currency translation reserve		**(127,001)**	20,943
Deficit		**(21,798,622)**	(20,027,900)
		25,323,047	27,003,912
		75,097,870	80,275,137

Approved on behalf of the Board of Directors

"Ghassan Halazon"	"John Kim"
Signed: Director	Signed: Director

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

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

	Note	For the three months ended September 30, 2022	2021	For the nine months ended September 30, 2022	2021
		$	$	**$**	$
Revenues	18	**12,110,465**	6,059,079	**42,947,141**	19,969,301
Cost of products sold and other direct costs	5	**6,907,411**	3,469,665	**25,304,375**	11,264,661
Gross profit		**5,203,054**	2,589,414	**17,642,766**	8,704,640
Expenses					
Marketing		**1,178,762**	726,014	**4,030,510**	2,188,984
Selling, general and administrative	19, 22	**3,268,390**	2,375,509	**10,713,481**	6,678,009
Amortization and depreciation	6, 7, 8	**1,847,140**	768,043	**5,467,165**	2,303,459
Loss from continuing operations before share-based compensation, transaction costs, finance costs, contingent consideration, foreign exchange and other, and income taxes		**(1,091,238)**	(1,280,152)	**(2,568,390)**	(2,465,812)
Share-based compensation	13, 14	**(85,108)**	(128,973)	**(312,007)**	(1,445,733)
Transaction costs	9	**(126,349)**	(2,070)	**(454,218)**	(882,976)
Finance costs	20	**(1,064,735)**	(373,206)	**(2,912,118)**	(1,162,665)
Gain on remeasurement of contingent consideration	9	**1,803,460**	256,620	**1,749,678**	179,723
Foreign exchange and other gains		**1,867,218**	66,727	**2,346,321**	104,447
Income tax recovery		**463,439**	357,932	**271,468**	332,571
Net income (loss)		**1,766,687**	(1,103,122)	**(1,879,266)**	(5,340,445)
Other comprehensive income (loss)					
Exchange difference on translating foreign operations		**(29,852)**	22,302	**(147,944)**	3,530
Net comprehensive income (loss)		**1,736,835**	(1,080,820)	**(2,027,210)**	(5,336,915)
Weighted average number of common shares - basic		**103,958,069**	98,902,665	**103,780,769**	92,908,529
Weighted average number of common shares - diluted		**107,293,422**	98,902,665	**103,780,769**	92,908,529
Net income (loss) per share - basic		**0.02**	(0.01)	**(0.02)**	(0.06)
Net income (loss) per share - diluted		**0.02**	(0.01)	**(0.02)**	(0.06)

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

EMERGE Commerce Ltd.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

	Note	Common shares	Warrant reserve	Share-based benefits reserve	Foreign currency translation reserve	Deficit	Total shareholders' equity
		$	$	$	$	$	$
Balance, December 31, 2020		30,092,142	285,228	3,575,600	(56,511)	(15,821,530)	18,074,929
Issue of special warrants in connection with private placement	12	12,711,929	283,640	-	-	-	12,995,569
Issue of common shares for warrant exercise	12, 13	599,542	(11,574)	-	-	-	587,968
Issue of common shares for option exercise	12	260,114	-	(135,440)	-	-	124,674
Issue of common shares for compensation option exercise	12	16,236	-	(3,836)	-	-	12,400
Share-based compensation	14	-	-	1,334,712	-	-	1,334,712
Issuance costs:							
- paid in cash	12	(1,362,265)	-	-	-	-	(1,362,265)
- paid by issuance of common shares	12	(605,331)	-	-	-	-	(605,331)
- paid by issuance of warrants	13, 14	(283,640)	-	-	-	-	(283,640)
Transfer of reserves to deficit	14	-	(509)	(2,274,000)	-	2,274,509	-
Net loss and total comprehensive loss		-	-	-	3,530	(5,340,445)	(5,336,915)
Balance, September 30, 2021		**41,428,727**	**556,785**	**2,497,036**	**(52,981)**	**(18,887,466)**	**25,542,101**
Balance, December 31, 2021		43,971,303	477,159	2,562,407	20,943	(20,027,900)	27,003,912
Issue of common shares for option exercise	12	155,612	-	(113,862)	-	-	41,750
Share-based compensation	14	-	-	304,595	-	-	304,595
Transfer of reserves to deficit		-	(40,657)	(67,887)	-	108,544	-
Net loss and total comprehensive loss		-	-	-	(147,944)	(1,879,266)	(2,027,210)
Balance, September 30, 2022		**44,126,915**	**436,502**	**2,685,253**	**(127,001)**	**(21,798,622)**	**25,323,047**

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

EMERGE Commerce Ltd.

Condensed Consolidated Interim Statements of Cash Flows
Nine months ended September 30, 2022 and 2021
(Expressed in Canadian dollars)

		For the nine months ended September 30,	
	Note	**2022**	2021
		$	$
Operating activities			
Net loss from continuing operations		**(1,879,266)**	(5,340,445)
Add (deduct) items not affecting cash:			
Amortization and depreciation	6, 7, 8	**5,467,165**	2,303,459
Share-based compensation	13, 14	**312,007**	1,445,733
Non-cash transaction costs	9	**429,469**	429,469
Finance costs	20	**2,912,118**	1,162,665
Foreign exchange		**(2,513,672)**	(5,631)
Change in contingent consideration	9	**(1,796,485)**	(179,723)
Income taxes		**(271,468)**	(332,571)
Changes in non-cash working capital balances:			
Trade and other receivables		**43,542**	468,408
Prepaid expenses and deposits		**578,326**	(94,806)
Inventory		**(1,369,086)**	(60,244)
Accounts payable and accrued liabilities		**(2,298,888)**	(3,025,486)
Deferred revenue		**(1,023,387)**	(1,174,352)
		(1,409,625)	(4,403,524)
Income taxes paid		**(535,463)**	(1,075,776)
Cash used in operating activities		**(1,945,088)**	(5,479,300)
Investing activities			
Restricted cash (net)		**-**	63,000
Purchase of property and equipment	6	**(39,023)**	(12,460)
Cash (used in) provided by investing activities		**(39,023)**	50,540
Financing activities			
Interest payments		**(1,930,893)**	(590,199)
Payment of lease obligations	8	**(118,786)**	(83,725)
Payment of deferred consideration and contingent consideration	9	**-**	(964,636)
Proceeds from exercise of warrants	13	**-**	587,968
Proceeds from issuance of common shares and special warrants, net	12	**-**	10,744,333
Proceeds from exercise of options	12	**41,750**	137,074
Cash (used in) provided by financing activities		**(2,007,929)**	9,830,815
Net (decrease) increase in cash during the period		**(3,992,040)**	4,402,055
Impact of foreign exchange on cash		**188,003**	(22,767)
Cash, beginning of period		**7,767,297**	12,394,507
Cash, end of period		**3,963,260**	16,773,795

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

1. Nature of operations

EMERGE Commerce Ltd. (the “Company” or “EMERGE”) was incorporated under the Business Corporations Act on December 13, 2017 in the province of Ontario, Canada. The address of the Company’s registered office is 183 Bathurst Street, Suite 302, Toronto, Ontario, Canada. EMERGE is a publicly traded company, listed on the TSX Venture Exchange (“TSXV”) under the symbol “ECOM”.

The Company owns and operates a portfolio of online e-commerce marketplaces and subscription business in Canada and the United States. EMERGE's main operating e-commerce brands include truLOCAL.ca, UnderPar.com, JustGolfStuff.ca, WagJag.com, BeRightBack.ca, BattlBox.com, CarnivoreClub.co, Wanlow.com and WholesalePet.com.

2. Basis of presentation

a) Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements do not include all of the disclosures required for annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2021.

These condensed consolidated interim financial statements of the Company were authorized for issuance by the Board of Directors on November 28, 2022.

b) Reclassification

Certain comparative figures have been reclassified to conform to current period presentation.

c) Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

d) Going concern

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations.

The Company incurred a loss from operations of $1,879,266 for the nine months ended September 30, 2022 and has an accumulated deficit of $21,798,622 as at September 30, 2022. The Company has a working capital deficiency of $27,637,067 at September 30, 2022 inclusive of the Company’s $25 million credit facility. In October 2022, the Company amended its $25 million credit facility for an additional 12-month term, with an additional 9-month extension option for a term of up to 21 months (July 2024). The Company and the lender have agreed to reduce the debt facility from $25 million to $19 million over the next 12 months, inclusive of principal payments and amortization.

The Company anticipates it will have sufficient cash on hand to service most of its liabilities and fund operating costs as they come due; however, there is uncertainty with respect to compliance with minimum cash lending covenants and principal repayments on the Company’s credit facility, which, in turn, create uncertainty around the ability to repay the loan should such a demand be made. In the long-term, the ability of the Company to operate as a going concern is dependent on its ability to achieve and maintain profitable operations and positive cash flow from operations, and, as necessary, to obtain the necessary equity or debt financing to continue with operations. To date, the Company has funded its operations through debt and equity financing. While the Company has been successful in raising capital and refinancing or extending its credit facility in the past, there is no assurance that it will be successful in closing further financings in the future, refinancing or extension of its credit facility, or obtaining waivers of covenant breaches if required in the future.

As a result, these factors are indicators that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize assets and discharge liabilities in the normal course of business.

Management believes that the use of the going concern assumption is appropriate for these condensed consolidated interim financial statements. If the Company were unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary. Such adjustments could be material to the condensed consolidated interim financial statements.

e) Functional currency

All figures presented in these condensed consolidated interim financial statements are reflected in Canadian dollars unless otherwise noted.

Foreign currency transactions are translated to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are translated to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are translated to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into Canadian dollars, the Company's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income or loss and accumulated in the foreign currency translation reserve within equity.

The Company and all of its subsidiaries' functional currency is Canadian dollars, except for the following: Emerge US Holdings LLC, BattlBox, LLC, Carnivore Club, LLC, Retail Store Networks, Inc., UnderPar Golf LLC, Just Golf Stuff LLC, and truLOCAL US., Inc. for which the functional currency is the U.S. dollar.

f) Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and be exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The condensed consolidated interim financial statements of the Company include EMERGE Commerce Ltd. and its wholly owned subsidiaries Emerge Brands Inc. ("Emerge Brands"), Emerge US Holdings LLC ("Emerge US"), truLOCAL Inc. ("truLOCAL Canada"), truLOCAL US., Inc. ("truLOCAL US"), Evandale Caviar Inc. o/a Buytopia.ca ("Buytopia"), Athletesvideo Ltd. ("Athletesvideo"), 2161184 Ontario Inc. ("UnderPar Canada"), and UnderPar Golf LLC ("UnderPar US"), BattlBox, LLC ("BattlBox), Carnivore Club Subscription Box Canada Inc ("Carnivore Club Canada"), Carnivore Club, LLC ("Carnivore Club US"), and Retail Store Networks, Inc. ("WholesalePet").

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(Expressed in Canadian dollars)

3. Significant accounting policies

Significant accounting policies applied in these condensed consolidated interim financial statements are the same as those applied to the Company's annual audited consolidated financial statements for the year ended December 31, 2021.

The preparation of the Company's condensed consolidated interim financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and accompanying disclosures. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future years could require a material change in the condensed consolidated interim financial statements.

4. Trade and other receivables

	September 30, 2022	December 31, 2021
	$	$
Trade receivables	**1,211,370**	850,648
Cash due from credit card and other payment processors	**668,264**	620,469
Other receivables	**85,233**	457,128
	1,964,867	1,928,245

5. Inventory

Inventory is comprised of products available for resale.

The cost of inventories recognized as an expense for the three months ended September 30, 2022 totaled $5,535,186 (2021 - $2,683,218) and $20,553,403 (2021 - $8,510,604) for the nine months ended September 30, 2022, presented in the line item 'cost of products sold and other direct costs' in the condensed consolidated interim statements of loss and comprehensive loss.

(Expressed in Canadian dollars)

6. Property and equipment

	Equipment	Building	Total
Cost	$	$	$
Balance, December 31, 2020	51,591	-	51,591
Additions	35,832	-	35,832
Additions from acquisition	52,668	568,153	620,821
Effect of foreign currency exchange differences	204	2,928	3,132
Balance, December 31, 2021	140,295	571,081	711,376
Additions	39,023	-	39,023
Effect of foreign currency exchange differences	5,596	46,351	51,947
Balance, September 30, 2022	**184,914**	**617,432**	**802,346**
Accumulated depreciation			
Balance, December 31, 2020	7,323	-	7,323
Depreciation	13,742	5,734	19,476
Balance, December 31, 2021	21,065	5,734	26,799
Depreciation	22,967	17,510	40,477
Effect of foreign currency exchange differences	1,162	1,702	2,864
Balance, September 30, 2022	**45,194**	**24,946**	**70,140**
Net carrying value			
December 31, 2021	119,230	565,347	684,577
September 30, 2022	**139,720**	**592,486**	**732,206**

7. Intangible assets

	Technology assets	Brands	Customer relationships	Non-compete	Merchant relationships	Total
	$	$	$	$	$	$
Cost						
Balance, December 31, 2020	2,212,405	1,694,765	4,750,000	310,000	7,099,529	16,066,699
Additions from acquisition	600,816	3,520,614	8,980,417	-	7,072,105	20,173,952
Effect of foreign currency exchange differences	7,728	29,961	77,669	-	90,962	206,320
Balance, December 31, 2021	2,820,949	5,245,340	13,808,086	310,000	14,262,596	36,446,971
Effect of foreign currency exchange differences	49,392	279,785	709,804	-	581,388	1,620,369
Balance, September 30, 2022	**2,870,341**	**5,525,125**	**14,517,890**	**310,000**	**14,843,984**	**38,067,340**
Accumulated amortization and impairment losses						
Balance, December 31, 2020	1,187,373	275,715	285,000	54,445	1,010,761	2,813,294
Amortization	395,896	449,127	2,101,795	103,333	830,485	3,880,636
Balance, December 31, 2021	1,583,269	724,842	2,386,795	157,778	1,841,246	6,693,930
Amortization	355,357	662,275	3,214,646	71,667	1,039,698	5,343,643
Effect of foreign currency exchange differences	9,351	36,937	188,729	-	44,140	279,157
Balance, September 30, 2022	**1,947,977**	**1,424,054**	**5,790,170**	**229,445**	**2,925,084**	**12,316,730**
Carrying amounts						
December 31, 2021	1,237,680	4,520,498	11,421,291	152,222	12,421,350	29,753,041
September 30, 2022	**922,364**	**4,101,071**	**8,727,720**	**80,555**	**11,918,900**	**25,750,610**

(Expressed in Canadian dollars)

8. Right-of-use asset and lease liability

The following schedule shows the movement in the Company's right-of-use asset during the period:

	Office premises
	$
Cost	
Balance, December 31, 2020	351,482
Addition from acquistion	72,565
Effect of foreign currency exchange differences	(647)
Balance, December 31, 2021	**423,400**
Effect of foreign currency exchange differences	2,779
Balance, September 30, 2022	**426,179**
Accumulated depreciation	
Balance, December 31, 2020	207,432
Depreciation	76,031
Effect of foreign currency exchange differences	(38)
Balance, December 31, 2021	**283,425**
Depreciation	83,045
Effect of foreign currency exchange differences	(365)
Balance, September 30, 2022	**366,105**
Carrying amount	
December 31, 2021	139,975
September 30, 2022	**60,074**

The following schedule shows the movement in the Company's lease liability during the period:

	$
Balance, December 31, 2020	206,118
Lease liability from acquisition	72,565
Interest accretion	20,602
Lease payments	(119,423)
Effect of foreign currency exchange differences	(610)
Balance, December 31, 2021	**179,252**
Interest accretion	9,297
Lease payments	(118,786)
Effect of foreign currency exchange differences	3,080
Balance, September 30, 2022	**72,843**
Current	72,843
Non-current	-
Balance, September 30, 2022	**72,843**
Short Term Lease Cost	**47,922**

The following table provides a maturity analysis of the Company's lease liability. The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows before deducting interest or finance charges.

	$
Less than one year	**74,409**

(Expressed in Canadian dollars)

9. Deferred consideration and contingent consideration

Deferred consideration

	$
Balance, December 31, 2020	926,831
Additional deferred consideration	4,349,828
Additional provision accounted for as remuneration and other adjustments	572,625
Payments made	(554,858)
Accretion	73,558
Effect of foreign currency exchange differences	39,421
Balance, December 31, 2021	**5,407,405**
Additional provision accounted for as remuneration and other adjustments	382,662
Accretion	272,287
Effect of foreign currency exchange differences	378,917
Balance, September 30, 2022	**6,441,271**
Current	3,882,019
Non-current	2,559,252
Balance, September 30, 2022	**6,441,271**

truLOCAL

In connection with the acquisition of truLOCAL, the Company is required to pay the vendors an amount equal to $1,500,000, payable on the second anniversary date of the acquisition. A portion of the deferred consideration to be paid to key employees is being accounted for as remuneration for post-combination services (representing 76.35% of the deferred consideration).

Included in “transaction costs” in the condensed consolidated interim statements of loss and comprehensive loss is an expense of $143,156 as post-combination remuneration for the three month period ended September 30, 2022 (2021 – reversal of $429,469). A total of $429,469 was expensed as post-combination remuneration for the nine months ended September 30, 2022 (2021 - $429,469).

Contingent consideration

	$
Balance, December 31, 2020	697,700
Additional contingent consideration	2,481,748
Change in fair value	(282,504)
Adjustment	(5,417)
Payments made	(409,778)
Effect of foreign currency exchange differences	31,921
Balance, December 31, 2021	**2,513,670**
Change in fair value	(1,749,678)
Effect of foreign currency exchange differences	84,129
Balance, September 30, 2022	**848,121**
Current	-
Non-current	848,121
Balance, September 30, 2022	**848,121**

(Expressed in Canadian dollars)

9. Deferred consideration and contingent consideration (continued)

truLOCAL

Contingent consideration in connection with the acquisition of truLOCAL consists of an earn-out, which is classified at FVTPL. A portion of the earn-out is being paid to key employees as remuneration for post-combination services for accounting purposes (representing 76.35% of the earn-out). A change in fair value of contingent consideration of $nil was recorded for the three and nine months ended September 30, 2022 (2021 - $256,620 gain and $179,723 gain). As at September 30, 2022, the contingent consideration was valued at $nil (December 31, 2021 - $nil).

BattlBox, Carnivore Club Canada, Carnivore Club US

Contingent consideration in connection with the acquisition of BattlBox, Carnivore Club Canada, and Carnivore Club US consists of an earn-out being paid to key employees as remuneration for post-combination services for accounting purposes (representing 100% of the earn-out). During the three and nine months ended September 30, 2022, the Company recognized $nil as remuneration expense in respect of the earn-out.

WholesalePet

Contingent consideration in connection with the acquisition of WholesalePet consists of an earn-out, classified at FVTPL, estimated using an expected value, option pricing model. A change in fair value of contingent consideration of $1,803,460 gain and $1,749,678 gain was recognized for the three and nine months ended September 30, 2022 (2021 - $nil).

10. Debt

The following schedule shows the movement in the carrying amount of debt during the period:

	$
Balance, December 31, 2020	**7,470,945**
Additional debt from acquisition	40,000
Proceeds from issuance of debt	17,000,000
Issuance costs	(213,277)
Accretion	737,567
(Gain) on debt modification	(690,914)
Repayments	(20,000)
Balance, December 31, 2021	**24,324,321**
Accretion	694,385
Balance, September 30, 2022	**25,018,706**

During the period, the Company entered into an amending agreement with the lender of its existing $25 million credit facility. Pursuant to the amendment, prior to the original maturity date and provided that the Company is not in default under the facility, the Company will have the option to extend the original maturity date by eight months, to June 29, 2023, by payment of an extension fee, payable in cash, common shares or a combination of both, at the option of the Company.

(Expressed in Canadian dollars)

11. Deferred revenue

The balance outstanding for deferred revenue consists mainly of consideration received from customers for orders received and paid for but not yet shipped and store credits. Deferred revenue was $1,632,899 as at September 30, 2022 (December 31, 2021 - $2,557,951).

12. Common shares

Authorized The Company is authorized to issue an unlimited number of common shares.

Issued

		#	$
Balance, December 31, 2020		88,367,301	30,092,142
Issue of common shares for cash (special warrants)	(i)	8,647,570	12,106,598
Issue of common shares for warrant exercise	(ii)	1,055,624	599,542
Issue of common shares for option exercise	(iii)	512,560	260,114
Issue of common shares for services	(iv)	432,379	605,331
Issue of common shares for compensation option exercise	(v)	31,000	16,236
Issuance costs:			
paid in cash			(1,362,265)
paid in shares			(605,331)
paid in warrants			(283,640)
Balance, September 30, 2021		**99,046,434**	**41,428,727**

		#	$
Balance, December 31, 2021		103,578,529	43,971,303
Issue of common shares for option exercise	(vi)	379,540	155,612
Balance, September 30, 2022		**103,958,069**	**44,126,915**

2021

(i) In March 2021, the Company raised an aggregate of $12,106,598 through a private placement offering of special warrants of the Company ("Special Warrants") (the "Offering"). Pursuant to the Offering, a total of 8,647,570 Special Warrants were sold at a price per Special Warrant of $1.40. In June 2021, the Special Warrants were converted into common shares for no additional consideration.

(ii) Throughout the period ended September 30, 2021, 1,055,624 common shares were issued pursuant to warrant exercises. The exercise price ranged from $0.50 to $0.80 per share.

(iii) During the period ended September 30, 2021, 512,560 options were exercised at a price ranging from $0.11 to $0.75.

(iv) As consideration for its services in connection with the Offering, the Company issued 432,379 Special Warrants to Agents of the financing, valued at $1.40. The Special Warrants were converted to common shares in June 2021 for no further consideration.

(v) During the period ended September 30, 2021, 31,000 compensation options were exercised at $0.40 per unit.

2022

(vi) During the nine months ended September 30, 2022, 379,540 options were exercised with an exercise price of $0.11 per share.

(Expressed in Canadian dollars)

13. Warrants

		#	$
Balance, December 31, 2020		6,547,341	285,228
Transfer to common shares upon exercise of warrants	(i)	(1,055,624)	(11,574)
Issue of warrants for private placement of special warrants	(ii)	691,804	283,640
Expiration of warrant		(100,000)	(509)
Balance, September 30, 2021		**6,083,521**	**556,785**

	#	$
Balance, December 31, 2021	5,154,021	477,159
Expiration of warrants	(662,000)	(40,657)
Balance, September 30, 2022	**4,492,021**	**436,502**

(i) During the period ended September 30, 2021, warrant holders exercised a total of 1,055,624 warrants at exercise prices ranging from $0.50 to $0.80, for gross proceeds of $587,968.

(ii) In March 2021, the Company issued 691,804 warrants as part of the private placement of special warrants. The warrants are exercisable for a period of 2 years from the date of issuance at an exercise price of $1.40 per common share. A total of 197,253 warrants were issued to Gravitas Securities Inc., a related party. A total of 10,234 warrants were issued to GIC Merchant Bank Corporation, a related party.

The fair value of the warrants was estimated using the Black-Scholes formula and the following inputs:

Estimated fair value per common share	$ 1.31
Exercise price of the warrant	$ 1.40
Expected volatility of the underlying common share	60.90%
Expected life of the warrant	2 years
Expected dividend yield	0.00%
Risk-free interest rate	0.24%
Estimated fair value per warrant	$0.41

The following table summarizes information concerning outstanding warrants at September 30, 2022:

Outstanding warrants	Exercise price	Weighted average remaining life (years)
200,000	$0.10	3.19
2,410,000	$0.50	3.20
81,700	$0.60	1.19
900,517	$0.75	0.95
208,000	$0.80	2.03
691,804	$1.40	0.44
4,492,021	**$0.69**	**2.23**

(Expressed in Canadian dollars)

14. Stock options and restricted share units

Stock options

The Company has a stock option plan (the "Plan") which authorizes the Board of Directors to grant incentive stock options to directors, officers, employees, and consultants. Options are exercisable for a maximum of 10 years from the date of grant. The vesting provisions, term, exercise price and other terms and conditions of the grant of options are made at the discretion of the Board of Directors.

The following reconciles the movement in options outstanding at the beginning and end of the period:

	For the nine months ended September 30, 2022		2021	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Balance, January 1	**9,933,728**	**0.34**	9,216,473	0.25
Exercised	**(379,540)**	**0.11**	(512,560)	0.24
Expired	**(241,875)**	**0.62**	-	na
Forfeited	**(254,375)**	**0.82**	-	na
Granted	**1,800,000**	**0.31**	1,290,000	1.00
Balance, September 30	**10,857,938**	**0.37**	9,993,913	0.35
Exercisable, September 30	**8,287,938**	**0.27**	7,928,913	0.22

The Company used the Black-Scholes formula to estimate the fair value of share options granted during the period, based on the following inputs:

	For the nine months ended September 30, 2022	2021
Weighted average estimated fair value per common share	$ 0.15-0.63	$ 0.92-1.35
Weighted average exercise price of the share option	$ 0.13-0.63	$ 0.92-1.35
Weighted average expected volatility of the underlying common share	49.86-60.46%	46.91-47.05%
Weighted average expected life of the share option	1.8 to 4 years	5 years
Weighted average expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	1.24-3.59%	0.43-0.91%

The Company considers the historical volatility of similar entities for which share price information is publicly available when estimating the expected volatility.

(Expressed in Canadian dollars)

14. Stock options and restricted share units (continued)

The following table provides additional information about the Company's stock options at September 30, 2022:

Exercise price	Outstanding options	Exercisable options	Weighted average remaining life (years)
$0.01	2,520,833	2,520,833	5.03
$0.11	1,625,470	1,625,470	5.06
$0.13	700,000	175,000	1.78
$0.16	300,000	75,000	1.78
$0.40	2,450,385	2,450,385	4.08
$0.50	700,000	175,000	1.78
$0.60	1,140,000	762,500	3.68
$0.63	100,000	37,500	3.30
$0.79	225,000	137,500	1.82
$0.92	846,250	235,000	3.73
$1.35	250,000	93,750	3.30
$0.34	**10,857,938**	**8,287,938**	**3.95**

Restricted share units

In May 2020, the Board of Directors adopted a restricted share unit plan (the "RSU Plan"), which authorized the granting of restricted share units ("RSU") to directors, officers, employees, and consultants. Each RSU represents the right to receive, once vested, one common share in the capital of the Company. Grants of RSUs are recorded at fair value at the time of grant and recognized as an expense over their vesting period. It is expected that the fair value of future grants of RSUs will be determined based on the closing price of the Company's common shares on the date of grant. In June 2021, the RSU Plan was voted against by disinterested shareholders. As a result, the RSU Plan and all grants were cancelled. The Company recognized the cancellation as an accelerated vesting of the RSUs resulting in an expense of $nil for the three and nine months ended September 30, 2022 (2021 – $nil and $1,116,034) for share-based payments related to RSUs, included in 'share-based compensation' in the condensed consolidated interim statements of loss and comprehensive loss. A total of $2,274,000 related to the cancelled RSUs was transferred from share-based benefits reserve to deficit.

The Company recognized a total expense of $85,108 and $312,007 for the three and nine months ended September 30, 2022 (2021 – $128,973 and $1,445,733) for all share-based payments.

(Expressed in Canadian dollars)

15. Related party transactions

Compensation of key management personnel

The remuneration of key management personnel, including directors and officers, during the period was as follows:

	Three months ended September 30,		Six months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Short-term benefits	**212,750**	230,000	**654,000**	630,000
Share-based payments	**4,561**	12,347	**16,078**	1,150,679
	217,311	242,347	**670,078**	1,780,679

In March 2022, the Company entered into a 12-month services agreement with Gravitas Securities Inc. with $12,500 monthly payable in cash, and $5,000 monthly payable through the issuance of common shares of the Company. The Company anticipates it will issue to Gravitas $30,000 of common shares on each of the six and twelve month anniversaries of the date of the services agreement with the shares valued at the greater of (a) the trailing 90-day volume weighted average price of the Common Shares on the TSX Venture Exchange calculated on a monthly basis in respect of the Common Share portion of each monthly retainer and (b) the maximum discounted price allowed by the TSXV.

During the three and nine months ended September 30, 2022, the Company provided services to GIC Merchant Bank Corporation for a total of $nil and $15,000 (2021 - $36,000).

Refer to Notes 12, 13 and 14 for additional related party transactions.

16. Capital management

The Company manages its capital to ensure it, and its subsidiary entities, will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. In the management of capital, the Company includes the components of shareholders' equity, short-term liabilities, debt, as well as cash. To maintain or adjust its capital structure, the Company may attempt to: issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company is required to obtain consent from the Company's lender prior to paying any dividends or distributions, incurring additional indebtedness, or selling or transferring assets other than in the course of ordinary business.

17. Financial instruments

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are described below.

Fair value

The carrying value of financial instruments classified at amortized cost approximate fair value due to their short-term nature.

Contingent consideration is accounted for at FVTPL as a Level 3 fair value measurement, and is revalued at each reporting period. The fair value is determined by estimating the expected earnout amount that will ultimately be payable.

(Expressed in Canadian dollars)

17. Financial instruments (continued)

Credit and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company does not provide any third party guarantees which would expose it to credit risk.

The maximum credit exposure at September 30, 2022 is the carrying amount of cash, trade and other receivables and restricted cash. The Company's exposure to credit risk is considered to be low, given the size and nature of the various counterparties involved and their history of performance.

The Company has not historically incurred any significant credit loss in respect of its trade receivables. Based on consideration of all possible default events over the assets' contractual lifetime, the expected credit loss in respect of the Company's trade receivables was minimal as at September 30, 2022.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets or liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company's arrangement for deferred consideration is non-interest bearing. The Company's debt bears interest at rate equal to the greater of 9% or the prime rate offered by TD Canada Trust plus 6.55% per annum. Accordingly, an increase in market interest rates could increase the amount of interest the Company must pay to the lender.

Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining adequate cash balances and borrowings, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table provides details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows which the Company can be required to pay:

	Less than one year	Years two and three	Later than three years	Total
	$	$	$	$
Accounts payable and accrued liabilities	9,842,684	-	-	9,842,684
Deferred consideration	4,155,135	2,741,400	-	6,896,535
Contingent consideration	-	848,121	-	848,121
Debt	25,000,000	110,000	-	25,110,000

Refer to Note 8 for a maturity analysis of the Company's lease liability.

17. Financial instruments (continued)

Foreign currency risk

The Company is exposed to currency risk related to the fluctuation of foreign exchange rates. The Company is exposed to currency risk through its net assets denominated in U.S. dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. A change of 1% in the U.S./CDN exchange rate on the September 30, 2022 balance would have had an immaterial impact on the balance sheet. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period follows:

	September 30, 2022	December 31, 2021
	USD$	USD$
Cash	**1,878,780**	1,944,502
Trade and other receivables	**932,291**	680,523
Accounts payable and accrued liabilities	**(2,682,516)**	(2,988,817)
Income tax payable	**(673,853)**	(592,597)
Net financial liabilities	**(545,297)**	(956,390)

18. Revenues

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
E-commerce - products	**11,043,892**	5,308,629	**39,116,442**	17,861,464
E-commerce - services	**880,624**	621,907	**3,391,187**	1,672,783
Advertising	**185,949**	128,543	**439,512**	435,054
	12,110,465	6,059,079	**42,947,141**	19,969,301

19. Selling, general and administrative expenses

	Three months ended September 30,		**Nine months ended September 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
Salaries, commissions and benefits	**2,313,662**	1,493,944	**7,184,327**	3,909,720
Consultants	**310,104**	391,104	**1,110,012**	1,199,180
General and administrative	**314,720**	133,954	**1,029,663**	431,750
Information technology	**206,900**	131,604	**598,453**	418,839
Professional fees	**(48,637)**	92,031	**243,068**	322,378
Short-term and variable lease payments	**139,337**	98,164	**445,073**	266,731
Advisory fees	**32,304**	34,708	**102,885**	129,411
	3,268,390	2,375,509	**10,713,481**	6,678,009

(Expressed in Canadian dollars)

20. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Interest expense on lease liability	**2,122**	4,606	**9,297**	15,987
Accretion expense on deferred and contingent consideration	**93,244**	3,697	**272,287**	11,093
Accretion expense on debt	**241,512**	192,623	**694,385**	545,387
Interest expense on debt	**711,815**	170,921	**1,897,260**	568,522
Bank charges and other finance costs	**16,042**	1,359	**38,889**	21,676
	1,064,735	373,206	**2,912,118**	1,162,665

21. Segmented information

Information reported to the Chief Operating Decision Maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on the nature of the operations. The Company operates in a single segment. Factors considered in determining the operating segments include the Company's business activities, the management structure directly accountable to the CODM, availability of discrete financial information and strategic priorities within the organizational structure.

Geographic information:

		September 30, 2022	September 30, 2021
Revenue		**$**	$
	Canada	**18,871,815**	17,102,234
	US	**24,075,326**	2,867,067
	Total	**42,947,141**	19,969,301

		September 30, 2022	December 31, 2021
Property and equipment		**$**	$
	Canada	**80,712**	67,237
	US	**651,494**	617,340
	Total	**732,206**	684,577

22. Government grants

On April 11, 2020, the Government of Canada enacted the Canada Emergency Wage Subsidy ("CEWS") that is available to employers subject to eligibility criteria, whose business has been adversely affected by COVID-19. The Company recognized wage subsidy funding of $nil for the nine months ended September 30, 2022 (2021 - $515,353), which has been recorded as a reduction in related salary and wages. The Company also received rent relief and government assistance with respect to rent for an aggregate of $nil (2021 - $18,588 and $85,826) which was recorded as a reduction in rent expense for the three and nine months ended September 30, 2022. Both are included in the line item 'selling, general and administrative' in the condensed consolidated interim statements of loss and comprehensive loss.

23. COVID-19

In December 2019, a novel strain of coronavirus ("COVID-19") emerged and has since spread to several countries, with infections reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The situation continues to be dynamic with various cities and countries around the world responding in different ways to address the outbreak. These impacts included business interruption as well as the triggering of a significant volatility in the financial markets. The extent of the effect of the COVID-19 pandemic on the Company may have a significant effect on the cash flows of the Company going forward.

24. Subsequent events

Credit Facility Amendment

In October 2022, the Company amended its $25 million credit facility for an additional 12-month term, with an additional 9-month extension option for a term of up to 21 months total. In consideration for amending the facility, the lender was entitled to certain fees and expenses, including a commitment fee equal to $275,000 which was satisfied by the issuance of 1,718,750 common shares of the Company. The Company and the lender have agreed to reduce the debt facility from $25 million to $19 million over the next 12 months, inclusive of principal payments and amortization.

Convertible Debentures

In November 2022, the Company closed an offering (the "Offering") of convertible debenture units (the "Debenture Units") of the Company at a price per Debenture Unit of $1,000 for gross proceeds of $2,781,000. Each Debenture Unit consists of one 10.0% senior unsecured convertible debenture (each a "Convertible Debenture") of the Company having a face value of $1,000 (the "Principal Amount") and 4,000 common share purchase warrants of the Company (each a "Warrant"). The Convertible Debentures shall bear interest at a rate of 10.0% per annum and will mature 36 months from closing (the "Maturity Date").

The Principal Amount per Convertible Debenture, shall be convertible, for no additional consideration, into common shares of the Company (each a "Common Share") at the option of the holder in whole or in part at any time and from time to time prior to the earlier of: (i) the close of business on the Maturity Date, and (ii) the business day immediately preceding the date specified by the Company for redemption of the Convertible Debentures upon a change of control, at a conversion price per Common Share equal to $0.20, subject to adjustment in certain events (the "Conversion Price").

Each Warrant shall entitle the holder thereof to acquire one Common Share for an exercise price of $0.25 per Common Share, subject to adjustment in certain events, for a period of 36 months following the closing.

In consideration for the services provided to Company by the Agents pursuant to the Offering, the Company paid to the Agents, cash commissions in the aggregate amount of $222,480 and issued an aggregate of 1,112,400 non-transferable broker warrants to the Agents, with each such broker warrant exercisable for a period of 36 months following the closing to acquire one Common Share at an exercise price of $0.25.