SuperBuzz Inc.
(formerly, Cross Border Capital I Inc.)

Interim Condensed Consolidated Financial Statements

For the three and six month periods ended June 30, 2022

(Expressed in United States Dollars)

(Unaudited)

Interim Condensed Consolidated Statements of Financial Position........3

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss........4

Interim Condensed Consolidated Statements of Changes in Equity........5

Interim Condensed Consolidated Statements of Cash Flows........6

Notes to the Unaudited Interim Condensed Consolidated Financial Statements........7

SUPERBUZZ INC. *(formerly, Cross Border Capital I Inc.)*
Interim Condensed Consolidated Statements of Financial Position
June 30, 2022 and December 31, 2021
(Expressed in thousands of United States Dollars except for Number of Shares)
UNAUDITED

	Note	June 30, 2022	December 31, 2021
		$	$
ASSETS			
Current			
Cash and cash equivalents		1,247	11
Other receivables	18	45	178
Trade receivables	18	-	6
Restricted cash		3	5
		1,295	200
LIABILITIES			
Current			
Bank indebtedness		7	-
Trade and other payables	11	425	291
Warrant liability	14(b)(d)	91	-
Promissory notes	12	-	262
		523	553
Loans payable		30	-
Shareholder loans	16(b)	220	140
		773	693
SHAREHOLDER'S SURPLUS (DEFICIENCY)			
Share capital	14(b)	6,529	4,769
Additional paid in capital	14(c)	2,414	210
Warrant reserve	14(d)	77	-
Options reserve	14(e)	37	-
Deficit		(8,535)	(5,472)
		522	(493)
		1,295	200

GOING CONCERN	*2*
SUBSEQUENT EVENTS	*19*

"Liran Brenner"	"Nahum Segal"	August 29, 2022
Liran Brenner Director	Nahum Segal Director	Date of approval of the financial statements

The accompanying notes form an integral part, and should be read in conjunction with, these interim condensed consolidated financial statements.

SUPERBUZZ INC. *(formerly, Cross Border Capital I Inc.)*
Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
For the three and six month periods ended June 30, 2022 and 2021
(Expressed in thousands of United States Dollars except for Number of Shares)
UNAUDITED

	Note	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
			$	$	$
REVENUES	6	-	-	272	466
DIRECT COSTS		-	-	217	325
GROSS PROFIT		-	-	55	141
EXPENSES					
Research and development	7	25	71	48	96
Transaction costs		480	480	-	
Selling, general and administrative	8	409	657	82	145
Finance expense (income), net	9	102	98	2,664	2,659
Public listing fee	1(a)	1,757	1,757	-	-
		2,773	3,063	2,794	2,900
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		(2,773)	(3,063)	(2,739)	(2,759)
LOSS PER SHARE					
Basic and diluted	17	(0.094)	(0.103)	(0.002)	(0.002)

The accompanying notes form an integral part, and should be read in conjunction with, these interim condensed consolidated financial statements.

SUPERBUZZ INC. *(formerly, Cross Border Capital I Inc.)*
Interim Condensed Consolidated Statements of Changes in Equity
For the three and six month periods ended June 30, 2022 and 2021
(Expressed in thousands of United States Dollars except for Number of Shares)
UNAUDITED

	Ordinary shares	Share capital	Additional paid in capital	Warrant reserve	Options reserve	Deficit	Total shareholders' surplus (deficit)
	#	$	$	$	$	$	$
Balance, as at December 31, 2020	8,156,714	625	23	9	-	(2,091)	(1,434)
Warrant issuance	-	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	-	(2,759)	(2,759)
Balance, as at June 30, 2021	8,156,714	625	23	9	-	(4,850)	(4,193)
Balance, as at December 31, 2021	22,362,483	4,769	210	-	-	(5,472)	(493)
Private placement	250,310	66	-	-	-	-	66
Shares issued for services	-	207	64	-	-	-	271
Change in fair value of warrant liability	-	-	10	-	-	-	10
Equity-settled shared-based payment	-	-	-	77	37	-	114
Net loss and comprehensive loss	-	-	-	-	-	(3,063)	(3,063)
Effect of reverse takeover transaction	7,029,067	1,487	2,130	-	-	-	3,617
Balance, as at June 30, 2022	**29,641,860**	**6,529**	**2,414**	**77**	**37**	**(8,535)**	**522**

The accompanying notes form an integral part, and should be read in conjunction with, these interim condensed consolidated financial statements.

SUPERBUZZ INC. *(formerly, Cross Border Capital I Inc.)*
Interim Condensed Consolidated Statements of Cash Flows
For the three and six month periods ended June 30, 2022 and 2021
(Expressed in thousands of United States Dollars except for Number of Shares)
UNAUDITED

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
OPERATING ACTIVITIES				
Net loss and comprehensive loss for the period	(2,773)	(3,063)	-	(20)
Items not affecting cash:				
Depreciation and amortization	-	-	-	1
Listing expenses	1,757	1,757	-	-
Change in fair value of convertible loans	-	-	-	3
Share-based compensation	235	385	-	3
	1,992	2,142	-	7
Changes in non-cash working capital:				
Other receivables	125	133	-	(4)
Trade receivables	6	6	-	-
Trade and other payables	166	134	-	(8)
	297	273	-	(12)
CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(484)	(648)	-	(25)
INVESTING ACTIVITY				
Change in restricted cash	(2)	2	-	-
FINANCING ACTIVITIES				
Bank indebtedness	(2)	7	-	-
Loans from shareholder	30	80	-	-
Loans payable	30	30	-	-
Repayments of promissory notes	(272)	(262)	-	-
Proceeds from private placement	-	80		
Net proceeds from Qualifying Transaction	1,947	1,947	-	-
CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES	1,733	1,882	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	1,247	1,236	-	(25)
Cash and cash equivalents, beginning of the period	-	11	4	29
Cash and cash equivalents, end of the period	1,247	1,247	4	4

The accompanying notes form an integral part, and should be read in conjunction with, these interim condensed consolidated financial statements.

1. GENERAL INFORMATION

SuperBuzz Inc. (formerly, Cross Border Capital I Inc., see Note 1(a)), (the "Company"), was incorporated in Israel in January 2018. The registered head office of the Company is located at 63 Levi Eshkol St., Tel- Aviv, Israel.

The Company's principal activity is providing a real-time marketing automation platform that increases customer engagement through dynamic push notification campaigns that deliver relevant, personalized messages in micro-moments that matter across mobile and desktop.

These interim condensed consolidated financial statements are presented in United States Dollars, except per share and number of share amounts, and are rounded to the nearest thousand.

(a) Reverse takeover

On July 15, 2021, Cross Border Capital I Inc. ("CBX"), a capital pool company as defined in in TSX Venture Exchange Policy 2.4., entered into a binding letter of intent (the "LOI") with Message Notify Ltd. ("MNL"). The letter of intent outlined proposed terms and conditions pursuant to which CBX and MNL would effect a business combination that would result in a reverse takeover of CBX by the shareholders of MNL (the "RTO").

The Tax Authority of Israel has issued a pre-ruling to the Company that, on successful completion of the Qualifying Transaction, the transaction is not taxable pursuant to provisions of Section 103J of the Ordinance or provisions thereof. The pre-ruling is contingent on full adherence to conditions, consisting substantially of certifications by the Company to not materially alter its nature of operations subsequent to closing the Qualifying Transaction, set forth in the Ordinance and the tax pre-ruling.

In advance of the RTO, MNL split its common shares on the basis of 5.1313:1 and completed a private placement of subscription receipts. Pursuant to the terms of the private placement, each subscription receipt automatically converted into one unit of securities of the MNL, with each unit composed of one ordinary share and one warrant immediately before the exchange of outstanding securities.

Upon closing of the RTO, MNL had 34,641,860 common shares issued and outstanding and 9,382,215 common shares reserved for issuance, comprised of 6,158,420 warrants, 460,000 stock options, and 2,763,795 RSUs.

On June 16, 2022, Cross Border Capital I Inc. ("CBX") completed the RTO with Message Notify Ltd. ("MNL"), whereby MNL acquired all of the issued and outstanding common shares of CBX. The effects of the RTO are described as follows:

1. All of the subscription receipts of CBX converted to MNL units in accordance with their terms, resulting in the issuance of 5,494,740 MNL common shares and 5,494,740 MNL warrants;
2. Immediately prior to completion of the RTO, an additional 1,216,228 MNL common shares were issued upon conversion of the SAFEs (Note 12);
3. All of the 29,641,860 MNL common shares outstanding immediately prior to the closing were sold and transferred to the CBX in exchange for the issuance of one CBX common share per MNL common share;
4. Each convertible security of MNL outstanding immediately prior to the closing, including the MNL warrants and MNL RSUs, were exchanged for one comparable convertible security of the Resulting Issuer, and each such convertible security of MNL was cancelled upon exchange;
5. MNL became the wholly-owned subsidiary of the Resulting Issuer, and the Resulting Issuer will carry on the business of MNL;
6. The corporate name of the Resulting Issuer was effected as "SuperBuzz Inc.".

(Expressed in thousands of United States Dollars except for Number of Shares)

1. GENERAL INFORMATION (CONT'D)

(a) Reverse takeover (cont'd)

For accounting purposes, the acquisition was considered to be a reverse acquisition under IFRS 3 as the shareholders of MNL obtained control of CBX. However, as CBX does not meet the definition of a business as defined by IFRS 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2. The accounting for this transaction resulted in the following:

- The consolidated financial statements of the combined entity are issued under the legal parent, CBX, but are considered a continuation of the financial statements of the legal subsidiary, MNL.
- As MNL is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.
- Since the shares allocated to the former shareholders of CBX on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of CBX acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense.

Listing expenses for the RTO were relating to deemed value of the shares issued, legal fees, issuance of warrants for consulting services provided, and other related costs, as follows:

	Number	Amount
	#	$
Consideration		
Common shares	5,000,000	1,506
Warrants	760,000	185
Legal fees incurred as part of the RTO		151
		1,842
Identifiable net assets acquired		
Cash held in trust		154
Prepaid expenses		-
Accounts payable and accrued liabilities		(69)
		85
Listing expense		1,757

This amount was recognized on the interim condensed consolidated financial statements in profit or loss.

2. GOING CONCERN

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The realizable values may be substantially different from their carrying values, as shown in these interim condensed consolidated financial statements. These interim condensed consolidated financial statements do not affect adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

As at June 30, 2022, the Company had total assets in excess of total liabilities of $522 (December 31, 2021 – total liabilities in excess of total assets $493), however, had a cumulative deficit of $8,535 (December 31, 2021 – $5,472). The Company has not yet been able to generate positive cash flows from operations. These conditions raise material uncertainties which may cast a significant doubt upon the Company's ability to continue as a going concern. Whether and when the Company can generate sufficient cash flows to pay for its expenditures and settle its obligations as they fall due after June 30, 2022, is uncertain.

To address the going concern risk, the Company continues to seek equity financing alternatives to support ongoing operations, monitor general and administrative expenses compared to budget, and optimize its operating processes.

3. BASIS OF PREPARATION

(a) <u>Statement of compliance</u>

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed consolidated financial statements are prepared on a basis consistent with the accounting policies disclosed in the audited financial statements for the fiscal year ended December 31, 2021; and should be read in conjunction with those audited financial statements. Interim results are not necessarily indicative of the results expected for the fiscal year.

These interim condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on August 29, 2022.

(b) <u>Basis of consolidation</u>

The interim condensed consolidated financial statements comprise the accounts of the Company and its controlled subsidiaries. The interim condensed consolidated financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases. The interim condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- power over the investee.
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies.

(Expressed in thousands of United States Dollars except for Number of Shares)

3. BASIS OF PREPARATION (CONT'D)

(b) Basis of consolidation (cont'd)

The Company's material subsidiaries as at June 30, 2022 are as follows:

Name of subsidiary	Country of incorporation	Ownership percentage	Relationship	Functional Currency
Message Notify Ltd.	Israel	100%	Subsidiary	U.S. Dollar
Cross Border Capital I Inc.	Canada	N/A	Parent	Canadian Dollar

(b) Functional and presentation currency

These interim condensed consolidated financial statements are presented in the United States dollars, which is the Company's functional and presentation currency.

(c) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

At the date of authorization of these interim condensed consolidated financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, had not yet been adopted by the relevant accounting body:

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts—Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*
Amendments to IAS 1 and	*Disclosure of Accounting Policies*
IFRS Practice Statement 2	
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the interim condensed consolidated financial statements of the Company in future periods.

(Expressed in thousands of United States Dollars except for Number of Shares)

5. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared in accordance with the accounting policies included in the Company's audited financial statements for the years ended December 31, 2021 and 2020. These accounting policies are based on the IFRS applicable at that time. The interim condensed consolidated financial statements do not include all of the disclosures included in the audited financial statements for the years ended December 31, 2021 and 2020 and accordingly, should be read in conjunction with the audited financial statements for the years ended December 31, 2021 and 2020 and notes thereto.

6. REVENUES

(a) Disaggregation of revenue

The Company derives its revenue from contracts with customers in the following major product lines. The disclosure of revenue by product line is consistent with the revenue information that is disclosed for each reportable segment.

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
Sales of enterprise media - to corporate customers	-	-	-	194
Sales of SaaS - to corporate customers	-	-	-	-
Sales of SaaS - direct retail customers	-	-	-	-
	-	-	-	194

(a) Disaggregation of revenue

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time.

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
Services transferred at a point in time	-	-	-	-
Services transferred over time	-	-	-	194
	-	-	-	194

(b) Unsatisfied performance obligations

The transaction price allocated to partially unsatisfied performance obligations as at June 30, 2022 is $Nil (December 31, 2021 – $Nil). The Company determines the basis for unsatisfied performance obligations based on the quantum of unsatisfied services, with respect to the contract with its customers, at a particular point in time.

(Expressed in thousands of United States Dollars except for Number of Shares)

7. RESEARCH AND DEVELOPMENT

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
Developer salaries and wages	17	44	28	62
Software and other information technology	8	27	20	34
	25	71	48	96

8. SELLING, GENERAL AND ADMINISTRATIVE

	Note	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
		$	$	$	$
Share-based payments	13, 14	235	385	-	3
Professional fees		138	210	59	89
Administrative salaries and wages		22	45	18	40
Office and general		14	17	5	13
		409	657	82	145

9. FINANCE INCOME AND EXPENSE

	Note	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
		$	$	$	$
Interest on shareholders and other loans		4	7	-	-
Change in fair value of convertible loans		-	-	2,301	2,304
Revaluation of promissory notes	12	-	-	398	398
Currency translation differences		98	91	(35)	(43)
		102	98	2,664	2,659

10. OPERATING SEGMENTS

The Company primarily provides a marketing automation platform with dynamic push notifications. In measuring its performance of its revenues, the Company does not distinguish or group its operations on a geographical or any other basis and, accordingly has a single reportable operating segment.

The directors have applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of the services and an expectation that operating segments within a reportable segment have similar economic characteristics.

The Company's Chief Executive Officer is the chief operating decision maker ("CODM") and regularly reviews The Company's operations and performance on a consolidated basis. The CODM receives reports exclusively on a consolidated basis and the reports are not segregated by revenue stream, given their nature is exclusively digital media advertising, regardless of the nature of the customer. All information technology management personnel and sales managers examine the results of operations on a consolidated basis and report to the CODM under this basis.

(Expressed in thousands of United States Dollars except for Number of Shares)

11. TRADE AND OTHER PAYABLES

	June 30, 2022	December 31, 2021
	$	$
Trade accounts payable	342	154
Employee-related liabilities	72	75
Other	11	62
	425	291

12. PROMISSORY NOTES

During the year ended December 31, 2021, the Company entered into a series of Simple Agreement(s) for Future Equity ("SAFE") with several investors. The agreements provide each investor with the option to, on liquidation, either (i) convert the consideration originally advanced into common shares of the Company based on a stipulated formula determining the price of each common share, or (ii) receive the original consideration in cash.

On the closing of these agreements, the Company received total consideration of $262, with this amount having been recorded as a current liability. As at December 31, 2021, $10 was still due from one of the investors in connection with the closing of the SAFE agreements.

The Company evaluated the fair market value of the SAFE agreements by considering different scenarios stipulated in the agreements by their weighted probability to occur. The fair market value of each individual scenario was estimated using the binomial lattice model with the assumptions listed below:

		March 31, 2022		December, 31 2021
Share price	**$**	**0.014**	$	0.014
Strike price	**$**	**0.045**	$	0.045
Term to maturity, in years		**0.65**		0.65
Expected volatility		**57.74%**		57.74%
Risk-free interest rate		**0.25%**		0.25%

During the three months ended March 31, 2022, one of the SAFE investors advanced a remaining $10 which had been due to the Company on the closing of the agreements, as described above, and had been recorded as an amount receivable at December 31, 2021.

Immediately prior to completion of the reverse takeover transaction (Note 1), the SAFEs were converted to common shares of the Company.

(Expressed in thousands of United States Dollars except for Number of Shares)

13. RESTRICTED SHARE UNITS

(a) General

The RSU Plan allows the Company to award restricted share units to officers, employees, directors and consultants of the Company upon such conditions as the Board may establish, including the attainment of performance goals recommended by the Company's compensation committee.

The purchase price for common shares of the Company issuable under each Restricted Share Unit ("RSU") award, if any, shall be established by the Board at its discretion. Common shares issued pursuant to any RSU award may be made subject to vesting conditions based upon the satisfaction of service requirements, conditions, restrictions, time periods or performance goals established by the board.

The RSUs are recognized as share-based compensation expense over the vesting period, which is generally 3 years.

(b) Activity during the period

During the three months ended March 31, 2022, the Company entered into a commitment to issue 180,563 RSUs immediately prior to completion of the Qualifying Transaction. The commitment was contingent on the Company successfully obtaining regulatory approvals.

During the three months ended June 30, 2022, the Qualifying Transaction received regulatory approval and the above-noted RSUs were successfully issued and immediately converted into common shares of the Company.

(c) Issued and outstanding

The Company's outstanding RSUs are as follows:

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
Balance, beginning of period	2,353,291	2,353,291	-	-
Granted	180,563	180,563	-	-
Cancelled	(283,351)	(283,351)	-	-
Converted	(180,563)	(180,563)		
Balance, end of period	2,069,940	2,069,940	-	-

During the three-month period ended June 30, 2022 and the six-month period ended June 30, 2022, share-based compensation expense for the Company's RSUs was $47 and $94, respectively (2021 – $175 and $175, respectively).

In April of 2022, the Company terminated its previous arrangement with an officer and director of the Company. As a result, 283,351 RSUs were cancelled and returned to the unallocated pool.

As at June 30, 2022, a total of 1,081,501 RSUs (December 31, 2021 – 635,895 RSUs) had vested.

(Expressed in thousands of United States Dollars except for Number of Shares)

14. SHARE CAPITAL

(a) Authorized

The Company is authorized to issue 51,313,000 common shares.

(b) Issued and outstanding, common shares

	Note	Shares	Consideration
		#	$
Balance as at December 31, 2020 and June 30, 2021		8,156,714	625
Balance as at December 31, 2021		22,362,483	4,769
Private placement	(i)	250,310	66
Shares issued for services	(ii)	-	207
Effect of reverse takeover transaction		7,029,067	1,487
Balance as at June 30, 2022		**29,641,860**	**6,529**

(i) During the three months ended March 31, 2022, the Company closed on the issuance of 250,310 units (the "Units") for gross proceeds of $80 in a private placement. Each Unit consisted of one common share of the Company and one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to acquire one additional share of the Company at a price of 0.60 CAD per share for a period of 10 years. The proceeds were allocated between share capital of $66 and a resulting warrant liability of $14. The Company evaluated the fair market value of the issuances consistent with that of the SAFE agreements by considering different scenarios stipulated in the agreements by their weighted probability to occur (Note 12).

(ii) In July 2021, 1,693,329 shares were issued to a Company's agent for the private placement offering as part of the agent's consulting fee for the period from May 2021 to its closing. The shares will be subject to cancellation if a successful listing on a stock exchange is not completed, and as a result, the Company recorded a share-based payment expenses in the amount of $103 (2021 - $Nil). The Company estimates the probable occurrence of a listing event, and therefore, the Company calculated the value of the grant according to IFRS 2. The agent has also a broker fee as described in Note 1(a).

(c) Additional paid-in capital

	Note	**2022**	2021
			$
Balance, beginning of period		**210**	32
Share-based payments	13	**64**	175
Change in fair value of warrant liability		**10**	3
Effect of reverse takeover transaction		**2,130**	-
		2,204	178
Balance, end of period		**2,414**	210

(Expressed in thousands of United States Dollars except for Number of Shares)

14. SHARE CAPITAL (CONT'D)

(d) Warrants

The following table reflects the continuity of the Company's warrants (see Note 1(a)):

	Note	Number	Weighted-average excersice price	Amount
		#	$	$
Balance as at December 31, 2020 and June 30, 2021		8,597,796	0.60	9
Balance as at December 31, 2021		-	-	-
Granted	14(b)(i)	6,158,420	0.60	77
Cancelled		-	-	-
Expired		-	-	-
Balance, as at June 30, 2022		**6,158,420**	**0.60**	**77**

(e) Options

On June 16, 2022, the Company granted incentive stock options pursuant to its Stock Option Plan. Each Option entitles the holder to purchase one common share of the Company at the weighted-average exercise prices and exercise periods listed below, vesting immediately (see Note 1(a)).

Expiry date	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)
		$	#
22-Dec-30	460,000	0.10	8.48
	460,000	**0.10**	**8.48**

The fair value of the options granted during the year was determined using the Black-Scholes pricing model using the assumptions as follows:

Fair value	$	0.0692
Share price	$	0.0692
Exercise price	$	0.1000
Expected volatility (weighted-average)		90%
Expected life (weighted-average, in years)		8.50
Expected dividends		-
Risk-free interest rate (based on government bonds)		0.50%

(Expressed in thousands of United States Dollars except for Number of Shares)

14. SHARE CAPITAL (CONT'D)

(e) Options (cont'd)

The following table reflects the continuity of the Company's options (see Note 1(a)):

	Number	Weighted-average excersice price	Amount
	#	$	$
Balance as at December 31, 2020 and June 30, 2021		-	-
Balance as at December 31, 2021		-	-
Granted to key management personnel	Vesting on grant date	230,000	0.10
Granted to consultants	Vesting on grant date	230,000	0.10
Cancelled	Vesting on grant date	-	-
Exercised	Vesting on grant date	-	-
Outstanding, June 30, 2022		**460,000**	**0.10**
Exerciseable, June 30, 2022		**460,000**	**0.10**

15. CAPITAL MANAGEMENT AND DEBT

The Company considers its capital to be its shareholders' equity.

As of June 30, 2022, the Company had a shareholders' surplus of $522 (December 31, 2021 – deficiency of $493). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise.

The Company does not use ratios in the management of its capital. There have been no changes to management's approach to managing its capital during the three and six month periods ended June 30, 2022 and 2021.

16. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management includes the following:

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
Total compensation paid to key management	58	111	53	100
Share-based payments	23	50	14	14
Management fee to a director	9	15	6	6
	90	176	73	120

16. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Key management compensation (cont'd)

Total compensation paid to key management is recorded in consulting fees and salaries and wages in the interim condensed consolidated statement of loss and comprehensive loss for the three and six month periods ended June 30, 2022 and 2021.

Amounts due to related parties as at June 30, 2022 with respect to the above fees were $72 (December 31, 2021 – $44). The amounts due to related parties are recorded within accounts payable and accrued liabilities on the interim condensed consolidated statements of loss and comprehensive loss. These amounts are unsecured, non-interest bearing and due on demand.

(b) Shareholder loans

(i) Existing at the beginning of period

As at December 31, 2021, the Company had two promissory notes outstanding with an aggregate balance of $140 (December 31, 2021 – $140) to two of its shareholders. The promissory notes bear interest at 5% on $70 and 10% on $70 per annum, respectively, and were repayable on February 1, 2022. Subsequent to period-end, the two shareholders agreed to postpone repayment of the promissory notes until January 1, 2024.

(ii) Activity during the period

In February of 2022, the Company received a loan from one of its SAFE investors (Note 15(a)) for $50. The loan bears interest at 5% per annum, is unsecured, and repayable on the earlier of: January 1, 2024, or upon the occurrence of various liquidity events. The loan is repayable prior to maturity, at the Company's discretion, without penalty. Subsequent to period-end, in contemplation of the Qualifying Transaction, the shareholder agreed to postpone repayment until the close of the Qualifying Transaction (Note 1(a)).

(ii) Interest expense

Interest expense accrued on these promissory notes as at June 30, 2022 was $Nil (December 31, 2021 – $1).

17. LOSS PER SHARE

Basic loss per share is calculated using the weighted-average number of common shares outstanding during each period. Diluted loss per share assumes the conversion, exercise or issuance of all potential common share equivalents unless the effect is to reduce the loss or increase the income per share.

For purposes of this calculation, stock options, warrants and RSU's are considered to be potential common shares and are only included in the calculation of diluted loss per share when their effect is dilutive.

Due to the net loss incurred during the three and six month periods ended June 30, 2022, and 2021, all outstanding options, RSU's and warrants were excluded from diluted weighted-average common shares outstanding as their effect was anti-dilutive.

Weighted average common shares outstanding for the three and six month periods ended June 30, 2022, and 2021 were 29,641,860 and 29,641,860, respectively.

(Expressed in thousands of United States Dollars except for Number of Shares)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks including foreign currency risk, interest rate risk, credit risk, and liquidity risk. These financial instrument risks are actively managed by the Company under the policies approved by the Board of Directors. On an ongoing basis, the finance department actively manages market conditions with a view to minimizing the exposure of the Company to changing market factors, while at the same time limiting the funding costs to the Company.

(b) Credit 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 has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses information supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information and its own records to rate its customers. Credit risk arises from cash with banks as well as credit exposure to outstanding receivables. The carrying amounts represent the Company's maximum exposure to credit risk.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect to accounts receivable. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance for doubtful accounts was $6 and $6 as of June 30, 2022, and December 31, 2021, respectively.

The Company's accounts receivable are concentrated among customers in the media and broadcasting industry, which may be affected by adverse economic factors impacting that industry. The Company performs ongoing credit evaluations of its major customers, maintains reserves for expected credit losses, and does not require any collateral deposits.

The below tables reflect the aging of the Company's aging by invoice date of gross trade accounts receivable and allowance for doubtful accounts as of June 30, 2022, and December 31, 2021, respectively:

June 30, 2022	0-30	31-60	61-90	91+	**Total**
	$	$	$	$	**$**
Other receivables	-	-	-	45	**45**
Trade receivables	-	-	-	6	**6**
	-	-	-	51	**51**
Allowance for doubtful accounts	-	-	-	(6)	**(6)**
% allowance	0%	0%	0%	12%	**12%**

December 31, 2021	0-30	31-60	61-90	91+	Total
	$	$	$	$	$
Other receivables	69	-	-	-	69
Deferred issuance costs	109	-	-	-	109
Trade receivables	-	-	-	12	12
	178	-	-	12	190
Allowance for doubtful accounts	-	-	-	(6)	(6)
% allowance	0%	0%	0%	50%	3%

(Expressed in thousands of United States Dollars except for Number of Shares)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

The Company's continuity of expected credit losses is as follows:

	For the 3 months ended June 30, 2022	For the 6 months ended June 30, 2022	For the 3 months ended June 30, 2021	For the 6 months ended June 30, 2021
	$	$	$	$
Opening balance of expected credit losses	6	6	46	46
Recognition of expected credit losses	-	-	(40)	(40)
	6	6	6	6

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. The Company manages liquidity risk by continuously monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

The Company's policy is to seek to ensure adequate funding is available from operations and other sources, including debt and equity capital markets, as required.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	< 1 year	1-2 years	2-5 years
	$	$	$
Trade and other payables	425	-	-
Loans payable	30	-	-
Shareholder loans	220	-	-
	675	-	-

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value risk with respect to debt which bears interest at fixed rates.

(e) Foreign exchange rates

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to fluctuations of financial instruments related to cash, accounts and other receivables, debt and accounts payable denominated in foreign currencies.

(Expressed in thousands of United States Dollars except for Number of Shares)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(f) Fair value hierarchy

The following tables combine information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- **Level 1:** This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- **Level 2:** This level includes valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1.
- **Level 3:** This level includes valuations based on inputs which are unobservable.

As at June 30, 2022:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and cash equivalents	-	-	-	1,247
Other receivables	-	-	-	45
Trade receivables	-	-	-	-
Restricted cash	-	-	-	3
Carrying value at June 30, 2022	-	-	-	1,295

	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	$	$	$
Financial liabilities:			
Bank indebtedness	-	-	7
Trade and other payables	-	-	425
Warrant liability	91	-	-
Loans payable	-	-	30
Shareholder loans	-	-	220
Carrying value at June 30, 2022	91	-	682

(Expressed in thousands of United States Dollars except for Number of Shares)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(f) Fair value hierarchy (cont'd)

As at December 31, 2021:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and cash equivalents	-	-	-	11
Other receivables	-	-	-	178
Trade receivables	-	-	-	6
Restricted cash	-	-	-	5
Carrying value at December 31, 2021	-	-	-	200

	FVTPL - mandatorily measured	FVTPL - designated	Amortized cost
	$	$	$
Financial liabilities:			
Trade and other payables	-	-	291
Promissory notes	262	-	-
Shareholder loans	-	-	140
Carrying value at December 31, 2021	262	-	431

A summary of instruments, with their classification in the fair value hierarchy is as follows:

	Level	**30-Jun-22 Carrying value**	30-Jun-22 Fair value
		$	$
Warrant liability	Level 3	**91**	91
Promissory notes	Level 3	**-**	-
Loans payable	Level 1	**30**	30
Shareholder loans	Level 1	**220**	220

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

(f) Fair value hierarchy (cont'd)

The Company's inputs considered in its Level 3 classification are as follows:

Valuation technique	Key inputs	Relationship and sensitivity of unobservable inputs to fair value
The fair value of the promissory notes as at December 31, 2021 has been calculated using a binomial lattice methodology.	The conversion ratio between promissory notes and common shares of the Company. The Company's value as at the date of valuation. The probability of the occurrence of the Qualifying Transaction. The discount for lack of marketability. Other inputs as disclosed in Note 12.	The estimated fair value would increase (decrease) if: The share price of the Company was higher (lower) The strike price of the Company was lower (higher) The term to maturity, in years, was lower (higher) The measure of stock price volatility was lower (higher) The probability of successful completion of the Qualifying Transaction was higher (lower)