REKLAIM

REKLAIM LTD. (FORMERLY KILLI LTD.)

Management's Discussion & Analysis
As at June 30, 2022 and 2021

DATED: August 25, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the consolidated financial statements of Reklaim (formerly, Killi Ltd.) ("**the Company**") and the notes to those statements as for the period ended June 30, 2022. The accompanying condensed interim financial statements have been prepared by and are the responsibility of Reklaim's management. The consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34 and International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Dollar amounts are expressed in Canadian dollars unless otherwise noted.

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking information and forward-looking statements. Except for statements of historical fact that address activities, events, or developments that the Company believes, expects, or anticipates will or may occur in the future, constitutes forward-looking statements. The Company cautions that this MD&A may contain forward-looking statements that involve several risks and uncertainties, including statements regarding the addition of accounts and the conversion of such accounts to users; the growth of the Company's active user base; the Company's strategic partnerships; the Company's growth of revenue generated; the Company's plans to scale its business; the Company's communications with accounts; the introduction of new products and features such as Data Earnings (formerly, Killi Paycheck); My Footprint; improvements to user experience on the Reklaim platform; and the outlook for the Company's business and results of operations. Forward-looking statements include those identified by the expressions "will," "may," "should," "continue," "anticipate," "believe," "plan(s)," "estimate," "project," "expect," "intend" and similar expressions to the extent that they relate to the Company or its management. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such risks and uncertainties include, but are not limited to: the Company may not be successful in acquiring data, adding accounts to its platform, or converting such accounts to users; the Company's active user base may not grow despite the Company's efforts; the Company may not be able to cultivate strategic partnerships in the future; the Company's revenue may not increase over time; the Company may not be able to scale its business; the Company may not be successful in obtaining opt-in from the accounts; the Company may not introduce any new products or features; the Company may not be able to improve user experience on the Reklaim platform; the ability of the Company to implement its growth strategy and the uncertainty surrounding the spread of COVID-19 and the impact it will have on the Company's operations and economic activity in general.

Forward-looking statements are provided to assist external stakeholders in understanding management's expectations and plans relating to the future as of the date of this MD&A and may not be appropriate for other purposes. Forward-looking statements are made as of the date of this MD&A, and Reklaim disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers should not place undue reliance on the Company's forward-looking statements.

OVERVIEW OF THE BUSINESS

Every consumer has a data profile that is circulating in the market today. No consumer has access to this profile nor options or control over it. Reklaim is focused on changing this for the world's 7 billion consumers. Reklaim's mission is to provide every single consumer with access to their data, to view the data that is in the market; to see what companies are using it for; to see how much revenue is being generated from it, and; to allow consumers to take back control of this data and decide what THEY want to do with their data. The future of data includes the consumer, and Reklaim aspires to be the company to do that.

Consumers in North America can visit Reklaim and add an email address or phone number to the platform to query what data is circulating on them in the market today. Once validated, Reklaim cross-references this email address or phone number across approximately 30,000 different data and security sources and shows the user the data others are exploiting and what has been breached or hacked. Reklaim is the only company in the world that provides this service. With this transparency now supplied to a consumer, the user can decide if they would like to place this data in a Reklaim account. In a Reklaim account, users can edit, add or remove data from their profile. They can also opt-out or opt-in to be compensated in exchange for the use of their data. Should a user opt-in, they will receive a weekly paycheck that they can claim weekly and have redeemed into various forms, including, but not limited to, crypto, gift cards, or charitable donations. Users who prefer not to sell their data can choose a suite of privacy products to reduce the amount of data they leak into the market from their various devices. Currently, 87% of the North American population can find data in the Reklaim ecosystem when adding more than one email or phone number.

By offering compliant, zero-party data to brands, agencies, platforms, and data companies, Reklaim provides an environment where these firms can purchase this data directly from the user (Fair Trade Data), solving data issues around compliance and fidelity, privacy, and consent. Reklaim earns a commission each time data is purchased.

In September 2021, the Company announced a rebranding from Killi to Reklaim to align the Company's brand more directly with its mission of providing consumers with a destination to view and take action from their data. Reklaim believes that there is currently no Direct-to-Consumer ("**DTC**") brand in the marketing for consumer data and believes by becoming the destination for consumers that, its brand will become synonymous with consumer privacy.

Reklaim Highlights for the period ending June 30, 2022 (Q2 2022)

- Second quarter 2022 revenue grew to $645,008, a 65% increase over Q1 2022 and a 216% increase over YTD 2021. This marks Reklaims' highest grossing revenue to date.
- Recurring revenue in the second quarter of 2022 grew to 85% and is 87% YTD 2022.
- Gross Margins improved to -1%, as compared to -106% in Q2-2022.
- 87% of users in North America can find data inside of Reklaim when more than one email or phone number has been added to the platform
- Completed two tranches of a non-brokered private placement offering for total gross proceeds of $1,564,997.

Key Performance Indicators ("KPIs") for 2022

Following our efforts to scale data accounts and distribution channels, Reklaim is successfully executing its business-to-business ("**B2B**") strategy of selling unique consumer data to a large and growing list of clients. Although our business has seasonality (more robust in the fourth calendar quarter vs. the first calendar quarter), our B2B sales efforts are ramping up. We track our progress with the following KPIs:

- Increased the number of B2B customers to 98 at the end of Q2 2022 compared to 65 in Q2 2021. This represents a 51% increase or 33 additional customers.
- Increased the number of NEW clients by 51% in Q2 2022 compared to the same quarter 2021
- Revenue generated through platforms increased by 66% in Q2 over Q1, and by 234% year-over-year. We anticipate growth to continue and will help scale the business faster in the future as we continue to leverage these established channels.

OBJECTIVES AND OUTLOOK

Reklaim now has over 320 million accounts on its platform through strategic partnerships with data companies, security firms, and publishers. These partners bring their data to Reklaim to augment the fidelity of this data. Typical use cases for partners are adding new identifiers such as email or mobile ID to an existing profile, adding attributes such as age and gender to an existing profile, or re-enforce consent from a user. Although the Company anticipates the number of profiles will continue to grow, Reklaim's priority is to drive increased revenue by selling more data to more brands, agencies, and data companies while simultaneously expanding sales distribution for Reklaim data. Revenue is accelerating quarterly, with a growing list of Fortune 500 clients buying Reklaim data.

The US$245 billion[1] data market is transitioning from one of consumer inclusion to one that legally requires it. The EU, Canada, California, Colorado, Virginia, Utah, and Connecticut have passed consumer data privacy laws requiring more consumer inclusion. Furthermore, 28 U.S. states[2] have proposed privacy Bills that focus on consumer inclusion and privacy. In addition, in January 2023, the California Privacy Right Act will go into effect. This law created the California Privacy Protection Agency, which, amongst duties, will enforce the laws enshrined in the California Consumer Privacy Act. In the absence of a U.S. federal data privacy law (although the Information Privacy and Data Transparency Act was re-introduced), enterprises that use unconsented consumer data face legal and logistical issues to remain compliant across state lines. CEOs of companies that ingest data are looking to neutralize this liability by partnering with companies that can provide the required data they need to run their businesses while mitigating this legal and supply exposure.

Compounding these privacy issues are the actions taken by big technology firms to protect user data. Apple now allows iOS users to opt out of ad tracking, which over 90% of users choose to do. At the same time, Google announced it would ban third-party cookies in Chrome, a browser with over 65% global market share. The removal of the cookie by Google will remove tracking for the 1.8 billion websites operating on the open web today that rely on this variable to monetize their property. Every publisher will be required to find a new supplier or risk going dark. It is important to note that Reklaim can provide the necessary data to these brands to offset cookie deprecation. These two changes by Apple and Google have already had a material impact on the industry. Any company that depends on Apple or the Google 'cookie' data must find new suppliers. In Q4 2021, Facebook announced a USD$10 billion reduction in earnings due precisely to the Advanced Ad Tracking (ATT) privacy change in Apple. Similar write-downs occurred at Twitter, SNAP, Pinterest and other companies that rely on this data. We expect this trend to continue in future quarters and accelerate as additional variables such as IP Addresses and mobile IDs are restricted further.

The data market is going through a massive reduction in supply as OEM allow less and less data to leak from their devices. Similar to any supply crunch, when the available inventory is reduced, those with supply stand to benefit from both increased sales as well as pricing. Reklaim is positioned to take advantage of this supply reduction now and in quarters to come as the reduction accelerates. Brands, companies and advertising agencies, who all currently buy data today, will not stop buying data in the future, but rather will be required to find a new supplier

[1] https://www.statista.com/statistics/1135046/value-of-data-market-us/#statisticContainer
[2] https://iapp.org/resources/article/us-state-privacy-legislation-tracker/

that is both compliant and has scale. The Company stands to benefit from our scale of data as brands, agencies, and platforms are cut off from their previous supply and are forced to look to new companies that can provide data at a scale that is both compliant and not exposed to cookies. As the industry collapses, Reklaim is positioned to take advantage of all current data buyers looking for a new supplier.

The Company anticipates continued growth in the number of customers buying its data. Revenue per account should increase as the data segments, and internal sales team grows. Selective M&A opportunities to absorb data companies with top-line revenue and Fortune 500 clients but lack the tools to stay compliant in the future are also options that Reklaim will look at to accelerate the growth of the business. Additionally, media companies that lack a unique set of data from which to differentiate themselves are also possible targets for the company in the future as a vertically integrated privacy + media + data execution is currently lacking in the market today. The Company expects future quarters in 2022 to show similar growth to previous quarters.

Key goals for Q3 2022

- Continue to increase the distribution network by expanding the number of platforms in which Reklaim delivers its data, resulting in an increase in the amount of revenue generated across the channels
- Continue to increase the Company's B2B customer base and revenue by capitalizing on the momentum in the market and establishing Reklaim's brand.
- Prepare for integrating our services into the blockchain by introducing the ability for users to create a 'wallet' on account creation.
- Drive efficiencies in our cloud-based processing, data architecture, and organizational chart to bring the company to neutral cash flow in 2022
- Generate positive gross margins on a quarterly go forward basis
- Remove unprofitable modules such as collecting credit card purchase data and our initial version of the Reklaim browser extension to focus more time on existing, more lucrative modules.
- Alter the methodology of how the weekly pay cheque is offered to users, requiring them to 'claim' this paycheck by entering the product weekly to prove they are 'active' and not fraud. This change will have a material positive impact on cash flow.

Business-to-Business Growth

The Company focuses on increasing the volume of data sold to existing and new clients from the insights generated from its 320 million data profiles. To accelerate its data monetization, the Company plans to increase the size of its existing sales team in the USA while expanding on its inside sales team to generate more leads. Additionally, the Company will look for selective, cash flow neutral, or positive acquisitions to drive more revenue and volume on the business.

Accounts versus Active Users

In addition to individuals signing up directly to the Reklaim platform, the Company acquires consented data through partnerships with publishers and data companies. The Company has recently eliminated any paid data partnerships inside Reklaim. We believe that these companies do not provide enough value to either Reklaim's scale or fidelity. Like Uber and Airbnb, Reklaim aspires to have no data, acting as a destination for consumers who can manage their data for a fee creating an increasingly high margin, asset-light business model.

After integrating data from its partners, the Company attempts to contact each account to notify them of how they can access their data while allowing them to take advantage of the income opportunities offered in the Company's ecosystem. Through Reklaim's My Footprint, which was introduced in 2021, users can see what data companies are purchasing and for how much. Reklaim is the only company today offering consumers access to the data that has historically been collected and sold without their participation. Upon joining the Reklaim platform, the Company recognizes such an account as active and is integrated into the Company's ecosystem.

If the account opts out, the account is removed from the Company's platform.

SUMMARY OF FINANCIAL AND OPERATING RESULTS

Selected Financial Information

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2022**	2021
Revenue	**$ 645,008**	$ 171,070	**$ 1,035,949**	$ 328,058
Cost of Services	**650,615**	255,336	**1,457,758**	480,504
Gross Margin	**(5,607)**	(84,266)	**(421,809)**	(152,446)
General and administrative	**320,035**	540,171	**793,853**	773,530
Research and development	**168,965**	244,518	**674,829**	451,896
Selling and business development	**276,846**	274,155	**638,386**	572,181
Marketing	**360,280**	432,760	**671,781**	891,296
Total comprehensive loss for the period	**$ (814,713)**	$ (1,502,425)	**$ (2,889,323)**	$ (2,809,599)

a) Revenue

The Company currently generates revenue through two revenue streams: identity and platform. Identity revenue is generated by selling derivative data products that consist of new identifiers, behavioral attributes, and consent.

Platform revenue is generated by selling audience segments to data platforms. The following chart shows the breakdown of revenue earned in the various channels for the period ended June 30, 2022, and 2021.

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Revenue				
Identity	**$ 205,286**	$ 66,859	**$ 345,218**	$ 127,537
Platform	**439,722**	104,211	**690,731**	200,521
Total revenue	**645,008**	171,070	**1,035,949**	328,058

The Company's operating revenue increased 216% from the period ended June 30, 2021, to June 30, 2022. This increase was due to the Company's focus on monetizing the scale and distribution.

The Company's other income is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Other income				
Gain on sale of Freckle business unit	**$ -**	$ 92,690	**$ 4,446**	$ 108,655
Other income	**316,798**	-	**316,798**	
Interest income	**222**	3,273	**274**	6,272
Total other income	**$ 317,020**	$ 95,963	**$ 321,518**	$ 114,927

This gain on sale is directly related to the definitive asset purchase agreement with PlaceIQ. Revenue share from the sold book of business has been recognized and is offset by legal expenses directly attributable to the transaction.

Other income relates to a gain on reversal of accounts payable, which the Company's management determined to be statute barred under the Limitations Act (Ontario).

Interest income relates to interest earned on funds held as part of a deposit account.

b) Cost of Services/Gross Margin

The Company's cost of services is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Data Engineering				
Salaries	**$ 63,958**	$ 78,814	**$ 155,003**	$ 145,374
Hosting fees	**379,011**	127,101	**1,032,892**	236,299
Total data engineering costs	**$ 442,969**	$ 205,915	**$ 1,187,895**	$ 381,673
Management Platforms	**207,646**	49,321	**269,863**	98,831
Total cost of sales	**$ 650,615**	$ 255,236	**$ 1,457,758**	$ 480,504

In Q4 2021, we signaled the beginning of the process of streamlining the costs of sales to bring the company to neutral cash flow. This process has begun and has started to manifest in Q2 2022, with a 19% decrease in cost of sales as compared to Q1-2022, resulting from a decrease in hosting fees by $653,881. We expect the cost of services to decline dramatically in the coming quarters as efficiencies and changes were made at the end of Q2 that will begin to manifest more clearly in Q3 and future quarters. With the growth rates in revenue we have experienced in previous quarters, the Company is set for accelerated margin and top-line profitability in the near term.

The data engineering costs are salaries, benefits, and web hosting/processing fees directly associated with sales, rather than in Research and Development.

Management platforms are costs related to platform fees and running consumer facing polls.

The Company's gross margin is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	**2022**	2021
Revenue	$ **645,008**	$ 171,070	$ **1,035,949**	$ 328,058
Cost of Services	**650,615**	255,336	**1,457,758**	480,504
Gross Margin	$ **(5,607)**	$ (84,266)	$ **(421,809)**	$ (152,446)
Gross Margin %	**-1%**	-49%	**-41%**	-46%

For Q2 2022, the Company's growing revenue line combined with streamlining of costs of services resulted in an improvement of gross margins. The 3 months ended June 30, 2022 saw a gross margin of -1% (-$5,607), compared to -106% (-$416,202) in Q1-22, a 99% improvement. Year-to-date gross margins improved to -41%, as compared to -46% in the same period 2021, an improvement of 11%. Through automation, continued cost reduction and growing revenue in platforms, the Company will see improved gross margins for all products moving forward.

c) Expenses

General and administrative expenses decreased to $320,035 and increased to $793,853 for the three and six months ended June 30, 2022, compared to $540,171 and $773,530 for the same periods in 2021 (decrease of 41% and increase of 3% respectively). This reduction for the three months ended June 30, 2022, is primarily driven by decreased licenses dues and subscriptions, and professional services costs and the HHBRP.

Research and development expenses decreased to $168,965 and increased to $674,829 for the three and six months ended June 30, 2022 compared to $244,518 and $451,896 for the same periods in 2021 (decrease of 31% and increase of 49% respectively). The decrease for the three months ended June 30, 2022 was primarily driven by streamlining hosting fees and the Company's architecture while the YTD increase was primarily driven by salaries and third-party contractors due to a temporary expansion in the engineering team. We expect these costs to decline in the coming quarters.

Selling and business development expenses increased to $276,846 and increased to $638,386 for the three and six months ended June 30, 2022 compared to $274,155 and $572,181 for the same periods in 2021 (an increase of 12% and increase of 1% respectively). Salaries primarily drove the increase as the company expanded and scaled the sales team. We expect these costs to decline in the coming quarters.

Marketing expenses decreased to $360,280 and decreased to $671,781 for the three and six months ended June 30, 2022 compared to $432,760 and $891,296 for the same periods in 2021 (a decrease of 25% and decrease of 17% respectively). The rebranding effort drove the expenditure in 2021.

SELECT QUARTERLY RESULTS

	2022		**2021**				**2020**				**2019**
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue - continued operations	645,008	390,941	454,585	217,293	171,577	156,745	142,870	9,686	10,252	15,035	13,528
Revenue - discontinued operations			-	-	-	-	-	-	-	1,225,509	996,437
Total revenue	**645,008**	**390,941**	**454,585**	**217,293**	**171,577**	**156,745**	**142,870**	**9,686**	**10,252**	**1,240,544**	**1,009,965**
Cost of services - continued operations	650,615	807,143	489,627	469,279	260,533	220,237	351,420	32,860	2,022	5,549	9,750
Cost of services - discontinued operations			-	-	-	-	(14,119)	(59,321)	159,455	354,469	412,420
Total cost of services	**650,615**	**807,143**	**489,627**	**469,279**	**260,533**	**220,237**	**337,301**	**(26,461)**	**161,477**	**360,018**	**422,170**
Gross profit - continued operations	(5,607)	(416,202)	(35,042)	(251,986)	(88,955)	(63,491)	(208,550)	(23,174)	8,230	9,486	3,778
Gross profit - discontinued operations			-	-	-	-	14,119	59,321	(159,455)	871,040	584,017
Total gross profit	**(5,607)**	**(416,202)**	**(35,042)**	**(251,986)**	**(88,955)**	**(63,491)**	**(194,431)**	**36,147**	**(151,225)**	**880,526**	**587,795**
Total Operating and Other	**809,106**	**1,648,225**	**2,007,316**	**1,327,152**	**1,383,438**	**1,165,941**	**785,391**	**1,225,557**	**1,261,271**	**1,953,572**	**2,473,827**
Net Loss	**(814,713)**	**(2,064,427)**	**(2,042,358)**	**(1,579,138)**	**(1,472,393)**	**(1,229,433)**	**(979,822)**	**(1,189,410)**	**(1,412,496)**	**(1,073,046)**	**(1,886,032)**

CASH FLOWS

The Company's cash position was $1,097,000 on June 30, 2022, compared to $3,634,705 on June 30, 2021.

The net change in non-cash working capital items is comprised of:

	Six months ended June 30,	
	2022	2021
Trade and other receivables	**$ (205,196)**	$ 161,955
Prepaid expenses	**80,532**	(597)
Trade and other liabilities	**626,460**	184,545
Contract liabilities	**49,065**	-
	$ 550,861	$ 345,903

Operating activities:

For the period ended June 30, 2022, cash spent on operating activities decreased by 3% compared to last year's same period. This decrease is primarily due to increased marketing efforts and headcount which have since been normalized.

Financing activities:

For the period ended June 30, 2022, cash received from financing decreased by 34% compared to last year's same period. In February 2022, the Company closed a $1,640,000 secured debenture with a 12% interest rate that matures in February 2025. In addition, The Company issued 1,366,666 Class A common shares as bonus shares in connection with the Transaction (the "**Bonus Shares**"). Accordingly, as additional consideration, each Investor received Bonus Shares equal to 20% of the total amount of the Debentures purchased by the Investor based on the Company's closing price on the TSX Venture Exchange (the "**TSXV**") on February 23, 2022 of $0.24/share. Of this amount, the Company's CEO, Neil Sweeney, participated in this transaction as a related part. In Q1-2021, the Company received from the $4,585,362 oversubscribed non-brokered private placement that closed on March 10, 2021.

Additionally, the Company closed the first tranche of a non-brokered private placement offering (the "Offering") comprised of 19,214,406 units (the "Units") at a purchase price of $0.0675 per Unit for aggregate gross proceeds of approximately $1,296,972.

ACCOUNTING POLICIES

See Note 3 of the consolidated financial statements for a summary of all significant accounting policies.

CRITICAL JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its consolidated financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors considered relevant under the circumstances. Revisions to estimates and the effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The critical judgments, estimates, and assumptions applied in the preparation of the Company's condensed interim financial statements are reflected in Note 3 (f) of the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

RISK FACTORS AND UNCERTAINTIES

The Company is focused on expanding its business through growth with existing customers and scaling Reklaim to achieve continued growth and profitability. Nevertheless, the Company’s future financial outlook will depend on its ability to find and secure financing and continuously introduce new products and enhancements to its customers. Other additional risks and uncertainties are described below.

a) Evolving Business Model

Reklaim’s business model will continue to evolve. Reklaim seeks to develop and promote new or complementary solutions and products to expand the breadth and depth of its service offerings. There can be no assurance that Reklaim will be able to expand its operations in a cost-effective or timely manner or that any such efforts will create, maintain or increase overall market acceptance.

b) History of Net Losses, Future Net Losses, Profitability not Guaranteed.

Reklaim has incurred losses in recent financial periods. Reklaim may not achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Reklaim expects to continue to increase operating expenses as it implements initiatives to grow its business. If Reklaim does not earn sufficient revenues to offset these expected increases in costs and operating expenses, Reklaim will not be profitable. There is no assurance that future revenues will be adequate to generate the funds required to continue operations without external funding.

c) Future Capital Needs

Reklaim may need to raise funds through public or private financing if Reklaim incurs operating losses or requires substantial capital investment or for Reklaim to respond to unanticipated competitive pressures or take advantage of unforeseen opportunities. There can be no assurances that additional financing will be available on terms favorable to Reklaim or at all. Reklaim faces risks frequently encountered by early-stage entities. In particular, its growth and prospects depend on its ability to expand its operation and grow its revenue streams while maintaining adequate cost controls. Any failure to expand is likely to adversely affect Reklaim’s business, financial condition, and results.

d) Limited Operating History

Reklaim became a public company in June 2019 and has a limited operating history as a public company. This lack of operating history may make it difficult for investors to evaluate Reklaim's prospects for success and there is no guarantee that Reklaim's business model will achieve its strategic objectives. There is no assurance that Reklaim will be successful, and the likelihood of success must be considered in light of its relatively early stage of operation.

Reklaim is therefore subject to many of the risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that Reklaim will be successful in achieving a return on shareholders' investment, and the likelihood of success must be considered in light of the early stage of operations.

e) Foreign Exchange Exposure

Reklaim continues to seek to expand its operations into the U.S. and international markets. Fluctuations in the currency exchange rate may affect the revenue and operations of Reklaim. The potential effect of the currency exchange rate fluctuations will be magnified as the percentage of sales in foreign markets grows.

f) Jurisdictional Risks

Reklaim is exposed to risks of changes in government policies, laws, and regulations in the countries in which it may operate or do business. Any changes in regulations or political conditions may adversely affect Reklaim's business. Reklaim's operations may be affected by government regulations, including those concerning privacy laws and the use of personal data. In the event of a dispute arising from Reklaim's foreign operations, Reklaim may be subject to the jurisdiction of foreign courts or may not be successful in subjecting foreign companies or individuals to the jurisdiction of Canada.

g) Allegations of Intellectual Property Infringement

If Reklaim's products, services, or solutions employ a subject matter that is claimed under its competitors' intellectual property ("**IP**"), those companies may bring infringement actions or other IP claims against Reklaim.

Infringement and other IP claims can be expensive, and the result of any litigation is uncertain. Reklaim may not have the resources to defend against any infringement or IP claims. Reklaim may be forced to alter its business or discontinue certain products because of any court judgment or settlement.

h) Misappropriation of Reklaim’s IP

Protection of Reklaim’s IP is vital to its success. Reklaim currently protects its IP rights by registering its trademarks and has taken steps to patent certain inventions. These precautions may not be sufficient to prevent the misappropriation of Reklaim’s IP or deter the independent development of similar products and services by competitors of Reklaim.

Litigation may be necessary to enforce Reklaim’s IP rights. Regardless of the outcome, IP litigation could result in substantial costs, adverse publicity, or diversion of management and technical resources, any of which could adversely affect Reklaim’s business. Moreover, due to the differences in foreign IP laws, Reklaim’s IP may not receive the same degree of protection in foreign countries as it would in Canada or the United States. Reklaim’s failure to maintain adequate protection of its IP rights for any reason could adversely affect its business.

i) Failure to Protect Platform

Any failure to protect Reklaim or Reklaim’s platforms could harm its business and competitive position. There can be no assurance that any steps Reklaim has taken or intends to take will be adequate to defend and prevent misappropriation of technology, including the possibility of reverse engineering and the possibility that potential competitors will independently develop technologies that are designed around and are substantially equivalent or superior to Reklaim’s technology.

j) Market Price Fluctuation

The market price of shares of Reklaim may be subject to wide fluctuations in response to many factors, including variations in the operating results of Reklaim and its subsidiaries, divergence in financial results from market expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for Reklaim and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of Reklaim’s control. In addition, stock markets have, from time to time, experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for shares of Reklaim.

k) Privacy Regulations

In addition, several federal and provincial laws protect the confidentiality of personal information and restrict the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**"), protect personal information by limiting its use and disclosure of personal information. Suppose Reklaim was found to violate the privacy or security rules under PIPEDA or other laws protecting the confidentiality of personal information. In that case, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and have a material adverse effect on the business, results of operations, and financial condition of Reklaim.

Reklaim is also subject to California's data protection law, *California Consumer Privacy Act* ("**CCPA")**. If Reklaim is found to be in violation of the CCPA it could face fines of up to $7,500 for each intentional violation and $2,500 for each unintentional violation. Private rights of action may, which can be asserted on a class action basis, may also be allowed for violations of the CCPA.

l) Cybersecurity

Reklaim collects and stores sensitive data, proprietary business information as well as personally identifiable information of its customers and employees in data centers and on information technology networks. The secure operation of these networks and systems is critical to Reklaim's business operations and strategy. Despite Reklaim's efforts to protect sensitive, confidential or personal data or information, Reklaim may be vulnerable to security breaches, theft, misplaced or lost data, programming errors, employee errors and/or misconduct that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems, unauthorized access, use, disclosure, modification or destruction of information, production downtimes and operational disruptions. In addition, a cyber-related attack could result in other negative consequences, including damage to Reklaim's reputation or competitiveness, remediation or increased protection costs, litigation or regulatory action.

m) Errors or Defects in Software

Due to the complexity and sophistication of Reklaim's software, from time to time, it may contain defects, security vulnerabilities, software "bugs" or failures that are difficult to detect, control, and correct. Reklaim may be unable to successfully correct such errors or defects in a timely manner or at all, which could result in lost revenue, significant expenditures of capital, delay or loss in market acceptance, or damage to Reklaim's brand. Moreover, the consequences of such errors and defects could adversely affect Reklaim's business, growth, financial condition, and result of operations.

n) Dependence on Strategic Relationships with Third Parties

Reklaim anticipates that the growth of its business will continue to depend on select third-party relationships.

o) Failure to Add New Users

The size of the user base of Reklaim is critical to Reklaim's success. Reklaim's financial performance has been and will continue to be significantly determined by Reklaim's success in adding, retaining, and engaging users of its products. If people do not perceive Reklaim's products to be useful, reliable, and trustworthy, Reklaim may not be able to attract or retain users or otherwise maintain or increase the frequency and duration of their engagement. If Reklaim cannot increase or maintain its user base and engagement, Reklaim's revenue and financial results may be adversely affected. Any decrease in user retention, growth, or engagement could render Reklaim's products less attractive to users and marketers, which is likely to have a material and adverse impact on Reklaim's revenue, business, financial condition, and results of operations.

p) Reliance on Key Customers

Historically, a majority of Reklaim's sales have been to a relatively small number of customers for a significant portion of its revenue. While Reklaim expects this reliance to decrease over time, Reklaim will continue to rely on this relatively small number of customers for the foreseeable future. Reklaim must add new customers to sustain or increase its existing revenue. Despite Reklaim's efforts and investments in business development, sales, and market, it may not be successful in attracting new customers. If Reklaim fails to grow its current customer, it will be difficult for Reklaim to sustain and grow its revenue.

q) Need to Manage Growth

The growth of Reklaim's business and its products and services cause significant demands on Reklaim's managerial, operational and financial resources. Demands on Reklaim's financial resources will grow rapidly with Reklaim's expanding customer base. Additional working capital may be required and there are no assurances that access to the capital required for future growth and expansion plans will be available.

Reklaim may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of Reklaim to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of Reklaim to deal with this growth may have a material adverse effect on Reklaim's business, financial condition, results of operations, and prospects.

r) Limited Market for Securities

An active trading market for securities of Reklaim may not develop or be sustained going forward. The lack of an active market may impair an investor's ability to sell their securities of Reklaim at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the fair market value of an investor's securities of Reklaim. Further, an inactive market may also impair Reklaim's ability to raise capital by selling securities of Reklaim and may impair its ability to enter into collaborations or acquire companies or products by using securities of Reklaim as consideration. The market price of securities of Reklaim may be volatile, and an investor could lose all or part of their investment. There can be no assurance that an active trading market for the securities of Reklaim will be sustained.

s) Significant Holdings by Limited Number of Existing Shareholders

Reklaim's management and directors own many of Reklaim's outstanding common shares (on a fully diluted basis). Reklaim's management and directors are in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions.

t) Dependency on Key Personnel

Reklaim's success depends upon the continued service of its senior management team. Reklaim employees may voluntarily terminate their employment with Reklaim at any time. The loss of services of key personnel could have a material adverse effect on Reklaim's business, financial condition, and results of operation.

u) COVID-19 Outbreak

As of the date of issuance of these consolidated financial statements, the Company's continued operations have not been significantly impacted; however, the Company continues to monitor the situation. The Company was able to apply and qualify for government subsidies related to COVID-19. Bad debt was recognized from a receivable balance related to the Company's discontinued operations from customers who were affected by COVID-19. Due to the significant uncertainty surrounding the pandemic, management's judgment regarding this could change in the future. There are material uncertainties related to the full effects of COVID-19 on the Company's business and operations, particularly on the timing and collections of accounts receivable.

w) Failure to Add New Accounts

The data purchased by Reklaim to create accounts is a critical element to Reklaim's success. Reklaim's financial performance will be significantly impacted by Reklaim's success in continuing to access such data and adding accounts, and obtaining such account's opt-in to the Reklaim ecosystem, which allows Reklaim to build comprehensive data sets to sell to its customers. If accounts do not perceive Reklaim's platform to be useful, reliable, and trustworthy, Reklaim may not be able to obtain the requisite opt-in or otherwise maintain or increase the value of its data sets. If Reklaim is unable to increase its accounts, Reklaim's revenue and financial results may be adversely affected as customers may not purchase Reklaim's data sets. Any decrease in accounts could render Reklaim's products less attractive to its customers, which is likely to have a material and adverse impact on Reklaim's revenue, business, financial condition, and results of operations.

SHARE CAPITAL

As of the date of this MD&A, the Company's authorized share capital consists of an unlimited number of common shares without par value. The Company had the following securities outstanding on June 30, 2022:

	Number Outstanding
Common shares	87,958,966
Warrants	26,269,224
Stock Options	1,499,887
Fully Diluted	**115,728,077**

FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Company has exposure to counterparty credit risk, liquidity risk, and market risk associated with its financial assets and liabilities. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and, ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal controls and sound business practices.

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
			Market	
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	
Trade receivables	Yes		Yes	
Other receivables	Yes		Yes	
Trade and other liabilities		Yes	Yes	
Loan Payable		Yes		Yes

The carrying values of cash and cash equivalents, trade receivables, other receivables, trade and other liabilities and loan payable approximate their fair values due to their relatively short periods to maturity.

Credit risk

Credit risk arises from cash held with banks and trade receivables and these financial assets are subject to the expected credit loss model. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions and minimizes the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

Trade accounts receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past the transaction date. The expected loss rates are based on the payment profiles of sale over a period of 24 months before December 31, 2021. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the credit worthiness for current and future customers and the GDP and unemployment rate of the countries in which the Company sells goods into to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables (Note 6) are the result of billings of services performed. The Company's credit risk arises from the possibility that a counterparty that owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

The carrying amount of trade receivables are reduced through the use of an allowance for credit loss and the amount is recognized in the consolidated statement of loss and comprehensive loss in general and administrative expenses. The Company closely monitors all receivable balances, when a balance is over 180 days past the transaction date the Company evaluates whether this balance is uncollectible. It is determined to be uncollectible when the customer has ceased communications for greater than 90 days or has communicated non-payment due to liquidity issues and the Company does not believe other recourse would be financially beneficial and there is no reasonable expectation of recovery. When a receivable balance is considered uncollectible, it is written off against the allowance for credit loss. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The Company has considered the future impact of COVID-19 on the timing and collections of trade receivables. The Company will continually reassess the scope, duration, and impact on our customers to determine COVID-19's impact on liquidity and credit risk.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as of June 30, 2022, and December 31, 2021:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
As at June 30, 2022					
Trade and other liabilities	**$ 2,084,171**	**-**	**-**	**-**	**$2,084,171**
Loan payable	**4,043**	**8,086**	**29,794**	**20,927**	**62,849**
Secured debentures	**-**	**88,598**	**81,637**	**1,168,932**	**1,339,167**
	$ 2,088,214	**$ 96,684**	**$ 111,431**	**$ 1,189,859**	**$3,486,187**
As at December 31, 2021					
Trade and other liabilities	$ 1,457,711	-	-	-	$1,457,711
Loan Payable	3,614	7,228	18,193	25,411	54,446
	$ 854,313	$ 11,539	$ 11,748	$ 34,379	$ 911,979

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the fair value of a financial instrument or its future cash flows.

The Company operates internationally with a subsidiary in the United States. The Company is, therefore, subject to foreign currency risk. The Company reports its financial results in Canadian dollars. Most of the Company's revenues are transacted in U.S. currency. The Company incurs expenses in both Canadian and U.S. dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

As at June 30, 2022, the Canadian entities US-dollar net monetary assets totaled approximately US -$490,903 (CAD -$629,043) (December 31, 2021, net monetary assets – US -$279,931 (CAD -

$354,897)) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US $53,477 (CAD $68,526) (December 31, 2021 – US -$4,806 (CAD -$6,093)). A 10% strengthening in the Canadian dollar against the United States dollar as at December 31, 2021, would have increased comprehensive loss and decreased shareholders' equity by $56,052 (2021 - $28,495). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Capital management

The Company's objective in managing capital is to ensure a sufficient liquidity position to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company defines capital as equity and debt, comprising issued common shares, warrants, contributed surplus, accumulated deficit, and loans payable. The Company seeks to ensure that it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since its inception, the Company has primarily financed its liquidity needs through private and public placements of common shares and loans. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity to fund operations and proceed with rapid product development that will support the evolving data driven industries. Management reviews its capital management practices on an ongoing basis and believes that their approach, given the company's relative size, is reasonable.

CONTRACTUAL OBLIGATIONS

The Company has non-cancellable contracts for rent and cost of services; the commitments are as follows:

		As at June 30, 2022
Less than one year	$	182,369
Between one and five years		-

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

KEY MANAGEMENT COMPENSATION

Compensation for key management personnel, including the Company's officers and directors, was as follows for the period:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Salaries, benefits, and contractors	**$ 124,838**	$ 68,500	**$ 285,763**	$ 171,511
Stock based compensation	**7,007**	2,542	**13,937**	11,380
Board fees and related stock based compensation	16,136	7,009	18,246	13,941
Total key management compensation	**$ 147,981**	$ 78,051	**$ 196,832**	$ 196,832

SUBSEQUENT EVENT

On July 19, 2022, the Company closed the second and final tranche of a non-brokered private placement offering comprising 3,970,740 units (the "Units") at a purchase price of $0.0675 per Unit for aggregate gross proceeds of approximately $268,025. Each Unit consisted of one common share (a "Common Share") and one-full common share purchase warrant (each, a "Warrant"), with each Warrant exercisable to acquire one common share of Reklaim at $0.10 for 36 months from the date of issuance.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements of Reklaim Ltd. and all information contained herein are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements include some amounts based on management's best estimates that have been made using careful judgment. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial and operating data elsewhere in the report are consistent with the information contained in the consolidated financial statements. Although no cost-effective system of internal controls will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded, and the financial records are reliable for preparing consolidated financial statements.