Legible Inc.

(Formerly Twenty20 Investment Inc.)

Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditors.

Legible Inc.

(Formerly Twenty20 Investment Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at September 30, 2022
(Expressed in Canadian dollars, unaudited)

	Note	**September 30, 2022** **$**	(Audited) December 31, 2021 $
Assets			
Current assets			
Cash and cash equivalents		**160,032**	832,668
Amounts receivable	3	**40,701**	111,239
Prepaid expenses	4	**65,788**	273,544
Total current assets		**266,521**	1,217,451
Non-current assets			
Computer equipment	5	**23,125**	103,194
Intangible assets	6	**2,095,518**	2,212,630
Total non-current assets		**2,118,643**	2,315,824
Total assets		**2,385,164**	3,533,275
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,691,147**	719,396
Credit facility	7	**378,899**	-
Loans payable	8	**432,567**	-
Due to related parties	11	**35,315**	150,000
Total current liabilities		**2,537,928**	869,396
Non-current liabilities			
Convertible debentures	9	**2,030,099**	-
Total non-current liabilities		**2,030,099**	-
Total liabilities		**4,568,927**	869,396
Shareholders' equity			
Share capital	10	**15,429,992**	14,552,581
Shares to be issued		**-**	120,500
Reserves	10	**3,645,415**	1,775,995
Equity component of convertible debentures	9	**630,335**	-
Deficit		**(21,888,605)**	(13,785,197)
Total shareholders' equity		**(2,182,863)**	2,663,879
Total liabilities and shareholders' equity		**2,385,164**	3,533,275

Basis of preparation and going concern (note 2)
Subsequent events (note 14)

Approved and authorized for issue by the Board of Directors on November 24, 2022:

"David Van Seters" — Director

"Shannon Kaustinen" — Director

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

Legible Inc.

(Formerly Twenty20 Investment Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars, unaudited)

	Note	**Three months ended September 30, 2022**	Three months ended September 30, 2021	**Nine months ended September 30, 2022**	Nine months ended, September 30, 2021
		$	$	**$**	$
Revenues		**11,612**	109	**13,575**	393
Cost of sales		**5,112**	74	**6,532**	267
Gross margin		**6,500**	35	**7,043**	126
Operating expenses					
Amortization	5,6	**153,811**	36,899	**465,929**	69,529
Consultants		**25,000**	208,529	**140,691**	547,187
Development costs		**-**	11,980	**39,513**	37,420
Directors' fees	11	**18,000**	-	**49,000**	-
General and administrative		**37,432**	71,575	**177,932**	184,944
Interest	7,8,9,10	**1,039,959**	-	**2,087,376**	-
Investor relations		**349,153**	123,405	**571,866**	216,342
Marketing		**-**	240,764	**403,624**	299,293
Professional fees		**50,927**	110,491	**400,418**	293,451
Salaries, wages, and benefits		**369,999**	952,400	**2,631,223**	1,763,023
Share-based compensation	10	**235,190**	230,833	**1,122,440**	566,085
Software subscriptions		**63,780**	54,969	**228,877**	130,832
Transfer agent and filing fees		**8,985**	-	**23,205**	-
Travel and promotion		**1,414**	48,044	**25,134**	48,078
Total operating expenses		**2,353,650**	2,089,889	**8,367,228**	4,156,184
Loss from operations		**2,347,150**	2,089,854	**8,361,085**	4,156,058
Other items					
Loss on disposition of computer equipment	5	**9,069**	-	**10,223**	-
Debt waived by related parties	11	**-**	-	**(267,000)**	-
Total other items (gain)		**9,069**	-	**(256,777)**	-
Net loss and comprehensive loss		**2,356,219**	2,089,854	**8,103,408**	4,156,058
Basic and diluted loss per share		**0.04**	0.04	**0.12**	0.09
Weighted average shares outstanding		**66,455,658**	49,518,835	**65,012,475**	46,733,468

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

Legible Inc.

(Formerly Twenty20 Investment Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in Canadian dollars, unaudited)

	Share capital			Reserves			
	Number of common shares	Share capital $	Shares to be issued $	Share options and warrants $	Equity component of convertible debentures $	Deficit $	Total $
Balance, December 31, 2020	**43,275,000**	**2,569,200**	**-**	**118,995**	**-**	**(873,736)**	**1,814,459**
Issuance of shares ($0.80)	3,700,000	2,960,000	-	-	-	-	2,960,000
Issuance of shares ($1.00)	3,952,150	3,952,150	-	-	-	-	3,952,150
Less: share-issuance costs	-	(517,204)	-	136,250	-	-	(380,954)
Share-based compensation	-	-	-	566,085	-	-	566,085
Net loss and comprehensive loss for the period	-	-	-	-	-	(4,156,058)	(4,156,058)
Balance, September 30, 2021	**50,927,150**	**8,964,146**	**-**	**821,330**	**-**	**(5,029,794)**	**4,755,682**
Balance, December 31, 2021	**62,948,000**	**14,552,581**	**120,500**	**1,775,995**	**-**	**(13,785,197)**	**2,663,879**
Warrants exercised ($0.10 - $0.20)	1,230,000	241,000	(500)	-	-	-	240,500
Issuance of shares ($0.15)	4,451,130	667,670	-	-	-	-	667,670
Less: share-issuance costs [note 10]	-	(31,259)	-	13,659	-	-	(17,600)
Debt settled with related parties	-	-	(120,000)	-	-	-	(120,000)
Share-based compensation [note 10]	-	-	-	1,066,177	-	-	1,066,177
Warrants issued at fair value [note 10]	-	-	-	733,321	-	-	733,321
Warrants repriced at fair value [note 10]	-	-	-	56,263	-	-	56,263
Equity component of convertible debentures [note 9]	-	-	-	-	630,335	-	630,335
Net loss and comprehensive loss for the period	-	-	-	-	-	(8,103,408)	(8,103,408)
Balance, September 30, 2022	**68,629,130**	**15,429,992**	**-**	**3,645,415**	**630,335**	**(21,888,605)**	**(2,182,863)**

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

Legible Inc.

(Formerly Twenty20 Investment Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in Canadian dollars, unaudited)

	Note	**Nine months ended September 30, 2022 $**	Nine months ended September 30, 2021 $
Operating activities			
Net loss and comprehensive loss		**(8,103,408)**	(4,156,058)
Adjustments for non-cash items:			
Amortization	5,6	**465,929**	69,529
Interest	7,8,9,10	**2,074,690**	-
Share-based compensation	10	**1,122,440**	566,085
Share issuance for employee bonuses		**-**	9,300
Share issuance for services		**379,265**	-
Loss on disposition of computer equipment	5	**10,223**	-
Changes in working capital			
Decrease (increase) in amounts receivable		**70,538**	(29,388)
Decrease (increase) in prepaid expenses		**207,756**	(387,433)
Increase (decrease) in due to related parties	11	**(114,685)**	-
Increase (decrease) in accounts payable		**851,751**	157,182
Net cash flows used in operating activities		**(3,035,501)**	(3,770,783)
Investing activities			
Deferred financing costs		**-**	(80,000)
Purchase of investments		**-**	10,166
Proceeds from disposition of computer equipment		**39,205**	-
Purchase of computer equipment	5	**(22,544)**	(101,853)
Purchase of intangible assets	6	**(295,632)**	(827,057)
Net cash flows used in investing activities		**(278,971)**	(998,744)
Financing activities			
Proceeds from exercise of warrants	10	**240,500**	6,897,850
Proceeds from loans	8	**852,436**	-
Reduction of loans	8	**(20,000)**	-
Proceeds from credit facility	7	**308,000**	-
Deferred financing fees		**-**	(124,601)
Proceeds from convertible debentures	9	**1,278,500**	-
Share issuance costs	10	**(17,600)**	(380,954)
Net cash flows from financing activities		**2,641,836**	6,392,295
Net change in cash during the period		**(672,636)**	1,622,768
Cash, beginning of year		**832,668**	145,849
Cash, September 30, 2022		**160,032**	1,768,617
Non-cash investing & financing activities:			
Fair value of broker warrants	10	13,659	136,250
Fair value of warrants issued for debt	10	733,321	-
Fair value of equity portion of convertible debentures	8	630,335	-

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

1. CORPORATE INFORMATION

Legible is an e-book entertainment and media company that has developed a browser-first, globally distributed reading and publishing platform that offers a sophisticated and immersive reading experience to anyone with an internet-enabled device anywhere in the world, while solving key challenges faced by readers, publishers, and authors. This includes providing planned global access to literature without the need for e-readers and apps, improving the capacity to showcase marginalized voices, opening new device-agnostic markets, and innovating new digital publishing formats.

The Company and its wholly owned subsidiary, Legible Media Inc., were incorporated under the Alberta Business Corporations Act and the British Columbia Business Corporations Act, respectively. The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "READ" and trading commenced on December 1, 2021. On January 10, 2022, the Company's common shares commenced trading on the Frankfurt Stock Exchange ("FSE") under the trading symbol D0T (D/zero/T).

2. BASIS of PREPARATION and GOING CONCERN

Statement of compliance

These condensed interim consolidated financial statements of the Company and its subsidiaries are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (IAS 34).

These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended December 31, 2021, as some disclosures from the annual consolidated financial statements have been condensed or omitted. The Company uses the same accounting policies and computation methods as in the annual consolidated financial statements for the year ended December 31, 2021. There are no IFRS or International Financial Reporting Interpretations Committee Interpretations that are not yet effective that would be expected to have a material impact on the Company's condensed interim consolidated financial statements.

Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not achieved scalable commercialization of its products.

As of September 30, 2022, the Company had limited revenue and generated negative cash flows from operating activities. The continued operations of the Company depend on its ability to generate future cash flows and obtain additional financing. The Company had a working capital deficit of $2,271,407 (December 31, 2021 – working capital of $348,055) and an accumulated deficit of $21,888,605 (December 31, 2021 – $13,785,197) since inception. Management has determined, in making its assessment, that these events or conditions create a material uncertainty that cast significant doubt upon the Company's ability to continue as a going concern.

Basis of preparation and going concern: (continued)

Going concern (continued)

The Company's ability to continue as a going concern depends on its ability to generate product sales, raise additional financing in Q4 2022, and ultimately attain and maintain profitable operations. While the Company is striving to act on these initiatives, there is no assurance that these and other strategies will be successful or sufficient to permit the Company to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value as explained in the accounting policies set out below. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgments

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Significant judgments made by management in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include the application of the going concern assumption.

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the condensed interim consolidated statement of loss and comprehensive loss in the period the new information becomes available.

Basis of preparation and going concern: (continued)

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Legible Media Inc. A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company balances and transactions between the Company and its subsidiary have been eliminated in preparing the condensed interim consolidated financial statements.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars, which is the functional and reporting currency of the Company and its subsidiary.

Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

3. AMOUNTS RECEIVABLE

A breakdown of amounts receivable for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

	September 30, 2022	December 31, 2021
GST receivable	**$ 38,887**	$ 111,239
Trade accounts receivable	**1,814**	-
Total amounts receivable	**$ 40,701**	$ 111,239

4. PREPAID EXPENSES

A breakdown of prepaid expenses for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

	September 30, 2022	December 31, 2021
Investor relations events	**$ 58,967**	$ 230,287
Professional fees (legal)	**-**	12,217
Software development costs	**-**	7,980
Software subscriptions	**6,821**	21,810
Deposits	**-**	1,250
Total prepaid expenses	**$ 65,788**	$ 273,544

(Expressed in Canadian Dollars, unaudited)

5. COMPUTER EQUIPMENT

A continuity schedule for computer equipment for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

Net book value - December 31, 2021	**$**	**103,194**
Additions for the period		22,544
Net change from dispositions for the period		(49,428)
Amortization for the period		(53,185)
Net book value - September 30, 2022	**$**	**23,125**
Consisting of:		
Cost	$	82,037
Accumulated amortization		(58,912)
Net book value - September 30, 2022	**$**	**23,125**

For the nine months ended September 30, 2022, the Company received cash proceeds that totaled $39,205 (2021 - $nil) from the disposition of computer equipment with an original cost of $112,377, accumulated amortization of $62,949, and a net book value of $49,428. The Company recorded $10,223 as a loss on disposition of computer equipment in the condensed interim consolidated statement of loss and comprehensive loss.

6. INTANGIBLE ASSETS

A continuity schedule for intangible assets for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

		Platform		**Website**		**Total**
Net book value - December 31, 2021	**$**	**2,173,829**	**$**	**38,801**	**$**	**2,212,630**
Additions for the period:						
Salaries, wages, and benefits		295,632		-		295,632
Amortization		(406,924)		(5,820)		(412,744)
Net book value - September 30, 2022	**$**	**2,062,537**	**$**	**32,981**	**$**	**2,095,518**
Consisting of:						
Cost	$	2,771,433	$	49,747	$	2,821,180
Accumulated Amortization		(708,896)		(16,766)		(725,662)
Net book value - September 30, 2022	**$**	**2,062,537**	**$**	**32,981**	**$**	**2,095,518**

(Expressed in Canadian Dollars, unaudited)

7. CREDIT FACILITY

In March 2022, the Company entered into a credit facility arrangement for principal of $308,000, for a term of 12 months with a monthly interest rate of 1.5% per month compounded monthly. Since the Company was in breach of the loan agreement, additional interest of 2.0% per month compounded monthly along with monitoring fees of $1,000 per month were charged from April 2022. As at September 30, 2022, the Company accrued an aggregate of $61,899 in interest and $9,000 in monitoring fees for a total of $70,899.

8. LOANS PAYABLE

A continuity schedule for loans payable for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

Loans payable - December 31, 2021	**$**	**-**
Additions		852,436
Commitment fees		127,865
Accrued interest		40,066
Reduction of loans		(20,000)
Conversion of loans to convertible debentures		(567,800)
Loans payable - September 30, 2022	**$**	**432,567**

For the nine months ended September 30, 2022, the Company received loans for an aggregate of $852,436 with commitment fees of 15% or $127,865, and interest at 10% per annum. As at September 30, 2022, the Company accrued $40,066 in interest on the loans. In September, the Company made a repayment of $20,000 to one debt holder as per agreement.

As at September 30, 2022, the Company received debt holders' directions to convert a total of $567,800 and subscribed for debentures units in the Company's convertible debenture offering.

9. CONVERTIBLE DEBENTURES

As at September 30, 2022, the Company completed the closing of the first and second tranches of a private placements by issuing 222.5565 debenture units at a price of $10,000 per debenture unit for gross proceeds of $2,225,565 (less the finder's fee of $17,600 for net proceeds of $2,207,965; $947,065 of which was the settlement of outstanding indebtedness). All securities issued in connection with the private placement are subject to a hold period that expire on October 9, 2022, from the first tranche and January 21, 2023, from the second and final tranche.

Each debenture unit consisted of: (i) a 15% unsecured convertible debenture of the Company in the principal amount of $10,000; and (b) 50,000 common share purchase warrants. The debentures mature on June 8, 2025 (the "Maturity Date") and are convertible at the holder's option, at any time, after October 9, 2022 and January 21, 2023, into common shares of the Company at a conversion price of $0.10 per share. The debentures bear interest at a rate of fifteen percent (15%) per annum calculated annually.

(Expressed in Canadian Dollars, unaudited)

Convertible debentures (continued)

The full amount of the interest owed until June 8, 2024 and September 20, 2024 was pre-paid at the respective closing by the issuance of 20,000 common shares (at a deemed price of $0.15 per share) per debenture unit, and thereafter interest shall be due and payable in cash on the earlier of: (i) the Maturity Date; and (ii) in the event of conversion of the debentures prior to the Maturity Date of the entire principal amount, 30 days following the conversion date.

Each warrant entitled the holder to purchase one common share at a price of $0.15 for a period of two (2) years; provided that if, at any time, after October 9, 2022, for the first tranche and January 21, 2023, for the second and final tranche, the volume weighted average trading price of the common shares on the Canadian Securities Exchange (the “CSE”) is at least $0.40 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders, which notice may be by way of general press release.

The convertible debentures are compound financial instruments, consisting of a debt instrument and an equity conversion feature. The debt instrument was fair valued using a rate applicable to a non-compound debt instrument and is carried at amortized cost. The excess of the proceeds over the value assigned to the debt instrument was allocated as the fair value of the equity component of the convertible debentures.

Finders acting in connection with the private placement received fees in the aggregate of $17,600 and 176,000 finder warrants.

A continuity schedule for convertible debentures for the nine months ended September 30, 2022, and the year ended December 31, 2021, follows:

Convertible debentures - December 31, 2021	**$**	**-**
Proceeds from debt holders		1,278,500
Conversion of loans		567,800
Conversion of debt settlements		351,265
Conversion of directors’ fees		28,000
Proceeds from convertible debentures		2,225,565
Allocation to equity component		(630,335)
Interest		1,102,539
Interest paid (note 10)		(667,670)
Convertible debentures - September 30, 2022	**$**	**2,030,099**

(Expressed in Canadian Dollars, unaudited)

10. SHARE CAPITAL

Authorized:

Common shares (class A voting) unlimited without par value

Issued and outstanding:

As at September 30, 2022, the Company had 68,629,130 issued and outstanding (2021 - 62,948,000) class A common shares. No class B common shares or preferred shares have been issued.

During the nine months ended September 30, 2022, the Company issued 1,230,000 common shares from the exercise of warrants priced at $0.10 and $0.20 for gross proceeds of $241,000. In addition, the Company issued 222.5565 debenture units at a price of $10,000 per debenture unit for gross proceeds of $2,225,565. Each debenture unit consisted of: (i) a 15% unsecured convertible debenture of the Company in the principal amount of $10,000; and (b) 50,000 common share purchase warrants. The Company issued a total of 4,451,130 common shares for two years of pre-paid interest to debenture unit holders with a deemed value of $667,670. 11,127,825 warrants were issued with an exercise price of $0.15 and an expiry of two years.

WARRANTS AND STOCK OPTIONS

Warrants

The following assumptions were used for the Black-Scholes valuation of warrants issued during the nine months ended September 30, 2022:

Average risk-free interest rate	**3.40%**
Expected life of warrants	**2 years**
Average share price	**$0.13**
Average exercise price	**$0.13**
Average expected stock price volatility	**98.54%**
Dividend rate	**0.00%**
Average fair value per warrant issued	**$0.066**

The Company recorded an interest expense of $733,321 during the nine months ended September 30, 2022 (2021 - $nil). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

(Expressed in Canadian Dollars, unaudited)

Warrants and stock options (continued)

Warrants (continued)

With an effective date of September 1, 2022, the Company amended the terms of an aggregate of 5,888,576 outstanding common share purchase warrants to amend the original exercise prices, ranging from $0.60 to $1.25 per share to $0.20 per share, originally issued between December 22, 2020, and November 17, 2021. In connection with the repricing, the Company recorded $56,263 as the fair market value with the assumptions noted for the Black-Scholes valuation.

Continuity schedule of the Company's share purchase warrants issued and outstanding for the nine months ended September 30, 2022, and the year ended December 31, 2021, was as follows:

	Number of warrants	**Weighted average exercise price $**
Outstanding - December 31, 2021	**11,875,976**	**0. 74**
Warrant repricing valuation adjustment	**-**	(0.41)
Exercised - Feb 2022	(50,000)	0.10
Exercised - Jan to Feb 2022	(1,180,000)	0.20
Expired - Jul to Aug 2022	(174,000)	1.00
Issued - Jun to Sep 2022	176,000	0.10
Issued - Jun 2022	5,031,500	0.15
Issued - Sep 2022	6,096,325	0.15
Outstanding - September 30, 2022	**21,775,801**	**0.24**

(Expressed in Canadian Dollars, unaudited)

Warrants and stock options (continued)

Warrants (continued)

As at September 30, 2022, the following warrants were outstanding, and the weighted average remaining life of warrants outstanding was 0.99 years (December 31, 2021 - 1.57 years).

Exercise price $	**Expiry date**	**September 30, 2022**	December 31, 2021
1.00	July 1, 2022	-	54,400
1.00	August 13, 2022	-	119,600
1.00	November 17, 2022	28,400	28,400
0.10	December 1, 2022	160,000(1)	210,000(1)
0.20	December 1, 2022	2,712,000(1)	3,892,000(1)
0.20	December 1, 2022	1,437,500(1a)	1,437,500(1a)
0.20	December 1, 2022	1,875,000(1a)	1,875,000(1a)
0.20	December 1, 2022	2,576,076(2)	2,576,076(2)
0.80	December 1, 2022	183,000	183,000
0.10	June 9, 2024	120,000(4)	-
0.15	June 9, 2024	5,031,500(4)	-
0.10	September 21, 2024	56,000(4)	-
0.15	September 21, 2024	6,096,325(4)	-
1.00	December 1, 2024	1,000,000(3)	1,000,000(3)
1.25	December 1, 2024	500,000(3)	500,000(3)
0.24		**21,775,801**	11,875,976

(1) The purchase warrants have a term of twelve months. If the closing price of the common shares is $1.80 or higher per share for a period of 10 consecutive trading days, the expiry date of the warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release.

(1a) If the closing price of the common shares is $1.80 or higher per share for a period of 10 consecutive trading days, the expiry date of the warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release. These warrants were repriced to $0.20 with an effective date of September 1, 2022, the expiry date remained as December 1, 2022, and there was no acceleration clause.

(2) The purchase warrants have a one-year term from the listing date of December 1, 2021. If the closing price of the common shares is $2.25 or higher per share for a period of 10 consecutive trading days, the expiry date of the warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release. These warrants were repriced to $0.20 with an effective date of September 1, 2022, the expiry date remained as December 1, 2022 and there was no acceleration clause.

(3) Compensation warrants have a term of three years following the listing date. If the closing price of the common shares is $1.80 or higher per share for a period of 10 consecutive trading days, the expiry date of the compensation warrants may be accelerated by the issuer to a date that is not less than 30 days after the date that notice of such acceleration is provided to warrant holders, which notice may be by way of general press release.

(4) The purchase and broker warrants have a term of 2 years. If the volume weighted average trading price of the common shares is at least $0.40 per share for a period of 5 consecutive trading days, the expiry date of the warrants may be accelerated by the Company to a date that is not less than 21 days after the date that notice of such acceleration is provided to the warrant holders.

(Expressed in Canadian Dollars, unaudited)

Warrants and stock options (continued)

Broker Warrants

The following assumptions were used for the Black-Scholes valuation of warrants issued during the nine months ended September 30, 2022, and the year ended December 31, 2021:

	September 30, 2022	December 31, 2021
Average risk-free interest rate	**3.40%**	0.33%
Average expected life of warrants	**2 years**	1.25 years
Average share price	**$0.13**	$0.65
Average exercise price	**$0.10**	$0.92
Average expected stock price volatility	**98.54%**	109%
Dividend rate	**0.00%**	0.00%
Fair value per broker warrant issued	**$0.073**	$0.23

The Company recorded share issuance costs of $13,659 during the nine months ended September 30, 2022 (2021 - $136,250). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

Stock Options

Continuity schedule of the Company's stock options granted and outstanding for the nine months ended September 30, 2022, and the year ended December 31, 2021, was as follows:

	Number of options	**Weighted average exercise price $**
Outstanding - December 31, 2021	**7,755,500**	**0.98**
Granted - Jan 2022	850,000	0.475
Granted - Feb 2022	2,153,750	0.40
Granted - Mar 2022	200,000	0.27
Forfeited - Apr to May 2022	(800,500)	1.00
Forfeited - Feb to Jul 2022	(2,525,000)	1.25
Forfeited - Feb to Jul 2022	(2,130,000)	0.50
Forfeited - Apr to Jul 2022	(800,000)	0.475
Forfeited - Apr to Jul 2022	(1,350,000)	0.40
Forfeited - Apr to May 2022	(200,000)	0.27
Outstanding - September 30, 2022	**3,153,750**	**0.93**

(Expressed in Canadian Dollars, unaudited)

Warrants and stock options (continued)

Stock options (continued)

As at September 30, 2022, the following stock options were outstanding and exercisable with an average remaining life of 9.06 years (December 31, 2021 - 9.52 years):

		September 30, 2022			December 31, 2021		
Exercise price per share of option $	**Expiry date**	**Weighted average remaining life (years)**	**Number of options outstanding**	**Number of options exercisable**	Weighted average remaining life (years)	Number of options outstanding	Number of options exercisable
0.50	Dec 30, 2030	8.25	225,000	123,750	9.00	2,205,000	990,000
1.00	Jun 29, 2031	8.75	475,000	190,000	9.49	1,325,500	386,375
1.25	Jul 31, 2031	8.84	50,000	20,000	9.58	200,000	20,000
1.25	Aug 31, 2031	8.92	-	-	9.67	275,000	27,500
1.25	Sep 30, 2031	9.00	50,000	20,000	9.75	800,000	80,000
1.25	Oct 29, 2031	9.08	1,450,000	362,500	9.83	2,450,000	285,000
1.25	Nov 30, 2031	9.17	-	-	9.92	350,000	35,000
0.50	Dec 30, 2031	9.25	-	-	10.00	150,000	15,000
0.48	Jan 31, 2032	9.34	50,000	12,500	-	-	-
0.40	Feb 28, 2032	9.42	803,750	241,125	-	-	-
0.27	Mar 31, 2032	9.50	50,000	12,500	-	-	-
		9.06	**3,153,750**	**982,375**	9.52	7,755,500	1,838,875

The following assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2022, and the year ended December 31, 2021:

	September 30, 2022	December 31, 2021
Average risk-free interest rate	**1.92%**	1.12%
Average expected life of options	**5 years**	5 years
Average share price	**$0.38**	$0.692
Average exercise price	**$0.38**	$1.12
Average expected stock price volatility	**122%**	123%
Dividend rate	**0.00%**	0.00%
Fair value per option granted	**$0.319**	$0.548

The Company recorded share-based compensation of $1,066,177 during the nine months ended September 30, 2022 (2021 - $566,085). The expected stock price volatility was developed using management's best estimate and analyzing industry comparables.

(Expressed in Canadian Dollars, unaudited)

11. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions not otherwise disclosed in these condensed interim consolidated financial statements.

Key management compensation

Key management personnel included those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company has determined that key management personnel consisted of members of the Company's Board of Directors and corporate officers. The latter included the following: the Chief Executive Officer, the Chief Operations Officer, the Chief Financial Officer, the former Chief Revenue Officer, the former Chief Financial Officer, the former Chief Technology Officer, and the former Chief Publishing Officer.

Included in the condensed interim consolidated statement of loss and comprehensive loss for the nine months ended September 30, 2022 and 2021, which arose due to transactions with related parties, and were made in the normal course of operations and summarized as follows:

	September 30, 2022	September 30, 2021
	$	$
Consultants	**10,500**	136,000
Development costs	**15,450**	37,155
Directors' fees	**49,000**	-
General and administrative	**36,200**	96,095
Interest	**20,205**	-
Professional fees	**8,000**	81,500
Salaries, wages, and benefits	**653,649**	435,529
Share-based compensation	**564,108**	73,969
	1,357,112	860,248

As of September 30, 2022, the Company had $35,315 (2021 - $150,000) due to key management personnel regarding employment and consulting agreement commitments which were recorded in due to related parties. For the period ended September 30, 2022, the Directors agreed to waive directors' fees totaling $147,000 and a former officer agreed to waive consulting fees of $120,000.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES and POLICIES

The risk exposure arising from financial instruments is summarized as follows:

(a) Credit risk - The Company's financial assets are cash and amounts receivable. The maximum exposure to credit risk, as at the period end, is the carrying value of their financial assets. The Company holds its cash in a bank account with a highly rated Canadian financial institution, therefore, minimizing the Company's credit risk in respect to its cash.

(b) Liquidity risk - The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors its forecasted and actual cash flows as well as any anticipated investing and financing activities. The Company, currently, does not have recurring revenue, and is working diligently on securing additional funding to meet short-term financial obligations after considering its operating obligations and cash on hand (see note 2).

September 30, 2022	On-Demand $
Accounts payable and accrued liabilities	**1,691,147**
Credit facility	**378,899**
Loans payable	**432,567**
Due to related parties	**35,315**

(c) Market risk - The risk that changes in market prices, such as foreign exchange rates interest rates and equity prices will affect the Company's income or value of its holdings or financial instruments. The Company's major activities have been transacted in Canadian dollars for the nine months ended September 30, 2022 and has minimal market risks.

13. CAPITAL RISK MANAGEMENT

The Company's primary objective when managing capital is to maintain sufficient resources and raise funding to support current and long-term operating needs, particularly the development of its intangible asset. The ability to continue as a going concern is essential to the Company's goal of providing returns to shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity. The Company manages its capital structure based on the level of funds available to the Company to manage its operations and in light of economic conditions. The Company balances its overall capital through new share issuances or by undertaking other activities as deemed appropriate in the circumstances. The Company is not subject to externally imposed capital requirements. There have been no significant changes in the Company's approach to capital management during the year. These objectives and strategies are reviewed on a continuous basis.

14. SUBSEQUENT EVENTS

On October 27, 2022, the Company announced that it has an agreement with Metrolinx, the Greater Toronto Hamilton Area (“GTHA”) transit authority, to become an official ebook partner of GO transit.

During October 2022, 1,300,000 common shares were issued regarding the conversion of convertible debentures at a conversion price of $0.10 per share.

On November 3, 2022, the Company granted 1,000,000 stock options to a director and officer. The options have an exercise price of $0.20, fully vested on grant date, and have a 10-year term.

On November 16, 2022, the Company announced the release of *Don’t Believe a Thought You Think,* the first in a series of multimedia “Living Books” the Company is developing for New York Times bestselling author Mr. T. Harv Eker.

On November 17, 2022, 28,400 finders warrants, at an exercise price of $1.00, expired unexercised.

On November 22, 2022, the Company announced the closing of its oversubscribed non-brokered unit offering private placement at $0.10 per unit for gross proceeds of $694,566 (less the finder’s fee of $3,447 for net proceeds of $691,119; $328,153 of which was the settlement of outstanding indebtedness). Each unit consisted of one common share and one common share purchase warrant with each warrant entitling the holder to purchase one additional common share at $0.15.

During November 2022, 900,000 common shares were issued regarding the conversion of convertible debentures at a conversion price of $0.10 per share.