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Q3 2023

Condensed Interim Financial Statements

For The Three and Nine Months Ended September 30, 2023

Katipult Technology Corp.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements.

STATEMENTS OF FINANCIAL POSITION

As at **($ Cdn thousands) - unaudited**	Note	**September 30, 2023**	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**1,184**	1,370
Accounts receivable		**28**	321
Prepaid expenses		**4**	2
Total current assets		**1,216**	1,693
Total assets		**1,216**	1,693
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**387**	285
Deferred revenue		**587**	621
Loan payable	3	**55**	43
Convertible debentures - current portion	4	**3,848**	-
Total current liabilities		**4,877**	949
Convertible debentures	4	**1,211**	4,186
Total liabilities		**6,088**	5,135
Shareholders' Deficiency			
Share capital	5	**2,532**	2,532
Contributed surplus		**1,710**	1,662
Convertible debentures - equity portion	4	**1,292**	1,292
Deficit		**(10,406)**	(8,928)
Total shareholders' deficiency		**(4,872)**	(3,442)
Total liabilities and shareholders' deficiency		**1,216**	1,693

Going concern	2 (d)
Subsequent events	4 , 10

(See Notes to the Condensed Interim Financial Statements)

Approved on behalf of the Board:

"signed" George Reznik	**"signed" Gord Breese**
Director	Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

($ thousands, except per share amounts) - unaudited	Note	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Revenue	7	**721**	476	**1,817**	1,386
Cost of revenue	8	**115**	98	**311**	303
Gross profit		**606**	378	**1,506**	1,083
Expenses					
Selling, general, and administrative	8	**574**	484	**1,525**	1,337
Research and development	8	**210**	213	**694**	824
Foreign exchange (gain) loss		**(2)**	(40)	**19**	(41)
Depreciation and amortization		**-**	2	**1**	16
Other income and expenses	9	**1**	(75)	**(138)**	(244)
Loss before finance costs, unrealized loss (gain) on convertible debentures		**(177)**	(206)	**(595)**	(809)
Finance costs	8	**211**	194	**599**	516
Unrealized (gain) loss on convertible debentures		**(193)**	159	**284**	446
Net loss and comprehensive loss		**(195)**	(559)	**(1,478)**	(1,771)
Earnings per share					
Basic / Diluted	6	**(0.00)**	(0.01)	**(0.02)**	(0.02)

(See Notes to the Condensed Interim Financial Statements)

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

For the nine months ended September 30, 2023 and 2022

($ Cdn thousands, except share amounts)

	Note	Common Shares	Share Capital	Contributed surplus	Convertible debenture - equity portion	Deficit	Total shareholders' deficiency
Balance at December 31, 2022		**71,523,066**	**2,532**	**1,662**	**1,292**	**(8,928)**	**(3,442)**
Net loss and comprehensive loss		**-**	**-**	**-**	**-**	**(1,478)**	**(1,478)**
Share-based payments	5	**-**	**-**	**48**	**-**	**-**	**48**
Balance at September 30, 2023		**71,523,066**	**2,532**	**1,710**	**1,292**	**(10,406)**	**(4,872)**
Balance at December 31, 2021		71,523,066	2,532	1,624	1,292	(7,320)	(1,872)
Net loss and comprehensive loss		-	-	-	-	(1,771)	(1,771)
Share-based payments	5	-	-	8	-	-	8
Balance at September 30, 2022		71,523,066	2,532	1,632	1,292	(9,091)	(3,635)

(See Notes to the Condensed Interim Financial Statements)

STATEMENTS OF CASH FLOWS
For the nine months ended September 30,

($ Cdn thousands) - unaudited	Note	2023	2022
Cash flows provided by (used in)			
Operating activities			
Net loss and comprehensive loss		**(1,478)**	(1,771)
Adjustments for:			
Depreciation and amortization		**1**	16
Foreign exchange gain		**19**	(41)
Finance costs	8	**599**	516
Unrealized (gain) loss on convertible debentures	4	**284**	446
Share-based payments	8	**48**	8
Other		**(4)**	(6)
Interest - paid	8	**(7)**	(9)
Interest - received		**4**	6
Funds used in operations before change in non-cash working capital		**(534)**	(835)
Change in non-cash working capital		**363**	46
Total funds proivde by (used in) operating activities		**(171)**	(789)
Financing activities			
Repayment of lease obligation		**-**	(22)
Total funds used in financing activities		**-**	(22)
Effect of translation of foreign currency cash		**(15)**	(25)
Net decrease in cash and cash equivalents		**(186)**	(836)
Cash and cash equivalents, beginning of period		**1,370**	2,503
Cash and cash equivalents, end of period		**1,184**	1,667

(See Notes to the Condensed Interim Financial Statements)

1. STRUCTURE OF CORPORATION

Organization

Organization

Katipult Technology Corp. (the "Corporation" or "Katipult") is a provider of a cloud-based software for powering the exchange of capital in equity and debt markets. The Corporation was originally incorporated under the *Business Corporations Act* (British Columbia). On October 2, 2019, the Corporation filed articles of continuance under the *Business Corporations Act* (Alberta). The registered address of the Corporation is 900, 903 8th Ave SE, Calgary, AB, T2P 0P7. Katipult is a publicly traded company listed on the TSX Venture Exchange ("TSXV") under the symbol "FUND".

Operations

The main business of the Corporation is to operate as a financial technology provider offering cloud-based software that allows firms to design, set up and operate an investment platform ("the Platform"). The Platform includes features and functionality that enables firms to offer debt and real-estate financing, as well as securities on a prospectus-exempt basis, to various types of investors. The Platform automates many components of investor and investment management, including components of investment participation and investment marketing, as well as managing regulatory requirements in a variety of geographic jurisdictions.

The Platform includes modules for various user types, including but not limited to investors, issuers, administrators, and auditors. The administrators are selected by clients from their staff and are provided a content management system which allows them the ability to manipulate content on the Platform.

The Corporation provides its proprietary software through a Software as a Service ("SaaS") business model. In exchange for a monthly subscription, customers benefit from software updates, new features and technical support. The Corporation also earns integration revenue and investment services revenue. Integration revenue is generated through activities including the provision of regulatory consulting, marketing, and the customization services of the Platform, for which one-time charges are made and vary depending on the work involved. Investment services revenue is derived through fees charged to clients on qualifying services and/or transactions processed through Katipult's Platform.

2. BASIS OF PREPARATION

(a) Statement of compliance:

These condensed interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the three- and nine-month periods ended September 30, 2023. These condensed interim financial statements were authorized for issuance by the Board of Directors on November 28, 2023.

These condensed interim financial statements were prepared by management and follow the same accounting policies and methods as the audited financial statements as at and for the year-ended December 31, 2022. These condensed interim financial statements do not contain all the disclosures contained in the annual financial statements. As a result, these condensed interim financial statements should be read in conjunction with the Corporation's annual financial statements for the year-ended December 31, 2022, prepared in accordance with IFRS as issued by the IASB.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, other than the 2018 Convertible Debentures, which are measured at fair value (note 4).

(c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

(d) Going concern:

These financial statements have been prepared on the basis that the Corporation will continue as a going concern, which assumes that the Corporation will be able to raise the necessary capital on terms acceptable to the Corporation and be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future.

Management assesses the Corporation's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. Material uncertainties have been identified which may cast significant doubt upon the Corporation's ability to continue as a going concern. This assessment, by its nature, relies on estimates of future cash flows and other future events, whose subsequent changes would materially impact the validity of such an assessment.

Although the Corporation had a positive net working capital position of negative $3,661 as at September 30, 2023 (December 31, 2022: positive $744), the Corporation had a net loss for the nine-months ended September 30, 2023 of $1,478 (2022: $1,771), cash used in operating activities of $171 for the nine-month ended September 30, 2023 (2022: cash used in operating activities of $789), and had a deficit of $10,406 as at September 30, 2023 (December 31, 2022: $8,928).

In assessing whether the going concern assumption was appropriate, management considered relevant information available about the future, which was at least, but not limited to, the 12-month period from the date of this report. The following is considered in evaluating the going concern of the entity pertaining to the financial statements as at September 30, 2023:

- The Corporation has convertible debentures and accrued interest with a face value of $7,754 as at September 30, 2023. The convertible debentures mature in 2023 and 2026 which may be required to be settled in cash (see Convertible Debentures section). The 2018 Debentures with a principal balance of $3,000 and accrued interest of $1,754 as at September 30, 2023 and matured on May 30, 2023. At or after November 30, 2023, the holders may deliver a notice, at which point the principal and interest payable would become payable six months after receiving notice from holders, and as such, have been presented as non-current on the Statement of Financial Position as at September 30, 2023. The 2018 Debentures may also be extended beyond the maturity date by the holders, in which case the debentures will become due six months after receiving notice from the holder. The Corporation expects to receive notice from the debenture holders on November 30, 2023 meaning that the indebtedness and all accrued but unpaid interest will become due and payable on May 30, 2024.

- The Corporation has not yet been able to generate the sales volumes required to create positive cash flows from operating activities. The Corporation has a history of operating losses since inception.
- The Corporation has relied on equity and debt financings to fund its operating losses. There is no guarantee it will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Corporation. While the Corporation has previously been successful in raising external capital to fund its operations, there is no assurance that it will continue to do so in the future.

The Corporation’s ability to continue as a going concern is dependent upon its ability to repay or renegotiate debt repayment terms, raise adequate additional financing and/or achieve significant improvements in operating results in the future.

The assessment of the Corporation’s ability to execute its strategy and fund future operations and working capital requirements involves significant judgment. Estimates and assumptions regarding future operating costs, revenue and profitability levels and general business and customer conditions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As at September 30, 2023 the outcome of these activities is unknown and subject to considerable uncertainty that cast significant doubt on the Corporation’s ability to meet its obligations as they come due and, accordingly, continue as a going concern.

These financial statements do not include necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Corporation be unable to continue as a going concern. Such adjustments could be material.

3. LOAN PAYABLE

Canadian Emergency Business Account (“CEBA”) Loan

During the year ended December 31, 2020, the Corporation was approved for repayable financing of a $40 operating line of credit under the government of Canada’s CEBA loan program (“CEBA Loan 1”), bearing interest at 0%.

During the year ended December 31, 2021, the Corporation was approved for repayable financing of an additional $20 operating line of credit under the second phase of the CEBA loan program (“CEBA Loan 2”), also bearing interest at 0%.

Subsequently, the Canadian federal government announced the repayment deadline for both CEBA loans has been extended from December 31, 2022 to January 18, 2024 for all eligible borrowers in good standing.

The terms of the CEBA Loan 1 and CEBA Loan 2 are as follows:

- In January 2022, both lines of credit automatically converted to two-year term loans bearing interest at 0%, to be repaid on December 31, 2023. There is the option for the Corporation to extend the loans by two additional years on December 31, 2023, and if this extension is exercised, the term loans will mature on December 31, 2025, at which time the balance must be repaid in full.

- Both loans are interest-free until January 1, 2024. If the loans are extended, commencing January 1, 2024, interest will accrue on the outstanding balance at a rate of 5% per annum, payable monthly on the last day of each month.
- If the balance of the loans are repaid in full on or before December 31, 2023, $10 of each of the term loans will be forgiven (for a total of $20). The Corporation intends to repay the loans by December 31, 2023.

CEBA Loan 1 of $40 was initially recorded at the fair value of $15. The initial discount of $25 on recognition of the loan at fair value has been recorded as deferred revenue and is recognized as other income (government grants) over the two-year term of the loan.

CEBA Loan 2 of $20 was initially recorded at the fair value of $7. The initial discount of $13 on recognition of the loan at fair value has been recorded as deferred revenue and is recognized as other income (government grants) over the two-year term of the loan.

4. CONVERTIBLE DEBENTURES

(a) 2018 Convertible debentures

During the year ended December 31, 2018, the Corporation issued convertible debentures ("2018 Debentures") with a principal balance of $3,050 maturing on May 30, 2023. At or after the maturity date, the holders may deliver a notice, at which point the principal and interest payable would become payable six months after receiving notice from the holders, and as such, have been presented as non-current on the Statement of Financial Position as at September 30, 2023. The debentures may also be extended beyond the maturity date by the holders, in which case the debentures will become six months after receiving notice from the holder. During the year ended December 31, 2018, a convertible debenture holder elected to convert their $50 of convertible debentures plus accrued interest payable into 100,293 common shares.

On July 31, 2023 , the retraction notice period of the 2018 Debentures was changed from a twelve month notice period to a six month notice period. The retraction notice shall not be delivered by the Holder before November 30, 2023. Upon the date that is six months following the date the retraction notice is received by the Corporation, the convertible indebtedness and all accrued unpaid Interest will then become due and payable. The Corporation expects to receive notice from the debenture holders on November 30, 2023 meaning that the indebtedness and all accrued but unpaid interest will become due and payable on May 30, 2023.

As at ($ Cdn thousands)	September 30, 2023	December 31, 2022
Balance at the beginning of period	**3,273**	3,030
Interest accrued during the period	**291**	366
Unrealized (gain) loss on convertible debentures	**284**	(123)
Balance at the end of the year	**3,848**	3,273
Face value of the convertible debentures at end of the period	**3,000**	3,000

The 2018 Debentures are hybrid contracts with multiple embedded derivatives. The Corporation has measured the entire hybrid contract at fair value with adjustments recorded to finance costs in the statements of operations and comprehensive loss. The face value of $3,000, plus all accrued interest, will be repayable 6 months after the debenture holders deliver notice after maturity, if not converted prior to this date.

The face value of the 2018 Debentures reconciles to the balance as at September 30, 2023 and December 31, 2022 as follows:

As at ($ Cdn thousands)	September 30, 2023	December 31, 2022
Face value	**3,000**	3,000
Interest accrued	**1,754**	1,463
Face value plus accrued interest	**4,754**	4,463
Fair value adjustment	**(906)**	(1,190)
Balance at the end of the period	**3,848**	3,273

The 2018 Debentures have a variable interest charge based on the Corporation's cash burn rate.

The interest rate is the lesser of:

a. 8.50% plus (0.50% x number of Shortfall Months) compounded quarterly; or
b. 12.00% per annum compounded quarterly

where Shortfall Months is equal to (twelve-(ending cash balance/three month average cash burn)).

During the three- and nine-months ended September 30, 2023, the Corporation's monthly cash burn rate was such that the accrued annual rate of interest payable was 8.50% to 8.85% (compounded quarterly). The $3,000 outstanding in 2018 Debentures can be converted into common shares at the election of debenture holders at any time at a conversion price of $0.51 per share.

As at September 30, 2023, the unpaid accrued interest payable was $1,754 (December 31, 2022: $1,463). The unpaid accrued interest payable can be converted to shares, at the election of the debenture holders, at any time, at the volume-weighted average trading price per share for common shares over ten consecutive trading days ending on the trading day before the conversion date.

The 2018 Debentures are convertible at the option of the Corporation if, on or before the five-year maturity date, in any two consecutive calendar quarters the Corporation shall have achieved all of the following criteria:

a. positive EBITDA normalized for abnormal items;
b. revenue equal to at least $0.023 per issued and outstanding Common Share;
c. the volume-weighted average trading price per share for Common Shares for the prior three months is equal to at least $0.41 per share; and
d. subscription-based recurring revenue equal to at least $0.017 per issued and outstanding Common Share.

The Corporation can redeem the 2018 Debentures upon 30 days' notice prior to the maturity by paying the outstanding face value of the principal in cash and the outstanding interest in common shares at the current market price, as well as a prepayment penalty equal to 50% of the lost interest from the prepayment date to the maturity date.

The fair value of the 2018 Debentures is determined using a probability-weighted multi-scenario model based on the host liability and embedded derivatives of the instrument. The most significant factors in the computation of the fair value of this financial instrument as at December 31, 2022 are the fair values of the host liability and the conversion feature. The fair value of the host liability is determined using a discount rate of 39.4% (2022: 39.4%), interest payments of 8.5% to 12.0%, and a remaining expected term of 1.0 years (December 31, 2022: 1.4 years). The fair value of the conversion feature is determined using a Black-Scholes model with a volatility of 90% (2022: 90%), a risk-free rate of interest of 4.58% (December 31, 2022: 4.06%), a stock price of $0.25 (2022: $0.08) per share, and a remaining expected life of 1.0 years (2022: 1.4 years), as at December 31, 2022.

Sensitivity analysis:

A $0.01 increase in the share price within the Black-Scholes model would result in an increase in the fair value of the outstanding principal of the 2018 Debentures of $5. A 1% increase in the discount rate would result in a decrease in the fair value of the outstanding principal 2018 Debentures of $28. Comparable decreases in each of the share price and discount rate would result in a comparable opposite change in the fair value of the outstanding principal of the 2018 Debentures.

(b) 2021 Convertible debenture

As at **($ Cdn thousands)**	**September 30, 2023**	**December 31, 2022**
Face value	**3,000**	3,000
Financing costs	**62**	62
Proceeds from convertible debenture, net of financing costs	**2,938**	2,938
Allocation - convertible debenture - equity portion	**(1,292)**	(1,292)
Allocation - convertible debenture - warrant portion	**(1,188)**	(1,188)
Accretion on convertible debenture	**753**	455
Debenture liability balance at the end of the period	**1,211**	913

On March 5, 2021, the Corporation issued a convertible debenture ("2021 Debenture") for $3,000. The 2021 Debenture is non-interest bearing, with a maturity date of March 5, 2026. The 2021 Debenture is convertible to common shares at a conversion price of $0.23 per share. In addition, the purchaser received 12,000,000 warrants that can each be converted to one common share of the Corporation at a purchase price of $0.25 per share. The warrants expire March 5, 2026. The Corporation incurred $62 in financing costs related to legal and transaction processing charges.

The initial amount recognized for the detachable warrants and the 2021 Debenture was determined by applying the relative fair value approach. The fair value of the detachable warrants was estimated using the Black-Scholes option pricing model. The fair value of the 2021 Debenture was determined by estimating the fair values of both the debt component and conversion feature; the debt component by discounting the expected future cash flows at a market rate of interest of 45.0% for a comparable debt instrument without a conversion feature and the conversion feature using the Black-Scholes option pricing model. This resulted in $1,188 being assigned to the detachable warrants and $1,750 being assigned to the 2021 Debenture (net of transaction costs). The subsequent bifurcation of the 2021 Debenture into its liability and equity components was determined following the residual approach for the equity component; this resulted in an initial liability of $468 and the remaining $1,292 being allocated to the equity conversion feature (net of transaction costs).

The fair value of the detachable warrants and conversion feature was determined using a Black-Scholes model with a volatility of 90%, a risk-free rate of interest of 0.90%, a stock price of $0.30 per share, and a remaining expected life of 5.0 years, as at March 5, 2021.

5. SHARE CAPITAL

Common shares

As at September 30, 2023, the Corporation was authorized to issue an unlimited number of common shares without par value. The holders of common shares are entitled to one vote per share and all shares rank equally with regard to the Corporation's residual assets.

($ Cdn thousands)	Number	$
Balance, December 31, 2021, December 31, 2022, and September 30, 2023	**71,523,066**	**2,532**

Warrants

As part of the 2021 Debenture financing, the Corporation issued to the holder warrants to acquire 12,000,000 common shares, exercisable at any time on or prior to March 5, 2026. Each warrant is exercisable into one common share at an exercise price of $0.25 per common share. The value ascribed to these warrants was $1,188 (see note 4).

Options

The Corporation has adopted a stock option plan whereby a maximum of 10% of the issued and outstanding common shares, from time to time, may be reserved for issuance pursuant to the exercise of options. Under the terms of the stock option plan, options may be granted only to: (i) employees, officers, directors, and consultants of the Corporation; and (ii) employees, officers, directors, and consultants of an affiliate of the Corporation.

The following summarizes the changes in outstanding options:

	2023		2022	
	Number	Weighted average exercise price (CND$)	Number	Weighted average exercise price (CND$)
Outstanding - beginning of period	2,720,000	0.14	3,531,250	0.21
Granted	100,000	0.23	1,650,000	0.10
Forfeited	-	-	(2,461,250)	0.20
Outstanding - end of the period	2,820,000	0.14	2,720,000	0.14
Exercisable - end of the period	620,000	0.24	221,250	0.23

Restricted Share Unit Plan

The Corporation has a Restricted Share Unit plan ("RSU Plan"), under which it can grant restricted share units ("RSUs") to directors and management. RSUs represent the right to receive one common share of the Corporation upon vesting and are therefore considered equity-settled instruments.

On December 6, 2021, the Corporation granted RSUs to each of its two independent directors (the "2021 RSU Recipients"). In aggregate, 370,000 RSUs were granted with a vesting date of December 6, 2022. These grants represented compensation to the 2021 RSU Recipients for their respective service to the Corporation as Directors.

No RSUs were granted during the nine-months ended September 30, 2023 (2022: nil).

As at September 30, 2023, 370,000 restricted share units were outstanding (December 31, 2023 – 370,000).

6. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share for the three- and nine-months ended September 30, 2023 and 2022 are based on the net earnings attributable to shareholders as reported in the statements of operations and basic and diluted weighted average number of common shares outstanding in the relevant year:

	Three months ended September 30,		Nine months ended September 30,	
($ thousands, except per share amounts)	**2023**	2022	**2023**	2022
Weighted average of common shares				
Basic	**71,523,066**	71,523,066	**71,523,066**	71,523,066
Diluted	**71,523,066**	71,523,066	**71,523,066**	71,523,066

Potential common shares arising from the securities listed below were excluded from the weighted average number of diluted common shares outstanding for 2023 because they were anti-dilutive:

- 2,820,000 stock options;
- 2018 Debentures with a principal amount of $3,000 which can be converted into common shares at $0.51 at the election of the debenture holders for a total of 5,882,353 shares and as at September 30, 2023, the unpaid accrued interest payable of $1,754 which can be converted to shares at the election of the debenture holders at any time at the volume-weighted average trading price per shares for common shares over the ten consecutive trading days ending on the trading day before the conversion date;
- 2021 Debenture with a principal amount of $3,000 which can be converted into common shares at $0.23 at the election of the debenture holders for a total of 13,043,479 shares;
- 12,000,000 warrants exercisable at $0.25; and
- 370,000 restricted share units.

7. REVENUE

The Corporation presents revenue in three major categories:

(a) Subscription revenue consists of monthly recurring Software as a Service (SaaS) fees charged to clients for access to operate the Platform, software updates, new features and technical support.

(b) Investment services revenue consists of fees charged to clients on qualifying services and/or transactions processed through Katipult's Platform. While this revenue is expected to be recurring in nature, it will vary in size and timing as it is based on the volume and characteristics of the transactions processed.

(c) Integration revenue consists of charges to clients for services that are viewed by the Corporation to be one-time in nature and to new clients for the provision of regulatory consulting services, and marketing and customization services. The charges vary depending on the amount and complexity of the work involved and the nature of the client's needs.

	Three months ended September 30,		**Nine months ended September 30,**	
($ thousands)	**2023**	2022	**2023**	2022
Subscription revenue	**688**	476	**1,698**	1,350
Investment services revenue	**26**	-	**93**	-
Integration revenue	**7**	-	**26**	36
Total revenue	**721**	476	**1,817**	1,386

8. EXPENSES BY NATURE

The Corporation presents certain expenses in the statements of operations and comprehensive loss by function. The following table presents those expenses by nature:

($ Cnd thousands) - unaudited	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Expenses				
Salaries, subcontractors, and benefits	**606**	520	**1,806**	1,828
Marketing and sales costs	**33**	15	**54**	58
External services and professional fees	**242**	223	**625**	570
Bad debt expense (recovery)	**4**	1	**(3)**	-
Share-based payments	**14**	36	**48**	8
Total expenses	**899**	795	**2,530**	2,464
Allocated to:				
Cost of revenue	**115**	98	**311**	303
Selling, general, and administrative	**574**	484	**1,525**	1,337
Research and development	**210**	213	**694**	824
Total expenses	**899**	795	**2,530**	2,464
Finance costs				
Bank related charges	**1**	2	**7**	18
Interest on convertible debentures	**100**	113	**291**	291
Accretion on convertible debenture	**108**	75	**298**	205
Interest on lease obligation	**-**	1	**-**	2
Other interest and charges	**2**	3	**3**	9
Total finance costs	**211**	194	**599**	525

9. OTHER INCOME

($ thousands)	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Interest and other income	**(1)**	-	**(4)**	(6)
Government grants	**2**	(75)	**(134)**	(238)
Total other income	**1**	(75)	**(138)**	(244)