

STEER TECHNOLOGIES INC.
(Formerly Facedrive Inc.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND
2021 (Expressed in Canadian dollars)
(Unaudited)**

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company’s management.

The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity’s auditor.

November 29, 2022

Steer Technologies Inc. (Formerly Facedrive Inc.)
Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Table of Contents

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	5
Condensed Consolidated Interim Statements of Changes in Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8-41

Steer Technologies Inc. (Formerly Facedrive Inc.)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - In Canadian dollars, except where otherwise indicated)

As at	Notes	September 30, 2022	December 31, 2021
ASSETS		\$	\$
Current assets			
Cash and cash equivalents		3,793,050	2,229,173
Trade and other receivables	14	1,371,821	1,915,348
Prepaid expenses and deposits	15	497,696	363,914
Inventories	16	5,621,941	5,433,350
		11,284,508	9,941,785
Restricted investment	17	630,322	221,202
Deposits	15	917,116	1,221,153
Investment in preferred shares	20	1,444,991	1,365,145
Property and Equipment	21	1,422,366	399,420
Right-of-use assets	30	17,636,116	9,877,066
Intangible assets	18	3,451,325	4,540,362
Goodwill	19	1,990,376	1,919,844
Deferred income tax assets		103,509	46,900
Total assets		\$ 38,880,629	\$ 29,532,877
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	22	\$ 8,169,557	\$ 7,037,112
Customer deposits		618,989	466,420
Deferred revenue	8	148,300	402,171
Due to related party	27	195,559	195,559
Lease liabilities – current	30	3,544,829	2,415,372
Income tax payable		92,632	85,677
		12,769,866	10,602,311
Loans	23	107,030	98,591
Lease liabilities	30	15,652,568	8,718,114
Total liabilities		28,529,464	19,419,016
SHAREHOLDERS' EQUITY			
Share capital	25	86,107,368	62,659,497
Contributed surplus		4,188,605	4,155,087
Accumulated other comprehensive loss		(31,428)	(106,931)
Deficit		(79,913,380)	(56,593,792)
Total shareholders' equity		10,351,165	10,113,861
Total liabilities and shareholders' equity		\$ \$38,880,629	\$ 29,532,877
Commitments, contingencies and guarantees	Note 29		
Subsequent events	Note 33		
Approved by:			

(signed) "Junaid Razvi" Director

(signed) "Suman Pushparajah" Director

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

Steer Technologies Inc. (Formerly Facedrive Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - In Canadian dollars, except where otherwise indicated)

	Notes	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
REVENUE	8	\$ 14,291,749	\$ 7,811,810	\$ 40,075,204	\$ 15,106,192
COSTS AND OPERATING EXPENSES					
Cost of revenue	9	14,694,325	7,951,732	41,752,989	16,668,168
General and administration	10	1,378,028	1,703,803	5,232,418	5,442,643
Operational support	11	3,371,088	3,255,502	11,262,215	8,905,387
Research and development	12	670,790	668,221	2,093,694	1,477,769
Sales and marketing	13	577,055	790,265	1,693,519	2,586,856
Amortization	18	225,757	698,330	1,176,854	2,057,084
Depreciation	21, 30	516,974	96,092	1,257,180	218,270
Total operating expenses		21,434,017	15,163,945	64,468,869	37,356,177
OPERATING LOSS		(7,142,268)	(7,352,135)	(24,393,665)	(22,249,985)
OTHER INCOME (EXPENSES)					
Government grants	31	-	1,059,351	1,654,467	3,053,606
Foreign exchange gain (loss)		(23,838)	132,491	(44,531)	(27,144)
Interest expenses		(379,871)	(209,232)	(904,220)	(590,299)
Interest income		758	9,596	876	28,488
Gain from sale of equipment	21	10,189	(12,535)	42,387	-
Gain or Loss on Termination	30	170,237	-	304,694	(25,385)
Derecognition of long-term investment		-	(3,489,916)	-	(3,489,916)
Fair value loss on investment	20	(29,623)	-	(29,491)	-
Impairment of intangible assets			(67,803)		(67,803)
NET LOSS BEFORE INCOME TAXES		\$ (7,394,416)	\$ (9,930,183)	\$ (23,369,483)	\$ (23,368,438)
Deferred income tax recovery		33,478	-	49,895	248,000
NET LOSS		(7,360,938)	(9,930,183)	(23,319,588)	(23,120,438)
Cumulative translation adjustment		53,627	54,862	75,503	(18,368)
NET LOSS AND COMPREHENSIVE LOSS		(7,307,311)	(9,875,321)	(23,244,085)	(23,138,806)
Loss per share					
– Basic and diluted		\$ (0.06)	\$ (0.10)	\$ (0.19)	\$ (0.24)
Weighted average number of shares outstanding					
Basic and diluted		131,942,719	95,318,111	120,855,218	94,790,810

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

Steer Technologies Inc. (Formerly Facedrive Inc.)
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - In Canadian dollars, except where otherwise indicated)

	Note	Number of common shares	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive losses	Total shareholders' equity (deficit)
Balance, December 31, 2020		93,729,980	\$ 40,916,526	\$ 2,176,016	\$ (27,283,039)	\$ (75,835)	\$ 15,733,668
Issuance of share capital	25	1,518,518	20,499,993	-	-	-	20,499,993
Share issuance costs	25	-	(292,849)	-	-	-	(292,849)
Acquisition of EcoCRED		38,936	659,926	-	-	-	659,926
Exercise of options	26	113,380	376,887	(193,385)	-	-	183,502
Share-based payments	26	-	-	1,589,071	-	-	1,589,071
Net loss and comprehensive loss		-	-	-	(23,120,438)	(18,368)	(23,138,806)
Balance, September 30, 2021		95,400,814	\$ 62,160,483	\$ 3,571,702	\$ (50,403,477)	\$ (94,203)	\$ 15,234,505
Balance, December 31, 2021		95,721,499	\$ 62,659,497	\$ 4,155,087	\$ (56,593,792)	\$ (106,931)	\$ 10,113,861
Issuance of share capital	25	37,004,766	22,199,999	-	-	-	22,199,999
Share issuance costs	25	-	(256,628)	-	-	-	(256,628)
Acquisition of Food Hwy (a)	6	(38,116)	-	-	-	-	-
Exercise of RSUs	26	167,441	1,435,000	(1,435,000)	-	-	-
Share-based payments	25,26	89,025	69,500	1,468,518	-	-	1,538,018
Net loss and comprehensive loss		-	-	-	(23,319,588)	75,503	(23,244,085)
Balance, September 30, 2022		132,944,615	\$ 86,107,368	\$ 4,188,605	\$ (79,913,380)	\$ (31,428)	\$ 10,351,165

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Steer Technologies Inc. (Formerly Facedrive Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - In Canadian dollars, except where otherwise indicated)

For the nine months ended September 30	2022	2021
OPERATING ACTIVITIES		
Net loss	\$ (23,319,588)	\$ (23,120,438)
Items not affecting cash:		
Depreciation and amortization (Note 18, 21, 30)	4,414,420	3,710,013
Share-based payments (Note 26)	1,468,518	1,589,071
Other non-cash items	77,944	-
Inventory provision (Note 16)	598,023	-
Unrealized foreign exchange gain/loss	(67,799)	686
Derecognition of long-term investment	-	3,489,916
Impairment of intangible assets	-	67,803
Fair value loss/(gain) on investment	29,491	-
Deferred income tax recovery	(49,895)	(248,000)
Gain on lease terminations	(222,484)	(6,911)
Gain from sale of property and equipment (Note 21)	(42,387)	-
Interest expenses	8,433	17,827
Government and other grants	-	(11,967)
Trade and other receivables	565,377	(82,852)
Prepaid expenses and deposits	(121,481)	(871,022)
Interest receivable	207	(32,188)
Deposits	181,660	180,081
Inventory	(795,058)	(4,002,409)
Accounts payable and accrued liabilities	1,075,559	3,459,901
Deferred income	(265,166)	7,083
Cash used in operating activities	(16,464,226)	(15,853,406)
INVESTING ACTIVITIES		
Purchase of equipment (Note 21)	(4,442,039)	(1,274,836)
Proceeds from sale of property and equipment (Note 21)	3,253,713	736,570
Restricted investment	(408,500)	-
Deposit returns	316,719	-
Cash used in investing activities	(1,280,107)	(538,266)
FINANCING ACTIVITIES		
Repayments to related parties	-	(138,469)
Issuance of common shares and warrants (Note 25)	22,199,999	20,499,993
Exercise of options	-	183,502
Share issuance costs (Note 25)	(256,628)	(292,849)
Principal payment of lease liabilities (Note 30)	(2,714,887)	(969,996)
Proceeds from CEBA loans	-	20,000
Cash provided by financing activities	19,228,484	19,302,181
Impact of currency translation adjustment on cash	79,726	1,278
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,563,877	2,911,787
Cash and cash equivalents, beginning of period	2,229,173	3,915,788
Cash and cash equivalents, end of period	\$ 3,793,050	\$ 6,827,575

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

Steer Technologies Inc. (Formerly Facedrive Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2022 and 2021

(Unaudited - In Canadian dollars, except where otherwise indicated)

1. CORPORATE INFORMATION

Steer Technologies Inc. (“**Steer Technologies**” or the “**Company**”) changed its name on October 4th, 2022 from Facedrive Inc., which was incorporated on January 18, 2018, under the *Business Corporations Act* (Alberta) as High Mountain Capital Corporation and was continued on December 31, 2019, under the *Business Corporations Act* (Ontario). The Company’s corporate headquarters is located at 44 East Beaver Creek, Suite 16, Richmond Hill, Ontario L4B 1G8.

Based on these global mega-trends, the Company carries out its vision by building a one-of-a-kind system that aggregates conscientious users through a series of connected offerings (serving as various entry points) and enables them to buy, sell, lease or invest with the same platform. The Company’s offerings generally fall into two categories: 1) Subscription-based offerings and 2) On-Demand Offerings. All services are ultimately powered by the Company’s data, analytics, and machine learning engine, EcoCRED to better capture, analyse, parse and report on key data points that will measure the Company’s impact on carbon reductions and offsets.

Subscription-Based Offerings

The Company’s Subscription-Based Services are led by its flagship STEER EV business unit, which allows consumers (typically on a monthly recurring subscription basis) to choose from a diverse fleet of automobiles that includes a range of premium luxury, comfort and entry-level electric vehicles (EV) – without the hassles that come with long-term ownership or daily rental. Subscription Services also include health technology services and related offerings. The Company has been pleased with the growth and success of its operations in Toronto and Washington, DC as two operational centers with strong utilization and subscriber growth rates. Consequently, the Company has further established operations in Vancouver, BC and Austin, Texas, and Tampa, Florida. Steer intends to aggressively expand in North America into targeted markets that have been identified for expansion. The Company anticipates this expansion translating into strong and organic monthly recurring revenue results and ultimately significant year-over-year revenue growth from its business-to-consumer (B2C) operations. Following this, the goal is to further expand, in the intermediate term, into electric charging and smart-community infrastructure.

On-Demand Offerings

On-Demand Services include the Company’s various mobility offerings catering to both businesses and consumers. This includes the Company’s rideshare platform, its food delivery service, its delivery-as-a-service (DaaS) business, and its fast-growing business-to-business offering “B2B Marketplace”. B2B Marketplace provides for the sale and delivery of just-in-time supplies to restaurants allowing them to not only reduce their inventory and storage costs, but also choose from among the Company’s environmentally conscious supply options. This increased adoption of environmentally conscious options will then be reflected in the carbon reduction and offset numbers that the Company will be tracking and reporting through its EcoCRED engine. These next stages will include the launch of the Company’s new “super-app” which will bring all affiliated On-Demand offerings onto the same platform with a view to streamlining both their operational footprint and the end-user experience.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

ESG and Data Driven Intelligence

The Company is experiencing an increasing number of users and businesses transacting on its EcoCRED platform. EcoCRED, driven by data analytics, will take on a pivotal role in analysing the collected datasets related to general consumer behavior, consumption patterns, carbon impacts and offsets. First acquired from a wholly-owned subsidiary of Exelon Corporation in April of 2021, EcoCRED has become the Company's ESG big-data analytics machine for all carbon impacts and offsets coming through its platform. The goal is to power all of the Company's On-Demand and Subscription-Based services through EcoCRED to automatically capture carbon reductions and offsets created in real-time. This will include offsets created by the Company's EV subscription service and its B2B Marketplace (e.g., the materials used and purchased). The Company is also working closely with industry-leading consultants to better understand all carbon reductions and offsets within the context of global industry standards. The Company intends to not only further integrate key sustainability metrics and statistics into its user interface (as it currently does for consumers on its mobile app), but also to the broader market.

Steer Technologies' COVID-19 Internal Response

In March 2020, the World Health Organization declared the outbreak of a Novel Coronavirus (or "COVID-19") as a pandemic. The Company has responded to the COVID-19 pandemic by launching new, or expanding the existing services, features, or health and safety requirements on an expedited basis, particularly those relating to the delivery of food. COVID-19 has impacted the global economy and has and may continue to result in significant business disruptions. Since the beginning of the pandemic, the government of Ontario, the primary jurisdiction the Company has operations in, has imposed lockdowns at certain periods in order to curb infection rates. These lockdowns and restrictions, leading to reduction in non-essential travel and school closing, have adversely impacted the demand for the Company's ride sharing business and is a contributing factor to the impairment of the Company's car-pooling HiRide platform during the year ended December 31, 2021 and 2020. Given the dynamic nature of COVID-19, the full extent to which the global pandemic may have direct or indirect impact on the Company's business and the related financial reporting implications can not be reasonably estimated at this time, although the pandemic could materially affect the Company's business, results of operations and financial condition in the future. Additionally, concerns over the economic impact of the COVID-19 pandemic have caused volatility in financial markets, which may adversely impact the Company's stock price and the Company's ability to access capital markets.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
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2. BASIS OF PRESENTATION

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, applicable to the preparation of interim financial statements as set out in International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The Company has consistently applied the same accounting policies as described herein for all periods presented. These interim financial statements do not include all the disclosures required for a complete set of IFRS financial statements. Accordingly, they should be read in conjunction with the last audited consolidated annual financial statements and notes thereto for the year ended December 31, 2021 (“annual financial statements”), which are available on SEDAR at www.sedar.com. Selected explanatory notes are included in the interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

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

These interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances, transactions, income and expenses have been eliminated on consolidation. Entities controlled by the Company and included in the interim financial statements are as follows:

SUBSIDIARIES	FUNCTIONAL CURRENCY	PRINCIPAL PLACE OF OPERATIONS	SEPTEMBER 30 2022 %
Facedrive Food Inc.	Canadian Dollar	Canada	100
Facedrive Health Inc.	Canadian Dollar	Canada	100
Food Hwy Canada Inc.	Canadian Dollar	Canada	100
Facedrive USA LLC.	US Dollar	United States	100
HiRide Share Ltd.	Canadian Dollar	Canada	100
Steer EV Canada Inc.	Canadian Dollar	Canada	100
Steer Holdings, LLC	US Dollar	United States	100
EcoCRED, LLC	US Dollar	United States	100

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

(b) Reclassification

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations or cash flow.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these interim financial statements in conformity with IFRS requires management to make certain judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of revenues and expenses for the periods presented, and the carrying amounts of assets, and liabilities, and the disclosure of contingent liabilities, at the date of financial statements. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events believed to be reasonable, that are considered to be relevant, the results of which form the basis of the estimates made or judgement exercised that are not readily apparent from other sources. Actual results may differ from these estimates. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which they are revised and in future periods affected.

The areas of significant judgement and estimation were identified in the Company's annual financial statements for the year ended December 31, 2021.

4. NEW ACCOUNTING PRONOUNCEMENTS

(a) Standards Issued But Not Yet Effective

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statements of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company has concluded that the impact is not material.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
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5. INVESTMENT IN TALLY TECHNOLOGY GROUP INC.

On August 7, 2020, the Company entered and completed a definitive agreement (the “**Tally Agreement**”) to partner with and invest in Tally Technology Group Inc. (“**Tally**”), a white-label, free-to-play sports predictions platform.

In return for 727,273 common shares and 2,181,818 preferred shares of Tally, the Company paid USD\$1,000,000 (\$1,340,600) in cash and USD\$2,000,000 (\$2,326,425) in Shares at a deemed price per Share equal to \$17.84 (calculated as the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of entering into the Tally Agreement). The Company issued 151,457 Shares which are subject to a twelve-month lock-up period from the date of issuance (the “**Lock-Up Period**”). The fair value of the Shares was determined to be a discounted price of \$15.36 per share, as a result of a discount of 24.1% being factored on the closing trading price of \$20.24 on the date of the issue due to lock-up terms on these Shares.

Under the terms of the Tally Agreement, when the Lock-Up Period expired the Company had three possible options: (1) increase its ownership in Tally through a USD\$1,000,000 investment; (2) provide Tally with a USD\$1,000,000 loan; or (3) do nothing and forfeit certain securities. These scenarios were contemplated to provide both the Company and Tally flexibility upon the one-year anniversary of the Tally Agreement when the Lock-Up Period ends.

On August 8, 2021, the Company entered into an Amended Agreement with Tally to amend the terms of the agreement dated August 7, 2020.

The Company accounted for its investment in Tally as investment in associate using the equity method up to August 25, 2021, the date it lost its significant influence. Upon acquisition of the investment in Tally, management determined that the Company had significant influence over Tally, as the Company, represented by its former CEO, held one out of the four representations on Tally’s board of directors pursuant to the Tally Agreement. The Company’s share of the profit or loss and comprehensive income/loss in any of the reporting periods since the acquisition of the investment up to the date of loss of significant influence were not significant and as such were not factored into determining the carrying amount of the investment.

The Company’s former CEO resigned on August 25, 2021, since then, the Company was denied reappointing its representation on Tally’s board of directors. On October 27, 2021, Tally served a notice of default to the Company, alleging that the Company had defaulted on the terms of the options and 727,273 of the Company’s investment in Tally preferred shares will be converted into common shares of Tally, and together with the original Tally common shares, will be cancelled; the Company’s management believes that the notice is without merit.

The Company determined that it effectively lost significant influence over Tally as of August 25, 2021 upon the resignation of its former CEO. Since that date, the Company was not invited at any of Tally’s board meetings and was no longer involved in any of its operating, financing, and investing decisions. Accordingly, the Company classified the investment in Tally as FVTPL.

The Company continued its ongoing negotiation with Tally regarding the notice of default and to dispute its rights under the Tally Agreement and the Amended Agreements. Due to the dilution of

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

interest, loss of board seat, ongoing legal issue, uncertainty about future cash flows, unobservable inputs not being reflective of market participant assumptions, and restrictions on sale, the Company recognized the difference between the carrying amount of \$3,489,916 and the estimated fair value of retained interest as a charge in the consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2021.

On April 22, 2022, the Company entered into another amended agreement with Tally whereby it would be able to retain 1,935,618 shares of Tally's Series Seed Preferred Stock, which have a deemed original issue price of \$0.6875, as well as warrants to purchase 250,000 shares of Common Stock of Tally at \$0.01 per share

While management of the Company was of the opinion that the Notice was without merit (as an earlier amended agreement of August 2021 had removed any obligations upon which Tally might claim default), the Company and its advisors felt based on a number of factors that the Company had lost significant influence over Tally investment during the year ended December 31, 2021. These factors included the dilution of interest, loss of board seat, ongoing legal dispute, uncertainty about future cash flows, unobservable inputs not being reflective of market participant assumptions, and restrictions on sale. Accordingly, the Company recognized the difference between the carrying amount of \$3,489,916 and the estimated fair value of retained interest as a charge in the consolidated statements of loss and comprehensive loss during the year.

6. ACQUISITION OF FOOD HWY

On October 1, 2020, the Company completed the Food Hwy Acquisition with each of the shareholders of Food Hwy, a food delivery service. Pursuant to the terms of the Food Hwy Acquisition, the Company acquired all of the outstanding shares of Food Hwy for consideration of \$1,500,000 in cash and the issuance of 515,370 Shares, issued at a deemed price of \$14.75 per Share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending two trading days prior to the date of the Food Hwy Acquisition). The Shares issued were subject to a lock-up agreement which specifies: 33,906 Shares were subject to a 90-day lock-up period, 159,358 Shares were subject to a 12-month lock-up period, and 322,106 Shares were subject to a 18-month lock-up period.

The purchase price is subject to a post-closing adjustment (the "**Adjustment**"). The parties shall have 90 days after the closing date to determine the amount of the Adjustment, calculated as the delta between Food Hwy's working capital on the closing date and negative \$100,000:

- If the Adjustment is between negative \$1 and negative \$100,000, the Company may cancel such number of the 18-month lock-up Shares equal to the absolute value of the Adjustment divided by the deemed price per share of \$14.75 (the "**Closing Price**").
- If the Adjustment is less than negative \$100,000, in addition to the above, the Company may cancel such number of the 90 day lock up Shares equal to the absolute value of the Adjustment, less \$100,000, and then divided by the Closing Price.
- If the Adjustment is a positive number, the Company shall pay the Food Hwy Shareholders in cash the amount of the Adjustment.

On December 31, 2020, the calculation of the Adjustment was completed and was determined to be negative \$516,268. The Company waived \$100,000 of the Adjustment and will cancel 28,228

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

of the 18 Month Lock-Up Shares. As at the date of this report, 28,228 common shares have been cancelled.

The post-Adjustment fair value of the Shares issued for the acquisition was estimated to be \$3,538,575. The fair value per share was determined to be \$7.26 per Share to reflect a discount within the range of 13.7% to 47.3% on the closing trading price of \$13.35 on the date of the issue, as the Shares were subject to 90-day, 12-month and 18-month lock-up.

The Food Hwy Acquisition was determined to be a business combination as substantive processes and assets were acquired as part of the transaction. The Company has retained most of Food Hwy's key management personnel and has also implemented Food Hwy's operational processes.

Consideration paid:		
Cash	\$	1,500,000
Fair value of Shares issued (487,142 Shares at \$7.26 per Share)		3,538,575
	\$	5,038,575
Net identifiable assets acquired:		
Cash	\$	144,425
Trade and other receivables		882,508
Inventory		649
Intangible assets – Developed Technology		2,093,000
Intangible assets – Vendor Relationships		1,656,000
Intangible assets – Customer Relationships (the “Food Hwy Customer List”)		56,000
Intangible assets – Courier Relationships		176,000
Intangible assets – Brand name		1,388,000
Goodwill		1,050,843
Accounts payable and accrued liabilities		(1,436,500)
Customer deposits		(207,350)
Loans		(80,000)
Deferred income tax liability		(685,000)
	\$	5,038,575

The excess of consideration over fair value of net assets acquired in the amount \$1,050,843 was recognized as goodwill (Note 19). Goodwill reflects the synergies that exist from the combination of the Company's marketing, administration and technology ecosystem, the expected revenue growth and margin expansion due to expansion to new markets and the benefits of future market development and growth in the food delivery service industry. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

7. ACQUISITION OF ECOCRED, LLC

On April 8, 2021, the Company completed the acquisition of 100% of the ownership interest of EcoCRED, LLC (the “**EcoCRED Acquisition**”), which estimates users’ carbon footprint and suggests simple tasks and useful lifestyle habits to help users reduce their carbon footprint through its mobile application.

In the EcoCRED Acquisition, the Company acquired the ownership interest in exchange for aggregate consideration of USD\$1,000,000, which was paid through the issuance of 38,936 Shares, issued at a deemed price of \$19.94 per Share (calculated on the 30-day volume weighted average trading price of the Shares as reported on Bloomberg, ending three trading days prior to the date of the EcoCRED Acquisition). The fair value of the Shares issued was determined to be a discounted \$16.95 per Share, to reflect a discount of 15% on the closing trading price of \$19.94 on the date of the issue, as the Shares were subject to an 18-month lock-up.

Consideration paid:	
Fair value of Shares issued (38,936 Shares at \$16.95 per Share)	\$ 659,926
Transaction costs	35,001
	\$ 694,927
Net identifiable assets acquired:	
Intangible assets – Developed Technology	694,927
	\$ 694,927

The EcoCRED Acquisition was determined to be an asset acquisition as substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset as per the concentration test under IFRS 3.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

8. REVENUE

In the following table, revenue is disaggregated by nature:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Revenue recognized at a point of time				
B2B Marketplace	\$ 12,252,750	\$ 5,512,238	\$ 33,313,159	\$ 7,898,974
Other (Foods Delivery, Rideshare, Daas, Health)	1,151,491	1,406,142	4,321,398	5,024,271
Subtotal On-Demand Offerings	13,404,241	6,918,380	37,634,557	12,923,245
Revenue recognized over the point of time				
Vehicle subscription	\$ 788,904	\$ 798,930	\$ 2,150,962	\$ 2,057,741
Other	98,604	94,500	289,685	125,205
Subtotal Subscription-Based Offerings	\$ 887,508	\$ 893,430	\$ 2,440,647	\$ 2,182,946
	\$ 14,291,749	\$ 7,811,810	\$ 40,075,204	\$ 15,106,192

Significant changes in deferred revenue balances during the period are as follows:

	September 30, 2022	December 31, 2021
Beginning balances	\$ 218,346	\$ 87,511
Additions	326,712	2,139,137
Recognized in revenue	(404,260)	(1,825,660)
Currency translation adjustments	7,502	1,183
Ending balances	\$ 148,300	\$ 402,171

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

9. COST OF REVENUE

Cost of revenue consists of:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Automobile costs	\$ 305,506	\$ 236,465	\$ 602,825	\$ 534,783
Cost of goods sold	11,405,981	4,988,428	31,269,717	7,607,687
Inventory provision (Note 16)	186,316	-	598,022	-
Delivery on B2B Marketplace	701,019	340,616	2,116,028	521,612
Depreciation	813,233	508,393	1,980,384	1,434,666
Insurance expenses	187,103	149,588	498,028	388,258
Payment processing fees	329,755	372,098	1,069,742	1,162,246
Payout to drivers	686,833	1,286,369	3,417,879	4,716,120
Other cost of revenue	78,579	69,775	200,364	302,796
	\$ 14,694,325	\$ 7,951,732	\$ 41,752,989	\$ 16,668,168

10. GENERAL AND ADMINISTRATION

General and administration expense consists of:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Consulting fees	\$ 56,818	\$ 34,149	\$ 255,030	\$ 75,312
Legal and accounting fees	174,736	600,286	1,063,396	1,686,738
Professional fees	36,207	70,137	128,454	536,361
Salaries and benefits	642,621	356,442	2,109,804	1,091,359
Share-based compensation (Note 26)	333,288	511,092	1,252,749	1,589,071
Insurance	69,798	107,401	295,547	331,962
Other general and administration expenses	64,560	24,296	127,438	131,840
	\$ 1,378,028	\$ 1,703,803	\$ 5,232,418	\$ 5,442,643

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

11. OPERATIONAL SUPPORT

Operational support expenses consist of:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Consulting fees	\$ 98,709	\$ 69,688	\$ 339,753	\$ 212,517
Rent- Office	354,838	189,222	700,552	456,505
Salaries and benefits	2,367,211	2,426,795	8,377,497	6,897,120
Share-based compensation (Note 26)	51,830	-	126,849	-
Telephone, internet and data	186,162	333,350	609,401	845,776
Warehouse expenses	103,942	131,608	561,440	-
Other operational support expenses	208,396	104,839	546,723	493,469
	\$ 3,371,088	\$ 3,255,502	\$ 11,262,215	\$ 8,905,387

12. RESEARCH AND DEVELOPMENT

Research and development expenses consist of:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Consulting fees	\$ 161,487	\$ 284,865	\$ 611,823	\$ 750,510
Salaries and benefits	486,388	383,356	1,419,981	727,261
Share-based compensation (Note 26)	22,915	-	61,890	-
	\$ 670,790	\$ 668,221	\$ 2,093,694	\$ 1,477,769

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

13. SALES AND MARKETING

Sales and marketing expenses consist of:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Consulting fees	\$ 276,399	\$ 292,617	\$ 685,268	\$ 1,358,782
Salaries and benefits	226,876	164,830	683,750	225,097
Share-based compensation (Note 26)	9,109	-	27,031	-
User incentives and marketing expenses	64,671	332,818	297,470	1,002,977
	\$ 577,055	\$ 790,265	\$ 1,693,519	\$ 2,586,856

14. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of:

	September 30, 2022	December 31, 2021
Trade receivables	\$ 664,026	\$ 1,413,591
HST receivable	727,795	501,757
	\$ 1,371,821	\$ 1,915,348

15. PREPAID EXPENSES AND DEPOSITS

Current prepaid expenses and deposits consist of:

	September 30, 2022	December 31, 2021
Prepaid insurance	\$ 44,578	\$ 34,763
Prepaid licenses	5,833	13,868
Prepaid rent	13,707	31,344
Deposits	424,759	246,823
Other prepaid expenses	8,819	37,116
	\$ 497,696	\$ 363,914

Non-current deposits of \$917,116 (2021- \$1,221,153) consist of the Company's security deposits on its leases and Toronto hydro.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

16. INVENTORIES

Inventories consist of goods in transit, finished goods, and work-in-process, less any provision. Finished goods is primarily made up of (i) business-to business restaurant supply merchandise that is offered for sale by B2B Marketplace; and (ii) TraceSCAN wearables.

	September 30, 2022	December 31, 2021
Goods in transit	\$ 136,626	\$ 615,383
Work-in-process	1,128,695	1,128,695
Finished goods	5,276,485	4,011,114
Inventory provision	(919,865)	(321,842)
	\$ 5,621,941	\$ 5,433,350

An inventory provision is estimated by management based on historical sales, inventory aging and expiry, and expected future sales and is included in cost of revenue. Subsequent changes to the provision are recorded in cost of sales in the Condensed consolidated interim statements of loss and comprehensive loss. For the three and nine months ended September 30, 2022, inventory write-downs of \$186,316 and \$598,023 were expensed through cost of revenue (2021 - \$Nil).

During the three and nine months ended September 30, 2022, \$11,034,062 and \$30,317,363 (2021 - \$4,962,200 and \$7,581,500) of inventory was sold and recognized in cost of revenue. A minor portion of inventory – \$3,344 and \$19,597 (2021 - \$Nil and \$84,200) – was used for promotional purposes and recognized in other expense categories. For office expense, \$2,797 and \$3,617 (2021 \$4,500 and 25,600) of inventory were used. As of September 30, 2022, \$1,128,695 (2021 - \$Nil) of inventory was under development for upgrades and optimization, which has been classified as work-in-process.

17. RESTRICTED INVESTMENT

Restricted investment represents short-term deposit of \$630,322 (2021 - \$221,202) with an original maturity of twelve months bearing an interest within the range of 0.05% to 1.25% held as a collateral with the Company's banker for a letter of credit of \$525,000 (2021 - \$100,000) and a credit card facility of \$104,000 (2021 - \$121,000); hence it is classified as non-current assets.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

18. INTANGIBLE ASSETS

	Definite Useful Life						Indefinite	Total
	Brand Names	HiRide Platform	Customer Lists	Developed Technology	Vendor Relationships	Courier Relationships	Brand Names	
Cost								
Balance, December 31, 2020	\$ 1,458,000	\$ 761,209	\$ 1,223,959	\$ 2,093,000	\$ 1,656,000	\$ 176,000	\$ 632,271	\$ 8,000,439
Additions (Note 7)	-	-	-	694,927	-	-	-	694,927
Impact of currency translation	-	-	(2,678)	-	-	-	(2,681)	(5,359)
Balance, December 31, 2021	\$ 1,458,000	\$ 761,209	\$ 1,221,281	\$ 2,787,927	\$ 1,656,000	\$ 176,000	\$ 629,590	\$ 8,690,007
Impact of currency translation	-	-	51,022	-	-	-	51,100	102,122
Balance, September 30, 2022	\$ 1,458,000	\$ 761,209	\$ 1,272,303	\$ 2,787,927	\$ 1,656,000	\$ 176,000	\$ 680,690	\$ 8,792,129
Accumulated Amortization and Impairment								
Balance, December 31, 2020	\$ 141,917	\$ 635,453	\$ 159,152	\$ 348,833	\$ 44,757	\$ 29,333	\$ -	\$ 1,359,445
Amortization	488,917	75,453	363,918	1,496,870	179,027	117,333	-	2,721,518
Impairment	17,500	50,303	-	-	-	-	-	67,803
Impact of currency translation	-	-	879	-	-	-	-	879
Balance, December 31, 2021	\$ 648,334	\$ 761,209	\$ 523,949	\$ 1,845,703	\$ 223,784	\$ 146,666	\$ -	\$ 4,149,645
Amortization	346,999	-	213,178	453,073	134,270	29,334	-	1,176,854
Impact of currency translation	-	-	14,305	-	-	-	-	14,305
Balance, September 30, 2022	\$ 995,333	\$ 761,209	\$ 751,432	\$ 2,298,776	\$ 358,054	\$ 176,000	\$ -	\$ 5,340,804
Net book value								
At December 31, 2021	\$ 809,666	\$ -	\$ 697,332	\$ 942,224	\$ 1,432,216	\$ 29,334	\$ 629,590	\$ 4,540,362
At September 30, 2022	\$ 462,667	\$ -	\$ 520,871	\$ 489,151	\$ 1,297,946	\$ -	\$ 680,690	\$ 3,451,325

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

During the nine months ended September 30, 2022, no indicators of impairment were assessed on the Company's intangible assets.

19. GOODWILL

	Food Delivery		Steer		Total
Balance, December 31, 2020	\$	1,050,843	\$	872,701	\$ 1,923,544
Impact of currency translation		-		(3,700)	(3,700)
Balance, December 31, 2021	\$	1,050,843	\$	869,001	\$ 1,919,844
Impact of currency translation		-		70,532	70,532
Balance, September 30, 2022	\$	1,050,843	\$	939,533	\$ 1,990,376

Goodwill is tested for impairment on an annual basis. The Company performed goodwill testing on the Steer and Facedrive Foods as at December 31, 2021 and did not note any impairment.

20. INVESTMENT IN PREFERRED SHARES

On October 21, 2019, the Company completed a transaction with Westbrook Global Inc. ("Westbrook") whereby the Company purchased a USD \$1,000,000, 3.00% unsecured convertible promissory note of Westbrook, due December 31, 2022 (the "Note").

With Westbrook completing the Series A transaction on December 20, 2021, by confirming the Series A Stock Purchase Agreement and the Investors' Rights Agreement mutually agreed by both parties, the promissory notes were converted to 14,200 preferred shares, representing 0.247% of total ownership, earning 3% annually compounded dividend.

The preferred share was recognized as FVTPL at fair value determined based on a recent arm's length third party transaction; the difference between the carrying amount of the promissory notes and the fair value on conversion date was recognized immediately in the condensed consolidated interim statements of loss and comprehensive loss.

Balance, December 31, 2021	\$	1,365,145
Fair value loss on investment		(29,491)
Foreign exchange gain/loss		109,337
Balance, September 30, 2022	\$	1,444,991

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

21. EQUIPMENT

	Computers		Furniture		Vehicles		Warehouse Equipment		Total	
Cost										
December 31, 2020	\$	23,128	\$	-	\$	-	\$	-	\$	23,128
Additions		33,717		31,770		998,155		249,968		1,313,610
Disposals		-		-		(883,205)		-		(883,205)
Impact of currency translation		3		-		-		-		3
Balance, December 31, 2021	\$	56,848	\$	31,770	\$	114,950	\$	249,968	\$	453,536
Additions		70,602		6,301		4,105,509		259,627		4,442,039
Disposals		-		-		(3,252,096)		(46,341)		(3,298,437)
Impact of currency translation		1,056		-		-		-		1,056
Balance, September 30, 2022	\$	128,506	\$	38,071	\$	968,363	\$	463,254	\$	1,598,194
Accumulated Depreciation										
December 31, 2020		2,606		-		-		-		2,606
Depreciation		16,115		5,989		20,086		23,633		65,823
Disposals		-		-		(14,339)		-		(14,339)
Impact of currency translation		26		-		-		-		26
Balance, December 31, 2021		18,747		5,989		5,747		23,633		54,116
Depreciation		21,004		5,465		124,837		57,088		208,394
Disposals		-		-		(81,200)		(5,911)		(87,111)
Impact of currency translation		429		-		-		-		429
Balance, September 30, 2022	\$	40,180	\$	11,454	\$	49,384	\$	74,810	\$	175,828
Net Book Value										
At December 31, 2021	\$	38,101	\$	25,781	\$	109,203	\$	226,335	\$	399,420
At September 30, 2022	\$	88,326	\$	26,617	\$	918,979	\$	388,444	\$	1,422,366

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

22. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	September 30, 2022		December 31, 2021	
Trade payables	\$	6,908,822	\$	5,488,358
Accrued liabilities and other payables		448,797		355,087
Payroll liabilities and source deductions		257,991		501,370
Related party liabilities (Note 27)		553,947		692,297
	\$	8,169,557	\$	7,037,112

23. LOANS

On January 7, 2021, the Company received a loan in the principal amount of \$20,000 under the Canada Emergency Business Account (“CEBA”) program. The loan is non-interest bearing and eligible for \$10,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loan bears interest at 5% per annum and is due on December 31, 2025. The Company intends to repay the loan by December 31, 2023 and management has assessed that the Company will have the financial ability to do so. As it is probable that the conditions for the forgiveness of the loans will be met, the Company has recognized the \$10,000 loan forgiveness as government grant income for the year ended December 31, 2021. As the loan is issued at below market rates, the initial fair value of the loan was determined to be \$8,033, which was determined using an estimated effective interest rate of 11%. The difference between the face value of the loan and the fair value of the loan of \$1,967 (2020 - \$Nil) has been recognized as government grant income during period.

During the year ended December 31, 2020, the Company received loans in the principal amount of \$140,000 under the CEBA program. The loans are non-interest bearing and eligible for \$40,000 forgiveness if repaid by December 31, 2023. If not repaid by December 31, 2023, the loans bear interest at 5% per annum and are due on December 31, 2025. The Company intends to repay the loans by December 31, 2023 and management has assessed that the Company will have the financial ability to do so. As it is probable that the conditions for the forgiveness of the loans will be met, the Company has recognized the \$40,000 loan forgiveness as government grant income during the year ended December 31, 2020. As the loans are issued at below market rates, the initial fair value of the loans was determined to be \$76,417, which was determined using an estimated effective interest rate of 11%. The difference between the face value of the loans and the fair value of the loans of \$23,583 has been recognized as government grant income during the year ended December 31, 2020.

For the three and nine months ended September 30, 2022, the Company recognized interest expense of \$2,890 and \$8,438 (2021 - \$2,590 and \$7,563) related to the CEBA loans.

As at September 30, 2022, the balance outstanding was \$107,030 (December 31, 2021- \$98,591).

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

24. FAIR VALUE MEASUREMENT

The Company uses various methods to estimate the fair values of assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the consolidated statements of financial position after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash and cash equivalents, restricted investment, trade and other receivables, accounts payable and accrued liabilities, amounts due to related parties, and loans are considered reasonable approximations of their fair values due to the short-term nature of these instruments. The fair value measurement for investment in shares is derived using level 3 inputs.

25. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares, issuable in series with no par value for both. As of September 30, 2022, the Company had 132,944,615 (December 31, 2021 - 95,721,499) Shares issued and outstanding and no preferred shares issued and outstanding.

Share capital transactions during the nine months ended September 30, 2022 consisted of the following:

- On March 1, 2022, the Company completed a non-brokered private placement of 7,343,750 units, with each unit consisting of one Share and one warrant, issued at a price of \$0.64 per unit for aggregate gross proceeds of \$4,700,000. The Company incurred legal fees of \$49,860 and professional fees of \$24,250 in connection with this financing.
- On March 31, 2022, the Company clawed back 26,841 common shares of the 18 Month Lock-Up Shares as a result of post-closing adjustment for acquisition of Food Hwy.
- On April 7, 2022, the Company completed a non-brokered private placement of 29,661,016 units, with each unit consistent of one Share and one warrant, issued at a price of \$0.59 per unit for aggregate gross proceeds of \$17,499,999. The Company incurred finder fees of \$47,495, legal fees of \$78,442 and professional fees of \$56,581 in connection with this financing.
- On June 1, 2022, the Company issued an aggregate of 89,025 Shares to two of the

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Company's former advisors as debt settlements. The arrangements are share-based payment transactions with non-employees. For accounting purposes, using the fair value method of accounting, consideration comprised of 89,025 Shares with a fair value of \$69,500, representing a grant date fair value of the Shares of \$0.78 per Share.

- On June 1, 2022, the Company clawed back 11,275 common shares of the 18 Month Lock-Up Shares as a result of post-closing adjustment for acquisition of Food Hwy.

Share capital transactions during the nine months ended September 30, 2021 consisted of the following:

- On February 2, 2021, the Company completed a non-brokered private placement of 1,518,518 Shares issued at a price of \$13.50 per Share for aggregate gross proceeds of \$20,499,993. The Company incurred finder's fees of \$224,600 in connection with this financing.
- On April 8, 2021, as purchase consideration for the EcoCRED Acquisition, the Company issued to the vendors an aggregate of 38,936 Shares with a fair value of \$659,926 (see Note 7).
- On June 10, 2021, the Company issued to one of the directors an aggregate of 22,800 Shares for the exercise of Options at the exercise price of \$0.50 per Share for gross proceeds of \$11,400 which resulted in a transfer from contributed surplus to share capital of \$45,505.

26. OPTIONS, WARRANTS AND RESTRICTED SHARE UNITS

The Company's recorded share-based compensation for the three months ended September 30, 2022 and 2021 and nine months ended September 30, 2022 and 2021 comprised of the following:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Options (a)	\$ 140,275	\$ 6,765	\$ 333,924	\$ 56,910
RSUs (c)	276,867	504,327	1,134,594	1,532,161
Total share-based compensations	\$ 417,142	\$ 511,092	\$ 1,468,518	\$ 1,589,071

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

(a) Options

Continuity of the Options issued and outstanding are as follows:

	Number of options		Weighted average exercise price
Outstanding, December 31, 2020	687,040	\$	2.18
Granted	354,628		1.72
Forfeited/Cancelled	(113,380)		1.62
Expired	(109,100)		3.10
Outstanding, December 31, 2021	819,188	\$	1.94
Granted	704,283		0.9
Expired	(159,818)		-
Outstanding, September 30, 2022	1,363,653	\$	1.39
Exercisable, September 30, 2022	319,842	\$	2.04

As at September 30, 2022, the following Options were outstanding:

Number of options	Exercise price	Expiry date	Remaining contractual life (years)
90,580	1.90	October 29, 2022	0.08
45,290	2.21	October 29, 2022	0.08
2,812	3.31	October 29, 2022	0.08
90,580	1.90	September 26, 2024	1.99
45,290	2.21	September 26, 2024	1.99
30,190	3.31	September 26, 2024	1.99
90,580	1.90	November 18, 2024	3.52
45,290	2.28	May 23, 2025	3.52
30,190	3.31	April 07, 2026	3.52
188,568	1.25	April 07, 2026	2.14
704,283	0.90	April 07, 2026	2.65
1,363,653			2.34

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

As at Dec 31, 2021, the following Options were outstanding:

Number of options	Exercise price	Expiry date	Remaining contractual life (years)
90,580	1.90	April 06, 2022	0.26
23,948	2.21	April 06, 2022	0.26
45,290	2.21	August 31, 2022	0.67
90,580	1.90	October 29, 2022	0.83
45,290	2.21	October 29, 2022	0.83
2,812	3.31	October 29, 2022	0.83
90,580	1.90	September 26, 2024	2.74
45,290	2.21	September 26, 2024	2.74
30,190	3.31	September 26, 2024	2.74
188,568	1.25	November 18, 2024	2.88
90,580	1.90	April 07, 2026	4.27
45,290	2.28	April 07, 2026	4.27
30,190	3.31	April 07, 2026	4.27
819,188			2.30

(b) Warrants

The Company issued an aggregate of 7,343,750 common share purchase warrants (“Warrants”) in connection with the non-brokered private placement (Note 25) in March, 2022. The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of \$0.80 per Warrant.

The Company issued an aggregate of 29,661,016 common share purchase warrants (“Warrants”) in connection with the non-brokered private placement (Note 25) in April, 2022. The Warrants are exercisable at the option of the holder to acquire one Share at an exercise price of \$0.73 per Warrant.

Continuity of the Warrants issued and outstanding are as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2020	-	\$ -
Granted	-	-
Exercised	-	-
Outstanding, December 31, 2021	-	-
Granted	37,004,766	0.74
Exercised	-	-
Outstanding, September 30, 2022	37,004,766	\$ 0.74
Exercisable, September 30, 2022	-	\$ -

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

(c) **Restricted Share Units**

Continuity of the Company's RSUs issued and outstanding was as follows:

	Number of RSUs		Weighted average grant date fair value
Outstanding, December 31, 2020	764,127	\$	4.39
Granted	335,297		7.51
Exercised	(281,623)		1.59
Cancelled	(182,133)		2.94
Outstanding, December 31, 2021	635,668	\$	7.69
Granted	618,973		0.65
Exercised	(167,441)		6.88
Outstanding, September 30, 2022	1,087,200		3.61
Vested, pending settlement and issue	176,869	\$	5.78

27. RELATED PARTY DISCLOSURES

Related parties include key management, the Board of Directors, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company defines key management personnel as being the directors and key officers. For the three and nine months ended September 30, 2022 and 2021, the compensation awarded to key management personnel is as follows:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Salaries, service fees and short-term benefits	\$ 181,731	\$ 57,375	\$ 636,935	\$ 302,118
Share based compensations	237,135	85,992	769,330	298,862
	\$ 418,866	\$ 143,367	\$ 1,406,265	\$ 600,980

Related party transactions

During the nine months ended September 30, 2022 and 2021, the Company incurred office space, operational supports, consulting, and product development expenses for services provided by the following related entities controlled by key officers or directors:

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Connex Telecommunications Inc. (“Connex”)	\$ 15,238	\$ 30,300	\$ 78,851	\$ 100,100
Abrahams LLP.	14,066	22,000	65,197	70,800
Mujir Muneeruddin Professional Corporation	-	60,000	-	180,000
	\$ 29,304	\$ 112,300	\$ 144,048	\$ 350,900

above incurred expenses are included in cost of revenues, operational support expenses, and research and development expenses. Transactions with the related parties are measured at the amounts agreed to with the related parties.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Due to related parties:

As at September 30, 2022 and December 31, 2021 amounts due to related parties include:

	September 30, 2022	December 31, 2021
Directors	\$ 50,000	\$ 130,000
Founders	195,559	195,559
Entities controlled by key officers or directors	503,947	562,297
	\$ 749,506	\$ 887,856

Amounts due to directors and entities controlled by key officers or directors are included in accounts payable and accrued liabilities (Note 22). Amounts due to founders are included as due to related parties. The amounts owing by the Company are unsecured, and non-interest bearing, with no specific terms for repayment.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's primary financial risk management objective is to protect the Company's consolidated financial position statement and cash flow. The Company's principal financial liabilities are comprised of accounts payable and accrued liabilities, lease liabilities and amounts due to related parties. The main purpose of these financial liabilities is to provide working capital for the Company's operations. During the normal course of operations, the Company may become exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at September 30, 2022, the Company is primarily exposed to foreign exchange risk through its United States dollars denominated, investment in preferred shares. The Company mitigates foreign exchange risk by monitoring foreign exchange rate trends. The Company does not currently hedge its currency risk.

Based on current exposures as at September 30, 2022 and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar relative to the United States dollar would result in a gain or loss of approximately \$24,905 in the Company's consolidated statements of loss and comprehensive loss.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2022 the Company is not exposed to significant interest rate risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

Examples include changes in commodity prices or equity prices. As at September 30, 2022, the Company is not exposed to significant other price risk, except with regards to FVTPL investments.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company's financial instruments that are exposed to credit risk consist primarily of cash and cash equivalents and trade and other receivables. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with financially stable and insured institutions. The Company mitigates its exposure to credit risk from trade and other receivables through a payment collection platform which processes users' pre-authorized credit cards. As payments from users are typically pre-authorized, the risk of credit loss is expected to be minimal. As at September 30, 2022, the Company is not exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far ahead as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions such as those created by the global pandemic COVID-19. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis. The Company continuously reviews both actual and forecasted cash flows in order to ensure that the Company has appropriate capital capacity.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

As at September 30, 2022	Carrying Amount	Undiscounted Contractual Cash Flows		
		< 1 year	1 – 5 years	Total
Accounts payables and accrued liabilities	\$ 8,169,557	\$ 8,169,557	\$ -	\$ 8,169,557
Due to related parties	195,559	195,559	-	195,559
Loans	107,030	160,000	-	160,000
Lease liabilities	19,197,397	5,094,304	18,092,991	23,187,295
	\$ 27,669,543	\$ 13,619,420	\$ 18,092,991	\$ 31,712,411
As at December 31, 2021				
Accounts payables and accrued liabilities	\$ 7,037,112	\$ 7,037,112	\$ -	\$ 7,037,112
Due to related parties	195,559	195,559	-	195,559
Loans	98,591	-	160,000	160,000
Lease liabilities	11,133,486	3,308,548	9,920,109	13,228,657
	\$ 18,464,748	\$ 10,541,219	\$ 10,080,109	\$ 20,621,328

Capital management

The Company manages its capital, which consists exclusively of equity, with the primary objective being safeguarding sufficient working capital to sustain operations. The Company may require additional funds in order to fulfill all of its future expenditure requirements or obligations, in which case the Company may raise additional funds either through the issuance of equity or by incurring debt to satisfy such requirements or obligations. There is no assurance that any additional funding required by the Company will be available to the Company on terms acceptable to the Company or at all.

There have been no changes in the Company's approach to capital management during the nine months period ended September 30, 2022, nor have there been any changes made in the objectives, policies, or processes of the Company in respect of capital management during the nine months period ended September 30, 2022. The Company will continually assess the adequacy of its capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and the risk characteristics of the business.

The Company's primary objectives when managing capital are to:

- safeguard the Company's ability to continue as a going concern, so that it can provide adequate returns to its shareholders and benefits for other stakeholders;
- fund capital projects for facilitation of business expansion provided there is sufficient liquidity of capital to enable the internal financing; and

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

- maintain a capital base to maintain investor, creditor, and market confidence.

The Company considers the items included in the consolidated statements of changes in equity as capital. The Company manages its capital structure and makes adjustments thereto as is necessary from time to time in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new Shares from treasury. The Company is not subject to externally imposed capital requirements.

29. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Legal claim contingency

The Company may from time to time become subject to a variety of claims and lawsuits that arise from time to time in the ordinary course of the Company's business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.

On March 2, 2020, an oppression remedy action was commenced by the individual pursuant to section 248 of the *Business Corporations Act* (Ontario) against the Company, its Board of Directors, and Odyssey Trust Company (its transfer agent), in the Ontario Superior Court of Justice. The plaintiff is seeking, among other relief, an order requiring the Company's Board of Directors to deliver to the plaintiff 340,947 common shares in the Company or, in the alternative, payment of damages equal to the greater of \$1,568,356 or the monetary value of the 340,947 common shares of the Company as of the date of trial. To date, the Company has not been required to deliver a statement of defence. The Company has assessed that the likelihood of delivering the shares or paying the damages to be remote. As such, no provision has been recognized for this matter as at September 30, 2022.

On February 22, 2022, a supplier commenced an action against the Company in the Ontario Superior Court of Justice for an amount of USD\$213,075 for breach of contract and unjust enrichment. The action is at an early stage and the Company has defended the action. The Company is of the view that the claim is without merit and that the likelihood of paying the claim to be remote. As such, no provision has been recognized for this matter as at September 30, 2022.

On October 27, 2021, Tally served a notice of default to the Company, alleging that the Company had defaulted on the terms of the Options and 727,273 of the Company's Initial Tally Preferred Shares will be converted into common shares of Tally and, together with the Initial Tally Common Shares, will be returned to Tally for cancellation. (Note 5)

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Guarantees

The Company indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Company and maintains liability insurance for its directors and officers.

At September 30, 2022, the Company was contingently liable under an irrevocable letter of credit issued by its bank in February 2020 in the amount of \$25,000 which expires in February 2023. The letter of credit was issued to Greater Toronto Airports Authority (“GTAA”) as a security for the Company’s obligations in connection with an agreement between the Company and GTAA.

30. LEASES

Right-of-use assets

At September 30, 2022, the Company’s Right-of-use assets are as follows:

	Office space	Vehicles	Warehouse Equipment	Total
As at January 1, 2021	\$ 442,571	\$ 7,495,417	\$ -	\$ 7,937,988
Additions	3,069,464	1,748,560	-	4,818,024
Disposals	(50,103)	(469,652)	-	(519,755)
Depreciation	(325,371)	(1,979,892)	-	(2,305,263)
Impact of currency translation	-	(53,928)	-	(53,928)
As at December 31, 2021	\$ 3,136,561	\$ 6,740,505	\$ -	\$ 9,877,066
Additions	2,812,930	8,529,250	173,453	11,515,634
Disposals	(711,154)	(414,122)	-	(1,125,276)
Depreciation	(1,000,316)	(2,013,506)	(15,415)	-3,029,304
Impact of currency translation	-	397,929	-	397,929
As at September 30, 2022	\$ 4,238,021	\$ 13,240,056	\$ 158,038	\$ 17,636,116

The depreciation on the vehicles for Steer EV and Steer Holding Inc. have been recognized under cost of revenue (Note 9). The vehicles referred to in the table above are related to the Company’s services and offerings for vehicle subscription service.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Lease liability

At September 30, 2022, the Company's lease liability is as follows:

Lease liability	September 30, 2022		December 31, 2021	
Current portion	\$	3,544,829	\$	2,415,372
Long-term portion		15,652,568		8,718,114
Total lease liability	\$	19,197,397	\$	11,133,486

The Company is committed to undiscounted minimum lease payments as follows:

Lease commitments	September 30, 2022		December 31, 2021	
Less than one year	\$	5,094,304	\$	3,308,548
One to five years		18,092,991		9,920,109
Total undiscounted lease commitments	\$	23,187,295	\$	13,228,657

Amounts recognized in the Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

	For the three months ended September 30, 2022		For the three months ended September 30, 2021		For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
Interest on lease liabilities	\$	376,981	\$	207,606	\$	884,927	\$	584,488
Expenses relating to short-term leases		93,178		115,446		249,093		288,228
Expenses relating to variable lease payments not included in lease liabilities	\$	89,470	\$	73,776	\$	166,691	\$	168,277

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

Amounts recognized in the Condensed Consolidated Interim Statements of Cash Flows

During the nine months ended September 30,	2022		2021	
Interest paid	\$	897,410	\$	376,882
Payment of lease liabilities		2,714,887		490,842
Short-term lease payments		249,093		172,783
Expenses relating to variable lease payments not included in lease liabilities		166,691		94,500
Total cash outflows for leases	\$	4,028,081	\$	1,135,007

31. GOVERNMENT AND OTHER GRANTS

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
CEBA loans (see note 23)	\$ -	\$ -	\$ -	\$ 11,967
Ontario Ministry of Economic Development, Job Creation and Trade (the “OTF”) Grant (a)	-	-	631,653	1,500,000
The National Research Council of Canada Industrial Research Assistance (“NRC IRAP”) (b)	-	-	-	275,627
Toronto Region Board of Trade’s Recovery Activation Program (c)	-	-	10,000	-
Canada Emergency Wage Subsidy (“CEWS”) (d)	-	1,053,334	1,012,814	1,249,982
Canada Emergency Rent Subsidy (“CERS”) program	-	6,017	-	16,030
Total government and other grants	\$ -	\$ 1,059,351	\$ 1,654,467	\$ 3,053,606

a) OTF Grant

On February 11, 2021, the OTF agreed to provide funding of up to \$2,500,000 to fund the development and production of the TraceSCAN application. The grant is subject to the Company investing \$3,333,333 in the development and commercialization of the TraceSCAN application, and the Company delivering a total of 160,000 TraceSCAN units by July 5, 2021.

The Company received an initial tranche of \$1,500,000 from the OTF on February 17, 2021. The remainder of \$1,000,000 is subject to the Company completing the delivery of the 160,000 units and an audit of the costs incurred.

The Company received \$631,653 of the grant on May 10th 2022.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

During Q3 of 2022, the Company recognized \$Nil of the grant as government grant income, as opposed to \$Nil in Q3 of 2021. The Company has recognized \$631,653 of the grant as government grant income in YTD Period, as opposed to \$1,500,000 in Prior YTD Period.

b) NRC IRAP wage subsidies

During the nine months ended September 30, 2022, the Company has received wage subsidies in the amount \$Nil (2021 - \$275,627), which assisted innovative, early-stage small and medium-sized enterprises that are unable to access other existing COVID-19 business support.

c) Toronto Region Board of Trade's Recovery Activation Program

On February 18, 2022, the Company has received grant from Lenovo Evolve Small grant program in the amount \$10,000 (2021 - \$Nil), which aimed at providing relief to Black, Indigenous, and People of Colour-owned (BIPOC) small businesses navigating the challenges and impact of COVID-19.

During the three and nine months ended September 30, 2022, the Company has recognized \$Nil and \$10,000 (2021 - \$Nil) as government grant income.

d) Canada Emergency Wage Subsidy ("CEWS")

The Canadian government announced CEWS program in April 2020 which provides a wage subsidy on eligible remuneration to eligible employers based on certain criteria. The Company determined that it qualified for this subsidy and accordingly applied for and received \$Nil and \$1,012,814 during the three and nine months ended September 30, 2022, respectively. The subsidy is recorded as government grant income on the condensed consolidated interim statements of comprehensive loss for the respective periods.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

32. SEGMENT REPORTING

The Company has one operating segment, being the provider of Subscription-Based Offerings and On-demand Offerings, and operates in two geographic areas, being the United States and Canada. The Company's revenue and long-lived assets by geographic area during the nine months ended and as at September 30, 2022 are set out below:

	Canada	United States	Total
September 30, 2022:			
Revenue recognized at a point of time			
B2B Marketplace	\$ 33,313,159	\$ -	\$ 33,313,159
Other (Foods Delivery, Rideshare, Daas, Health)	4,321,398	-	4,321,398
On-Demand Offerings	\$ 37,634,557	\$ -	\$ 37,634,557
Revenue recognized over the point of time			
Vehicle subscription service	\$ 524,673	\$ 1,626,290	\$ 2,150,963
Other	-	289,684	289,684
Subscription-Based Offerings	\$ 524,673	\$ 1,915,974	\$ 2,440,647
	\$ 38,159,230	\$ 1,915,974	\$ 40,075,204

Long-lived assets	\$ 18,875,342	\$ 8,720,779	\$ 27,596,121
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	Canada	United States	Total
September 30, 2021:			
Revenue recognized at a point of time			
B2B Marketplace	\$ 5,024,271	\$ -	\$ 5,024,271
Other (Foods Delivery, Rideshare, Daas, Health)	7,898,974	-	7,898,974
On-Demand Offerings	12,923,245	-	12,923,245
Revenue recognized over the point of time			
Vehicle subscription service	101,222	1,956,520	2,057,742
Other	-	125,205	125,205
Subscription-Based Offerings	101,222	2,081,725	2,182,947
	\$ 13,024,467	\$ 2,081,725	\$ 15,106,192

December 31, 2021

Long-lived assets	\$ 11,278,443	\$ 8,312,649	\$ 19,591,092
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The above disclosures are consistent with the financial information regularly reviewed by the chief operating decision makers.

Steer Technologies Inc. (Formerly Facedrive Inc.)
Notes to the Condensed Consolidated Interim Financial Statements
For the Three and Nine Months Ended September 30, 2022 and 2021
(Unaudited - In Canadian dollars, except where otherwise indicated)

33. SUBSEQUENT EVENTS

Vehicle Sale-Leaseback with Jim Pattison Leasing (JPL)

On Nov.10, 2022, The Company established a sale-leaseback agreement with fleet management company Jim Pattison Leasing (JPL). As part of the arrangement, JPL purchased 5 Tesla Model 3S from Steer for \$581,315 and leased back the same number of vehicles to STEER for operational use. Additionally, HST refund of \$428,000 will be recovered following the transaction.