YANGAROO Inc.

Financial Statements

For the Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of YANGAROO Inc.:

Opinion

We have audited the financial statements of YANGAROO Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2021, and the statement of net (loss) income and comprehensive (loss) income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 7, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is John C. Sinclair.

Baker Tilly WM LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 2, 2022

YANGAROO Inc.

Statements of Financial Position
(Expressed in Canadian dollars)

	As at	
	December 31 2021	December 31 2020
Assets		
Current		
Cash	**$ 973,988**	$ 1,861,253
Accounts receivable (note 5)	**2,202,204**	1,755,391
Prepaid and sundry assets	**542,264**	425,083
Contract assets	**115,028**	96,550
	3,833,484	4,138,277
Non-current		
Property and equipment and Right of use assets (note 7)	**864,723**	366,751
Intangible assets (note 8)	**1,779,461**	-
Goodwill (note 9)	**4,875,421**	-
	$ 11,353,089	$ 4,505,028
Liabilities		
Current		
Trade and other payables (note 10)	**$ 1,078,929**	$ 800,222
Contract liabilities	**86,210**	50,692
Current portion of lease obligations (note 11)	**349,306**	182,918
Current portion of term loan facility (note 12)	**532,748**	-
Current portion of contingent consideration (note 6)	**630,233**	
	2,677,426	1,033,832
Non-current		
Lease obligations (note 11)	**323,369**	77,509
Term loan facility (note 12)	**2,540,718**	-
Contingent consideration (note 6)	**2,049,754**	-
	7,591,267	1,111,341
Equity		
Share capital (note 13)	**32,489,072**	32,446,702
Share-based payments reserve	**7,247,049**	7,035,352
Foreign currency translation reserve	**173,563**	-
Deficit	**(36,147,862)**	(36,088,367)
	3,761,822	3,393,687
	$ 11,353,089	$ 4,505,028

Commitments and contingencies (note 21)
Subsequent events (note 22)

Approved by the Board of Directors

"Anthony Miller"
Director

"Phil Benson"
Director

See accompanying notes, which are an integral part of these financial statements

YANGAROO Inc.

Statements of Net (Loss) Income and Comprehensive (Loss) Income
For the Years Ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

	2021	2020
Revenue (note 18)	**$ 9,696,024**	$ 7,947,800
Expenses		
Salaries and consulting (notes 14, 19 & 20)	**6,808,839**	4,967,878
Marketing and promotion	**169,710**	117,637
General and administrative	**846,738**	592,993
Technology development (note 16)	**773,068**	424,801
Depreciation of property and equipment and right of use assets and intangible assets (note 7 & 8)	**669,250**	272,197
Acquisition fees (note 6)	**276,059**	-
Restructuring expense (note 10,19)	**-**	612,112
	9,543,664	6,987,618
Income (loss) from operations	**152,360**	960,182
Other income (expenses)		
Interest income	**606**	7,350
Interest expense	**(195,407)**	(22,988)
Foreign exchange loss	**(8,875)**	(34,606)
	(203,676)	(50,244)
Net (loss) income before income tax	**(51,316)**	909,938
Income tax expense (note 17)	**(8,179)**	-
Net (loss) income	**$ (59,495)**	$ 909,938
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	**173,563**	-
	173,563	-
Total comprehensive income	**$ 114,068**	$ 909,938
Basic income (loss) per share (note 15)	**$ (0.00)**	**$ 0.02**
Diluted income (loss) per share (note 15)	**$ (0.00)**	**$ 0.01**

See accompanying notes, which are an integral part of these financial statements

YANGAROO Inc.

Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrant Reserve	Share-based payments reserve	Deficit	Foreign Currency Translation Reserve	Total
Balance at December 31, 2019	60,833,640	$32,490,832	$29,950	$6,851,029	$(36,998,305)	-	$2,373,506
Share-based payments (note 14)	-		-	154,373	-	-	154,373
Shares repurchased and cancelled (note 13)	(361,500)	(44,130)	-	-	-	-	(44,130)
Expiry of warrants	-		(29,950)	29,950	-	-	-
Net income and total comprehensive income for the year	-		-	-	909,938	-	909,938
Balance at December 31, 2020	**60,472,140**	**$32,446,702**	**$ -**	**$7,035,352**	**$(36,088,367)**	**-**	**$3,393,687**
Share-based payments (note 14)	-	-	-	229,229	-	-	229,229
Exercise of options (note 13)	225,000	42,370	-	(17,532)	-	-	24,838
Net loss for the year	-	-	-	-	(59,495)	-	(59,495)
Other comprehensive income	-	-	-	-	-	173,563	173,563
Total comprehensive income for the year	-	-	-	-	(59,495)	173,563	114,068
Balance at December 31, 2021	**60,697,140**	**$32,489,072**	**$ -**	**$7,247,049**	**$(36,147,862)**	**$173,563**	**$3,761,822**

See accompanying notes, which are an integral part of these financial statements

YANGAROO Inc.

Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in Canadian dollars)

	2021	2020
Cash flow from (used in) operating activities		
Net loss (income) for the year	**$ (59,495)**	$ 909,938
Items not affecting cash:		
Depreciation of property and equipment and right of use assets and intangible assets	**669,250**	272,197
Bad debt expense	**(28,627)**	(7,113)
Accretion of financing costs	**38,774**	-
Share-based payments (note 14)	**229,229**	154,373
Unrealized foreign exchange loss	**-**	(297,699)
Changes in non-cash operating working capital:		
Accounts receivable	**494,611**	(206,934)
Prepaid and sundry assets	**(85,299)**	(70,070)
Contract assets	**(18,478)**	(2,749)
Trade and other payables	**88,024**	348,208
Contract liabilities	**35,518**	(23,118)
Net cash from operating activities	**1,363,507**	1,077,033
Cash flow used in investing activities		
Acquisition of property and equipment (note 7)	**(175,501)**	(104,473)
Additions of product development assets (note 8)	**(732,996)**	-
Acquisition of Digital Media Services Inc. (note 6)	**(4,086,074)**	-
Net cash used in investing activities	**(4,994,571)**	(104,473)
Cash flow used in financing activities		
Payment of lease obligations	**(323,241)**	(197,908)
Principal repayment of term loan	**(49,242)**	-
Proceeds on exercise of options	**24,838**	-
Proceeds from term loan facility (note 12)	**3,083,934**	(750,000)
Common shares repurchased and cancelled (note 13)	**-**	(44,130)
Net cash from (used) in financing activities	**2,736,289**	(992,038)
Net (decrease) in cash	**(894,775)**	(19,478)
Effect of foreign exchange on cash	**7,510**	310,248
Cash, beginning of year	**1,861,253**	1,570,483
Cash, end of year	**$ 973,988**	$ 1,861,253
Cash interest and taxes paid	**$ 203,586**	$ 22,988

See accompanying notes, which are an integral part of these financial statements

1. Nature of Operations

Yangaroo is a software company that is the provider of workflow management solutions within the media and entertainment ecosystem. The Company's Digital Media Distribution System (DMDS) platform is a patented cloud-based technology that provides customers with a fully integrated workflow and broadcaster connected managed network for digital content delivery and related data management across the advertising, music, and entertainment award show markets.

YANGAROO Inc. is a publicly listed company incorporated on July 28, 1999 under the laws of Ontario as Musicrypt.com Inc. and changed to its present name on July 17, 2007. YANGAROO trades on the TSX Venture Exchange (TSX-V) under the symbol YOO and in the U.S. under OTCBB: YOOIF.

The address of the Company's corporate office and principal place of business is 67 Mowat Avenue, Suite 535, Toronto, Ontario, M6K 3E3.

2. Basis of Preparation

(a) Basis of compliance

These audited financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Board of Directors on April 28, 2022.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except certain financial instruments which are measured at fair value as determined at each reporting period.

(c) Functional and presentation currency

The financial statements are presented in Canadian Dollars ("CAD").

Effective May 21, 2021, the Company changed its functional currency to the United States Dollar ("USD"). The change in functional currency was applied on a prospective basis. This change reflects

2. Basis of Preparation (continued)

the Company's operating activities, which are now primarily in USD subsequent to the acquisition on May 21, 2021, of Digital Media Services, a U.S. based operations in the United States.

The change in functional currency resulted in the Company recognizing $173,563 in OCI for the translation of assets and liabilities and income and expenses from the Company's functional currency of USD to the presentation currency of CAD as at December 31, 2021 and for the period from May 22, 2021 to December 31, 2021. See Note 3(p) for the Company's policy on foreign currency translation.

(d) Significant accounting judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported.

The most significant judgements and estimates made by management in preparing the Company's financial statements are described as follows:

(i) Share-based payments

Share-based payments which include stock options granted to employees, officers and directors and warrants granted to agents and debenture holders, to the extent that they are not measured at the fair value of the services received, are based on the fair value at the date of the award. These share-based payments are valued using the Black-Scholes option pricing model, which includes inputs that require management's estimates and assumptions.

(ii) Revenue recognition

To the extent a contract includes multiple performance obligations, the Company applies judgement to determine whether these performance obligations are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation. Additionally, recognition of revenue requires significant judgement to determine if revenue is recognized at a point in time or over time.

(iii) Investment tax credits

The Company uses judgement to determine the reasonable assurance of collection and estimates the valuation of investment tax credits to be accrued.

(iv) Change in functional currency

The Company applied judgement in reassessing the functional currency as a result of the acquisition of Digital Media Services on May 21, 2021. See Note 2(c).

2. Basis of Preparation (continued)

(v) Collectability of accounts receivable

The Company applies the simplified method to measure loss allowance on accounts receivable at an amount equal to the lifetime expected credit loss (“ECL”).

(vi) Leases

The Company uses judgement to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

(vii) Capitalized development costs

The Company uses judgement to determine when internally generated development costs are available for intended use and assess if expenditures meet the criteria for capitalization under IAS 38.

(viii) Business combinations

On initial recognition, the assets and liabilities of the acquired business and consideration paid for them are included in the statement of financial position at their fair value. In measuring fair value, management uses estimates of future cash flows and discount rates.

(ix) Contingent consideration

The Company measures the contingent consideration payable in a business combination at the estimated fair value at each reporting date. The fair value is estimated using a Black-Scholes probability weighted approach, which includes inputs that require management’s estimates and assumptions.

3. Significant Accounting Policies

The accounting policies set below have been applied consistently to all years presented in these financial statements, except as otherwise noted.

(a) Cash

Cash in the statements of financial position is comprised of cash held at a major financial institution.

(b) Financial instruments

(i) *Recognition*

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument, except for trade receivables and debt securities which are initially recognized when they are originated. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- those to be measured subsequently at fair value, either through profit or loss (“FVTPL”) or through other comprehensive income (“FVTOCI”); and,
- those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through

3. Significant Accounting Policies (continued)

profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- amortized cost;
- FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or at fair value through other comprehensive income are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash and contingent consideration, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss. The Company's financial liabilities consist of trade and other payables term loan facility which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

(ii) Fair value

The Company's accounting policies and disclosures may require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3. Significant Accounting Policies (continued)

In establishing fair value, the Company uses a fair value hierarchy based on the levels as defined below:

- Level 1 fair value measurements are based on unadjusted quoted market prices.
- Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.
- Level 3 fair value measurements are those with inputs for the asset or liability that are not based on observable market data.

(c) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within general and administrative expenses in the statement of net (loss) and comprehensive (loss) income.

(ii) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of net (loss) income and comprehensive (loss) income as incurred.

(iii) Depreciation

Depreciation is calculated based on the cost of the asset less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

3. Significant Accounting Policies (continued)

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment - 5 years
- Computer equipment - 3 years
- Computer software - 3 years
- Leasehold improvements - 5 years over term of lease
- Right of use assets - duration of underlying lease agreement (typically 5 years)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(d) Impairment

(i) Financial assets

The Company prospectively estimates the ECL associated with the financial assets accounted for at amortized cost. The impairment methodology used depends on whether there is a significant increase in the credit risk or not. For accounts receivable, the Company measures loss allowances at an amount equal to the lifetime ECL under the simplified method. The Company recognized in income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal thereof) that is required to adjust the loss allowance at the reporting date to the required amount.

(ii) Non-financial assets

Other non-financial assets, comprised of property and equipment and goodwill, are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of its value in use and fair value less costs of disposal, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss in respect of other assets is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant Accounting Policies (continued)

(e) Goodwill and Other Intangible Assets

(i) Goodwill/Intangible Assets

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is re-measured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the statement of net (loss) income and comprehensive (loss) income as a gain on bargain purchase.

Contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(ii) Research and Development

Expenditure on research activities is recognized in statement of net (loss) income comprehensive (loss) income when incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in statement of net (loss) income and comprehensive (loss) income as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of net (loss) income and comprehensive (loss) income.

Other intangible assets

Other intangible assets, including customer relationships and brand that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

3. Significant Accounting Policies (continued)

Amortization

Amortization is calculated to write off the intangible assets using the straight-line method over their estimated useful lives and is recognized in statement of net (loss) income and comprehensive (loss) income . Goodwill is not amortized.

The estimated useful lives are as follows:

- Brand and trademarks - 3 years
- Customer relationships - 3 years
- Development costs - 3 years

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(f) Investment Tax Credits

Investment tax credits ("ITCs") arising from research and development are recognized when their realization is reasonably assured and are recorded in prepaid and sundry assets on the statement of financial position. ITCs earned with respect to current expenditures for qualified research and development activities are included in the statement of net (loss) income and comprehensive (loss) income as a reduction of research and development costs. ITCs associated with capital expenditures are reflected as reductions in the carrying amounts of the assets.

(g) Leases

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company's incremental borrowing rate is used instead. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurement of the lease liability. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policies as disclosed in Note 2 (c) . Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance expenses in the statement of comprehensive income. Operating lease payments are recognized as an operating expense in net income on a straight-line basis over the lease term. See additional information regarding leases on these financial statements in note 11.

(h) Share capital – common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. When the Company issues equity units, the proceeds are allocated among equity components using the residual method in which the proceeds are allocated first, based on the fair value of the warrants and the remainder allocated to the shares.

3. Significant Accounting Policies (continued)

(i) Share-based payments

The grant date fair value of options awarded to employees, directors, and service providers who perform employee-like services is measured using the Black-Scholes option pricing model and recognized in the statement of net (loss) income and comprehensive (loss) income, with a corresponding increase in share-based payments reserve over the vesting period. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon exercise of the option, consideration received, together with the amount previously recognized in share-based payments reserve, is recorded as an increase to share capital.

(j) Revenue

Identification of the contract, or contracts, with the customer

The Company considers the terms and conditions of written contracts and its customary business practices in identifying its contracts under IFRS 15. In general, contract terms will be reflected in a written document that is signed by both parties.

Identification of the performance obligations in the contract

Performance obligations are promises in a contract to transfer distinct products or services to a customer and is the unit of account under IFRS 15. A contract's transaction price is allocated to each distinct performance obligation and revenue is recognized when the performance obligation is satisfied. A product or service is a distinct performance obligation if the customer can both benefit from the product or service either on its own or together with other resources that are readily available to the customer, and it is separately identifiable from other items within the context of the contract. Performance obligations are satisfied by transferring control of the product or service to the customer. Control of the product or service is transferred either at a point in time or over time depending on the performance obligation.

The Company generates revenue primarily from pay-per-use and monthly subscription fees for the Company's platform service. These fees are generally recognized as they are billed based on volume and size of distribution services provided in a given month. The Company's other performance obligations include maintenance services, email and phone support, and unspecified software updates released when, and if, available.

Hosting is considered a separate performance obligation which is satisfied over time; however, such activities are immaterial at any given point in time.

Determination of the transaction price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for providing services to the customer. Usage fees have fixed pricing. A significant financing component generally does not exist under the Company's standard contracting and billing practices.

3. Significant Accounting Policies (continued)

Recognition of revenue when, or as, the Company satisfies a performance obligation

The Company recognizes revenue when the services are delivered to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The Company is principally responsible for the satisfaction of its distinct performance obligations, which are satisfied either at a point in time or over a period of time.

Performance obligations satisfied at a point in time

Usage Fees - Advertising and Entertainment (Music)
Distribution and production of media comprise two distinct performance obligations that are satisfied at a point in time, and revenue is recognized at the point in which the distribution and production service has been delivered to the end user.

Performance obligations satisfied over a period of time

Awards Management - Entertainment
Customization, support and maintenance, and hosting comprise of a bundle of performance obligations that are satisfied over a period of time. These performance obligations are not distinct in the context of each contract. Any hosting and support and maintenance activities are provided concurrent with the performance of customization within the billing period and are not considered material. Revenue is recognized over time, based on milestones of the awards management contract.

Contract Costs

Contract costs consists of customer acquisition costs to fulfill a contract. Customer acquisition costs are capitalized only if the costs are incrementally incurred to obtain a customer contract and may consist of sales commissions paid to sales personnel or third-party resellers. The Company elected the practical expedient approach and expenses costs of obtaining a contract when incurred.

Contract modifications may create new, or change existing, enforceable rights and obligations of the parties to the contract. The Company generally modifies an existing contract using an addendum or signed change order. A contract modification is accounted for as a new contract if it reflects an increase in scope that is regarded as distinct from the original contract and is priced in-line with the standalone selling price for the related product or services obligated. If a contract modification is not considered a new contract, the modification is combined with the original contract and the impact on the revenue recognition profile depends on whether the remaining products and services are distinct from the original contract. If the remaining goods or services are distinct from those in the original contract, all remaining performance obligations will be accounted for on a prospective basis with unrecognized consideration allocated to the remaining performance obligations. If the remaining goods or services are not distinct, the modification will be treated as if it were a part of the existing contract, and the effect that the contract modification has on the transaction price, and on our measure of progress toward satisfaction of the

3. Significant Accounting Policies (continued)

performance obligations, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification on a cumulative catch-up basis.

Contract assets and contract liabilities

Agreements with Award Show customers have billing cycles which differ from the Company's revenue recognition policies. For services that have been performed and not yet billed, the Company recognized a contract asset. For services that have been billed and not yet performed, the Company recognized a contract liability. Since the work for award shows are billed and revenues recognized are in short cycles of one year or less, it is expected that amounts in contract assets and liabilities would flow into the statement of net (loss) income and comprehensive (loss) income.

Remaining performance obligations

The Company's contracts are for delivery of goods within the next following 12 months of a contract's execution; therefore, the Company uses the practical expedient allowed in Paragraph 121(a) of IFRS 15. Following Paragraph 121(a), the Company does not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period.

(k) Other income and expenses

Other expenses comprise of interest expense on borrowings, foreign exchange gains and losses.

(l) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except for items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively

3. Significant Accounting Policies (continued)

enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net earnings in the year of change.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(m) Income (loss) per share

Basic income (loss) per share is computed by dividing the net income (loss) applicable to common shares of the Company by the weighted average number of common shares for the year. Diluted income (loss) per share is computed by dividing the net income (loss) applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When there is a loss, no potential shares are included in the computation as they are anti-dilutive.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Statement of cash flows

The Company prepares its statements of cash flows using the indirect method. The Company classifies interest received and paid as part of operating activities in the statement of cash flows.

(p) Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in the statement of net (loss) income and comprehensive (loss) income.

3. Significant Accounting Policies (continued)

From May 21, 2021, all transactions are translated to US dollars as the functional currency. The assets and liabilities in the Company that have a different currency from the Company's functional currency, are translated to the Company's functional currency using the exchange rate prevailing at the financial position date. The income and expenses denominated in a currency different from the Company's functional currency are translated to the presentation currency using the average rates of exchange during the year. All resulting exchange differences are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(q) Government assistance

Funds received from government assistance programs that compensate the Company for expenses is recognized in the statement of net (loss) income and comprehensive (loss) income with the same classification as the related expenses and in the same period in which the expense is recognized. These are not recognized until there is reasonable assurance that they will be received and that the Company will be in compliance with any conditions associated with the funds.

(r) Adoption of new and revised international financial reporting standards

The Company has evaluated the impact of future accounting pronouncements and does not expect them to have a material impact on its financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, share-based payments reserve, foreign currency translation reserve and deficit, in the definition of capital. In 2021, the amount of equity was $3,761,882 (2020 - $3,393,687). The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further develop and market platform services, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the period ended December 31, 2021.

(Expressed in Canadian dollars, unless otherwise noted)

5. Financial Instruments and Risk Management

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Market risk:

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk is comprised of two types of risk applicable to the Company:

(i) Currency risk:

The Company operates internationally, and the Canadian Dollar is the presentation currency. The Company, however, does have revenues, expenses, assets, and liabilities denominated in currencies other than CAD, primarily USD. The functional currency of the Company is USD from May 21, 2021 and the Company's financial position is translated to CAD when preparing the financial statements. The principal foreign currency risk as at December 31, 2021 is therefore the Canadian Dollar.

A 1% change in foreign exchange would result in a $(31,738) impact on net income (loss) and comprehensive income (loss).

Balances in foreign currencies at December 31, 2021 are as follows:

		CAD
Cash	$	133,085
Accounts receivable	$	165,741
Trade and other payables	$	399,174
Term loan	$	3,073,467

(ii) 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. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions and potential increases on the prime rate applied on the line of credit available to the Company. The Company's term loan is a floating interest rate facility. A 1% increase in the floating rate would result in a $19,856 impact on net income (loss) and comprehensive income (loss).

(Expressed in Canadian dollars, unless otherwise noted)

5. Financial Instruments and Risk Management (continued)

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of non-payment of accounts receivable.

The Company mitigates this risk by monitoring the credit worthiness of its customers and by offering the platform service to numerous smaller customers. As at and during the year ended December 31, 2021, approximately 15% (2020 - 32%) of accounts receivable and 13% (2021 - 18%) of revenue are from two customers (2020 - two customers), respectively.

The definition of items that are past due is determined by reference to payment terms agreed to with individual customers, which are normally within 30 to 60 days.

Aging of trade receivables that are past due, but not impaired are as follows:

	December 31 2021	December 31 2020
0 to 30 days past due	**$ 614,057**	$ 475,522
31 to 60 days	**356,972**	266,836
Over 60 days	**583,897**	722,775
Total past due	**$ 1,554,926**	$ 1,465,133

Continuity of allowance for doubtful accounts:

	December 31 2021	December 31 2020
Balance, beginning of year	**$ 161,869**	$ 271,992
Less: Arising on acquisition	**(17,232)**	-
Less: Accounts written off to bad debt expense	**-**	(103,006)
Net remeasurement of loss allowance	**(29,037)**	(7,117)
Balance, end of year	**$ 115,600**	$ 161,869

The Company's allowance for doubtful accounts as at December 31, 2021 is $115,600 (December 31, 2020 - $161,869) to address any anticipated collectability issues based on payment history and a simplified approach for the ECL.

(Expressed in Canadian dollars, unless otherwise noted)

5. Financial Instruments and Risk Management (continued)

(c) 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 policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The Company manages liquidity risk on the basis of expected maturity dates.

The following tables analyze financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Lease obligation	Term Loan Facility	Trade and other payables	Total
Less than 1 year	$ 349,306	$ 532,748	$ 1,078,929	$ 1,960,982
1- 3 years	$ 323,369	$ 2,540,718	$ -	$ 2,864,087
Balance at December 31, 2021	**$ 672,675**	**$ 3,073,466**	**$ 1,092,454**	**$ 4,825,069**

	Lease obligation	Term Loan Facility	Trade and other payables	Total
Less than 1 year	$ 182,918	$ -	$ 800,222	$ 983,140
1- 3 years	$ 77,509	$ -	$ -	$ 77,509
Balance at December 31, 2020	**$ 260,427**	**$ -**	**$ 800,122**	**$ 1,060,649**

At present, the Company expects to pay all liabilities at their contractual maturity. In order to meet such cash commitments, the Company expects the operating activity to generate sufficient cash inflows.

6. Business Combination

On May 21, 2021, the Company completed the acquisition of certain assets and liabilities of Digital Media Services Inc. (“DMS”) for cash and contingent consideration. The Company purchased DMS to utilize synergies to expand the existing business lines and improve cash flow generation. DMS is a provider of broadcast advertising and content management solutions located in New York City, United States of America.

As part of the acquisition, the Company acquired DMS’ customer lists and contracts, and working capital, along with a highly skilled team of employees located in the United States.

The purchase price consists of cash consideration of $4,086,074 and contingent consideration with a fair value of $2,549,695, resulting in total consideration of $6,635,769. The contingent consideration consists of additional cash payments as a result of the following:

Earn-out criteria 1: 75% of 2019 revenue of the DMS business
Earn-out criteria 2: 100% of 2019 revenue of the DMS business.

Measurement periods: Annual periods ending on the 1st, 2nd, and 3rd anniversary period of closing date of May 21, 2021.

Cash consideration due: USD $500,000 due and payable if actual realized revenue from the DMS business exceeds earn-out criteria 1, and an additional USD $500,000 due and payable if actual realized revenue from the DMS business exceeds earn-out criteria 2.

Total potential cash consideration is USD $3,000,000 if all earn-out criteria is triggered. The valuation of the contingent consideration was determined using a Black-Scholes probability approach under different scenarios based on likelihood of the revenue condition being met. Inputs used in the calculation include management estimates and assumptions as well as public data from comparable companies. The fair value as at the acquisition date was $2,679,987 and there was no change in fair value as at December 31, 2021.

(Expressed in Canadian dollars, unless otherwise noted)

6. Business Combination (continued)

The following table presents the purchase price allocation at the acquisition date:

Fair value of assets and liabilities recognized:		
Trade receivables	$	912,798
Prepaid expenses		31,881
Customer relationships		1,168,711
Brands and trademarks		74,778
Trade payables and accrued liabilities		(190,683)
Fair value of net assets acquired	$	1,997,485
Goodwill	$	4,638,284
Total consideration	$	6,635,769

The fair value of acquired receivables was $912,798, of which all were collected subsequent to the acquisition date.

The acquisition has been accounted for as a business combination under the purchase method. The results of the operations of the DMS business since the date of the acquisition have been consolidated in these financial statements. Accordingly, the allocation of the purchase price to assets and liabilities is based on the fair value, with the excess of the purchase price over the fair value of the assets acquired being allocated to goodwill.

The goodwill is attributable mainly to the skills and technical talent of DMS' work force and the synergies expected to be achieved from integrating DMS into the Company's existing advertising business.

Due to lack of IFRS specific data prior to the acquisition of DMS, pro-forma profit or loss of the combined entity for any periods prior to acquisition cannot be determined reliably. At the time of issuance of these year end financial statements, certain aspects of the valuation are not finalized. As such, the preliminary purchase price allocation is subject to change. In connection with the DMS acquisition, the Company incurred fees, including legal and professional costs, of $276,059 that were recognized in the statement of net (loss) income and comprehensive (loss) income.

(Expressed in Canadian dollars, unless otherwise noted)

7. Property and Equipment

	Office equipment	Computer equipment	Computer software	Right-of-use office property	Leasehold improvements	Total
Cost	$	$	$	$	$	$
Balance, January 1, 2020	34,367	666,837	358,863	487,064	12,117	1,559,248
Additions	2,132	52,132	47,627	-	2,582	104,473
Balance, December 31, 2020	36,499	718,969	406,490	487,064	14,699	1,663,721
Additions	860	135,668	23,359	722,212	15,613	897,712
Effect of movement in exchange rates	1,867	36,781	20,792	24,917	752	85,109
Balance, December 31, 2021	**39,226**	**891,418**	**450,641**	**1,234,193**	**31,064**	**2,646,542**
Accumulated depreciation						
Balance, January 1, 2020	29,449	582,301	271,965	135,925	5,133	1,024,773
Depreciation expense	2,947	78,576	51,489	135,925	3,260	272,197
Balance, December 31, 2020	32,396	660,877	323,454	271,850	8,393	1,296,970
Depreciation expense	2,362	55,496	56,295	292,885	4,970	412,008
Effect of movement in exchange rates	1,718	33,318	18,060	19,316	429	72,841
Balance, December 31, 2021	**36,476**	**749,691**	**397,809**	**584,051**	**13,792**	**1,781,819**
Carrying amounts						
December 31, 2020	4,103	58,092	83,036	215,214	6,306	366,751
December 31, 2021	**2,751**	**141,727**	**52,831**	**650,142**	**17,272**	**864,723**

Included in property and equipment are computer equipment and computer software under leases with a cost of $579,465 (2020 - $551,264). Accumulated depreciation for these assets under leases is $570,977 (2020 - $526,536). In 2021, depreciation expense was $17,504 (2020 – $74,734).

(Expressed in Canadian dollars, unless otherwise noted)

8. Intangible Assets

	January 1, 2021	Additions	Amortization	Effect of movement in exchange rates	December 31, 2021
Brand and trademarks	$ -	$ 74,778	$ (14,995)	$ 3,537	**$ 63,320**
Customer relationships (note 6)	-	1,168,711	(235,809)	56,721	**989,623**
Development costs	-	732,996	(6,478)	**-**	**726,518**
Total intangible assets	$ -	$ 1,976,485	$ (257,243)	$ 60,258	**$ 1,779,461**

During the year ended December 31, 2021, the Company capitalized product development costs of $732,996 (December 31, 2020 - $nil). Depreciation expense of $6,478 (2020 - $nil) was expensed to development costs during the year ended December 31, 2021. The significant new projects for the year ended December 31, 2021 consisted of new features in the Awards platform, improvements in the user interface in the Music and Advertising platforms, and significant new enhancements to its core technology infrastructure.

9. Goodwill

	December 31, 2021	December 31, 2020
Balance, beginning of period	**$ -**	$ -
Acquisition of DMS (note 6)	4,638,284	-
Effect of movement in exchange rates	237,137	
	$ 4,875,421	$ -

The Company tests goodwill for impairment on an annual basis or whenever there is an indication that the goodwill or intangible assets may be impaired. Goodwill has been allocated as appropriate to the relevant cash generating units ("CGUs"). The CGUs represent the lowest level at which the related goodwill and intangible assets are monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8.

This testing involves determining the CGU's recoverable amount and comparing this to the carrying amount of the CGU. Where the recoverable amount exceeds the carrying amount of the CGU, the asset is not impaired, but where the carrying amount exceeds the recoverable amount, an impairment loss is recognized to reduce the carrying amount of the CGU to its recoverable amount. Estimates of recoverable amount are a critical accounting judgement in the financial statements. Several key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

A total of three CGUs were identified: Advertising, Music, and Awards. All goodwill and indefinite intangible assets have been allocated to the Advertising CGU given the DMS was fully integrated

(Expressed in Canadian dollars, unless otherwise noted)

9. Goodwill (continued)

with the Advertising operations post acquisition. The Music or Awards CGUs do not contain any goodwill.

The recoverable amount of the Advertising CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. Calculations of value in use are based on the estimated future cash flows using budgets covering a 5-year period and terminal value.

The key assumptions used in the estimation of value in use were as follows.

- Weight Average Cost of Capital ("WACC") - 22.9%
- EBITDA Margin - 34.0%
- Long Term Growth Rate - 2.0%

The WACC calculation considers market data and data from comparable companies. Peer group data was especially considered for the beta factor and assumed financing structure (gearing level). The analysis resulted in a discount rate range of 21.50% to 24.25%. This results in a midpoint WACC being used of 22.9%.

The Long Term Growth Rate of 2.0% applied is based on consensus estimates for long-term economic growth

The Budgeted EBITDA Margin was based on expectations of future outcomes, taking account of past experience, adjusted for anticipated revenue growth as detailed in Managements approved budget.

Management has noted that a significant change in the WACC, EBITDA Margin, and Long Term Growth Rate would result in impairment of goodwill.

No impairment was recognized as a result of the impairment test.

10. Trade and Other Payables

	December 31 2021	December 31 2020
Trade payables	**$ 651,670**	$ 200,679
Non-trade payables	**427,259**	599,543
	$ 1,078,929	$ 800,222

(Expressed in Canadian dollars, unless otherwise noted)

11. Lease Obligations

The Company has lease obligations until 2022 with purchase options at the end of each lease term. All of these lease agreements have 3-5 year terms at inception and carry a weighted average incremental borrowing rate of 3.25% per annum (2020 – 2.37%).

	Computer Equipment	Software	Property	Total Lease Liability
	$	$	$	$
Balance at January 1, 2021	35,039	28,503	196,885	260,427
Additions during the period	-	-	687,064	687,064
Principal payments	(21,775)	(21,010)	(264,768)	(307,553)
Balance prior to FX revaluation	13,264	7,493	619,181	639,938
Effect of movement in exchange rates	-	-	32,737	32,737
Balance at December 31, 2021	**13,264**	**7,493**	**651,918**	**672,675**
Current lease obligation	8,321	7,493	333,492	349,306
Long-term lease obligation	4,943	-	318,426	323,369
Balance at December 31, 2021	**13,264**	**7,493**	**651,918**	**672,675**
Effective annual rate of interest	2.16%	4.58%	4.45%	3.25%
Amount of interest recognized in statement of net (loss) income and comprehensive (loss) income	481	868	23,502	24,851

12. Revolving Loan Facility

On May 21, 2021, in conjunction with the acquisition of DMS (see Note 6 – Business Combination), the Company settled its then existing $1,000,000 revolving credit facility and entered into a credit agreement (the “Credit Facility”) with a tier-1 Canadian financial institution (the “Bank”). The Credit Facility is secured by a first ranking security over all present and future assets and property of the Company.

The Credit Facility includes a new revolving credit facility in the amount of $1,750,000 and a term loan facility with an initial principal balance of $3,250,000.

Revolving Credit Facility

The revolving credit facility of $1,750,000 is available by loan advances and is subject to standard borrowing base calculations and margining against trade accounts receivable. Interest payments are based on the Bank’s prime rate plus 1.95% per annum. As at December 31, 2021, the Company has drawn $nil of the revolving credit facility.

(Expressed in Canadian dollars, unless otherwise noted)

12. Revolving Loan Facility (continued)

Term Loan Facility

The term loan facility of $3,250,000 was fully advanced on May 21, 2021 and was used for the purchase of DMS and for general corporate purposes. The term of the loan is 42 months, amortized over 72 months, and has an initial 6-months interest only payment component. Interest payments are based on the Bank's prime rate plus 2.45%. The term loan facility is secured by the assets of the Company.

	December 31 2021
Balance at January 1, 2021	**$ -**
Term loan facility	**3,200,758**
Less: unamortized deferred financing costs	**(127,292)**
Balance at December 31, 2021	**3,073,466**
Current portion of term loan	**532,748**
Long-term portion of term loan	**2,540,718**
Balance at December 31, 2021	**$ 3,073,466**

The Company incurred $166,065 of transaction fees and has recorded these as deferred financing costs that are being amortized over the expected duration of the term loan facility. During the year ended December 31, 2021, $38,774 of deferred financing fees was amortized.

Aggregate annual principal payments on the term loan (including debt issuance costs) over the next three years are: $590,909 in 2022, $590,909 in 2023, and $2,018,940 in 2024.

In accordance with the terms of the Credit Facility, on a rolling four-quarter basis, the Company must maintain a minimum Fixed Charge Coverage Ratio of not less than 1.20:1.00 and an Interest-Bearing Debt to EBITDA ratio of no more than 3 times between closing to December 31, 2021.

As at December 31, 2021 the Company was in compliance with all covenants of the Credit Facility.

(Expressed in Canadian dollars, unless otherwise noted)

13. Share Capital

The Company is authorized to issue an unlimited number of common shares.

The following is a summary of changes in common share capital:

	Number of shares	Value
Balance at January 1, 2020	60,833,640	$ 32,490,832
Share buyback [a]	(361,500)	(44,130)
Balance at December 31, 2020	60,472,140	$ 32,446,702
Exercise of options [b]	225,000	42,370
Balance at December 31, 2021	**60,697,140**	**$ 32,489,072**

(a) On December 20, 2018, the Company announced a normal course issuer bid to purchase and cancel up to a maximum of 3,066,957 common shares representing 5% of the outstanding shares of the Company. As of December 31, 2021, the Company has purchased and cancelled 987,000 (2020 – 987,000) shares at a weighted average price of $0.13 per share through the life of the program. There were no share buybacks during the year ended December 31, 2021.

(b) During the year ended December 31, 2021:

a. Exercise of 27,000 stock options at a price of $0.144 per share for gross proceeds of $3,888. The initial value of $3,292 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

b. Exercise of 5,000 stock options at a price of $0.155 per share for gross proceeds of $775. The initial value of $600 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

c. Exercise of 3,500 stock options at a price of $0.115 per share for gross proceeds of $403. The initial value of $325 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

13. Share Capital (Continued)

d. Exercise of 24,500 stock options at a price of $0.105 per share for gross proceeds of $2,572. The initial value of $2,015 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

e. Exercise of 5,000 stock options at a price of $0.115 per share for gross proceeds of $575. The initial value of $465 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

f. Exercise of 5,000 stock options at a price of $0.115 per share for gross proceeds of $575. The initial value of $465 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

g. Exercise of 10,000 stock options at a price of $0.155 per share for gross proceeds of $1,550. The initial value of $1,199 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

h. Exercise of 5,000 stock options at a price of $0.10 per share for gross proceeds of $500. The initial value of $316 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

i. Exercise of 10,000 stock options at a price of $0.10 per share for gross proceeds of $1,000. The initial value of $633 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

j. Exercise of 15,000 stock options at a price of $0.10 per share for gross proceeds of $1,500. The initial value of $949 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

k. Exercise of 115,000 stock options at a price of $0.10 per share for gross proceeds of $11,500. The initial value of $7,273 related to the options' original issuances was reclassified from share-based payments reserve to share capital.

(Expressed in Canadian dollars, unless otherwise noted)

14. Share-Based Payments

Share Option Plan

The Company has a 14% (2020 – 14%) fixed stock option plan ("Amended Plan"), in which the total number of options shall not exceed 8,466,099, which was 14% of the issued and outstanding number of shares as of the date of approval. The Amended Plan was approved at the Company's Annual Meeting of the Shareholders held on June 11, 2020.

Omnibus Equity Incentive Plan

On June 29, 2021, the Company approved the Omnibus Incentive Plan (the "Omnibus Equity Incentive Plan") at the Company's Annual General and Special Meeting of the shareholders. Under the Omnibus Equity Incentive Plan, the Company is able to grant equity-based incentive awards in the form of Restricted Share Units ("RSUs"). All future grants of equity-based awards will be made pursuant to the Omnibus Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Company's Stock Option Plan. Each RSU represents a right to receive, once vested, one common share in the capital stock of the Company, subject to the terms and conditions of the Plan.

The Company had issued stock options to acquire common shares as follows:

	Weighted average price	Outstanding options	Vested options	Weighted average remaining life (years)
Balance at January 1, 2020	$ 0.167	6,915,000	5,550,000	2.87
Granted	0.114	1,165,000		
Forfeited	0.180	(912,500)		
Expired	0.173	(307,000)		
Balance at December 31, 2020	$ 0.156	6,860,500	6,188,500	2.58
Forfeited	0.14	(41,000)		
Expired	0.15	(185,000)		
Exercised	0.11	(225,000)		
Balance at December 31, 2021	**$ 0.16**	**6,409,500**	**6,399,000**	**1.68**

For the period ended December 31, 2021, the fair value of options granted was $nil (2020 - $121,220). Stock options granted during the prior year used the following weighted average assumptions: (1) Volatility (based on historical share prices): 115%, (2) Risk-free interest rate: 1.34%, (3) Expected life (years): 5.00, (4) Dividend yield: Nil, (5) Forfeiture rate: 10%, (6) Underlying share price: $0.12

The estimated fair value of the options is expensed over the vesting period. The options vest 10% on the date of grant, and the remaining 90% vest as to a third on each 6-month anniversary following the date of grant. The compensation expense and credit to share-based payments reserve relating to the stock options for the year ended December 31, 2021 was $ 22,229 (2020 - $154,373).

(Expressed in Canadian dollars, unless otherwise noted)

14. Share-Based Payments (continued)

The Company had the following stock options outstanding at December 31, 2021:

Number of options	Number of unvested options	Number of vested options	Exercise price	Expiry date
767,500	-	767,500	$0.100	January 10, 2022
500,000	-	500,000	$0.140	May 1, 2022
75,000	-	75,000	$0.120	August 25, 2022
1,162,500	-	1,162,500	$0.275	January 8, 2023
2,105,000	-	2,105,000	$0.155	January 4, 2024
775,000	-	775,000	$0.120	June 18, 2024
989,500	-	989,500	$0.115	February 4, 2025
35,000	10,500	24,500	$0.105	September 15, 2025
6,409,500	**10,500**	**6,399,000**	**$0.152**	

Restricted Share Units

The Company may grant Restricted Share Units (“RSUs”) to any participant under the Omnibus Equity Incentive Plan. The RSUs expire and settle by no later than six-months after the date of the grant of the awards.

On August 10, 2021, the Company issued 1,115,000 restricted share units to directors, officers, employees and consultants, of which 600,000 were issued to directors and officers. These restricted share units are expected to be settled through the issuance of 1,115,000 common shares of the Company. These restricted share units will vest on January 31, 2022. These restricted share units have been fair valued based on the quoted market price on the date of issuance of $0.23 per common share. The compensation expense and credit to share-based payments reserve relating to the RSU grant for the year ended December 31, 2021 was $198,344 (2020 - $nil).

On December 1, 2021, the Company issued 150,000 to employees. These restricted share units are expected to be settled through the issuance of 150,000 common shares of the Company. These restricted share units vest fully on December 1, 2022. These restricted share units have been fair valued based on the quoted market price on the date of issuance of $0.13 per common share. The compensation expense and credit to share-based payments reserve relating to the stock options for the year ended December 31, 2021 was $1,656 (2020 - $nil).

(Expressed in Canadian dollars, unless otherwise noted)

14. Share-Based Payments (continued)

The following table shows the RSUs outstanding as at December 31, 2021:

Number of units	**December 31, 2021**	December 31, 2020
Balance beginning of the period	**-**	-
Granted	**1,265,000**	-
Forfeited	**(32,500)**	-
Ending Balance	**1,232,500**	-
Vested	**-**	-

15. Basic and Diluted Income (Loss) per Share

The income (loss) and weighted average number of common shares used in the calculation of basic and diluted income (loss) per share for the year ended December 31, 2021 and 2020 were as follows:

	December 31 2021	December 31 2020
Numerator:		
Net income (loss)	**$ (59,495)**	$909,962
Denominator:		
Weighted average number of common shares – basic	**60,512,836**	60,503,202
Adjustments for calculation of diluted income per share:		
Options in the money	**-**	3,365,000
Weighted average number of common shares – diluted	**60,512,836**	63,868,202
Basic income (loss) per share	**$ (0.00)**	$ 0.02
Diluted income (loss) per share	**$ (0.00)**	$ 0.01

16. Technology Development

Investment tax credits (“ITCs”) earned as a result of incurring Scientific Research and Experimental Development ("SRED") expenditures are recorded as a reduction of the related current period expense. Management records ITCs when there is reasonable assurance of collection. In the year ended December 31, 2021, the Company incurred technology development expenses of $933,068 (2020 - $583,801), recognized ITCs of $160,000 (2020 - $159,000) resulting in a net expense of $773,068 (2019 - $424,801).

(Expressed in Canadian dollars, unless otherwise noted)

17. Income Taxes

(a) The Company's income tax expense (recovery) for fiscal years ended December 31, 2021 and December 31, 2020 comprises the following:

	December 31 2021	December 31 2020
Current income tax expense	$ 8,179	-
Deferred income tax expense	-	-
Income tax expense	$ 8,179	$ -

(b) The provision for income tax differs from the amount that would have resulted by applying the combined Canadian statutory income tax rate of approximately 26.5% (2020 - 26.5%) for fiscal years ended December 31, 2021 and December 31, 2020 as follows:

	December 31 2021	December 31 2020
Income (loss) before income taxes	$ (51,316)	$ 909,962
Statutory rate	26.5%	26.5%
Expected income tax expense (recovery)	$ (14,000)	$ 241,000
Stock-based compensation	61,743	23,000
Changes in unrecognized temporary differences	(51,438)	(302,000)
Other permanent differences	3,293	-
Changes in non-capital losses and tax credits carried forward	-	38,000
Other	8,581	-
Income tax expense	$ 8,179	$ -

(c) The following table summarizes components of recognized deferred tax assets and liabilities as at December 31, 2021 and December 31, 2020:

Recognized deferred tax assets (liabilities)	December 31 2021	December 31 2020
Intangible assets	$ (837,316)	$ -
Right-of-use assets	(170,749)	(57,032)
SR&ED expenditures and other	1,008,065	57,032
Net deferred tax assets (liabilities) recognized	$ -	$ -

(Expressed in Canadian dollars, unless otherwise noted)

17. Income Taxes (continued)

(d) Deferred tax assets have not been recognized in respect of the following deductible temporary differences as at December 31, 2021 and December 31, 2020:

Unrecognized deductible temporary differences	**December 31 2021**	December 31 2020
Non-capital losses	**$ 16,356,612**	$ 15,858,898
SR&ED expenditures	**5,499,994**	9,234,003
Accounting provisions, accruals and other	**2,679,987**	161,869
Property and equipment	**1,780,994**	1,676,207
Capital leases	**672,675**	260,427
	$ 26,990,262	$ 27,191,404

The Company has a carry-forward balance of investment tax credits of approximately $2,380,000 which generally expire over a period of 20 years and unused expenditures of approximately $9,304,000 relating to scientific research and experimental development costs, which do not expire. The Company also has non-capital losses of approximately $16,356,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

Years	**Amounts**
2027	$ 199,000
2028	2,907,000
2029	2,450,000
2030	2,998,000
2031	3,470,000
2032	1,369,000
2033	1,011,000
2034	1,025,000
2035	205,000
2036	240,000
2041	482,000
	$ 16,356,000

In addition, the Company has non-Canadian tax losses of approximately $3,161,000 that are associated with its US branch operations. Of this, approximately $2,484,000, representing tax loss arising in tax years 2017 and before, expire between 2034 and 2037. The remaining approximately $677,000 representing tax loss arising in tax years 2018 and later, do not expire; however, this loss can offset only up to a maximum of 80% of the Company's taxable income in any one year.

(Expressed in Canadian dollars, unless otherwise noted)

17. Income Taxes (continued)

As of December 31, 2021, Management has not recognized deferred tax assets in respect of the tax losses, investment tax credits as well as these temporary differences as it is not probable that the benefit of these assets can be realized in the foreseeable future. Management will continue to monitor the situation and revise its estimates as appropriate.

18. Segmented Information

The Company has only one reportable segment and provides Advertising, Entertainment and Awards Management software workflow solutions to customers across multiple geographic regions. It considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision maker in allocating resources and assessing performance. The chief operating decision maker is the Chief Executive Officer of the Company. For revenues, the amounts included are from the originating country.

Below is the breakdown of revenue and long-term assets by geographical segment:

As at and for the year ended December 31, 2021	Canada	US	Total
Advertising	$ 276,936	$ 6,142,973	$ 6,419,909
Music	624,971	1,185,453	1,810,424
Awards management	164,920	1,300,771	1,465,691
Total revenue	**$ 1,066,827**	**$ 8,629,197**	**$ 9,696,024**
Property and equipment	**$ 215,707**	**$ 649,016**	**$ 864,723**
Intangible assets	**$ 726,518**	**$ 1,052,943**	**$ 1,779,461**
Goodwill	**-**	**$ 4,875,421**	**$ 4,875,421**

As at and for the year ended December 31, 2020	Canada	US	Total
Advertising	$ 246,199	$ 4,423,905	$ 4,670,104
Music	693,546	1,198,686	1,892,232
Awards management	146,680	1,238,784	1,385,464
Total revenue	$ 1,086,425	$ 6,861,375	$ 7,947,800
Property and equipment	$ 362,150	$ 4,601	$ 366,751
Intangible assets	-	-	-
Goodwill	-	-	-

(Expressed in Canadian dollars, unless otherwise noted)

19. Related Party Transactions

Key management personnel are comprised of the Company's directors and executive officers. In addition to their salaries, key management personnel also participate in the Company's stock option program (note 14).

Key management personnel compensation are as follows for the year ended:

	December 31 2021	December 31 2020
Salaries and short-term employee benefits [(i)]	**$ 1,484,582**	$ 1,460,057
Share-based payments	**89,404**	122,386
	$ 1,573,986	$ 1,582,443

(i)Short-term employee benefits include bonuses, vacation pay and commission.

The Company incurred a restructuring expense of $nil (2020 - $612,112) with respect to contractual severance payments to a former executive.

20. Government Assistance

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a global pandemic. The COVID-19 pandemic had an adverse impact on advertising and entertainment industry which resulted in a negative impact to the Company's revenues since the on-set of the COVID-19 pandemic.

For the current year ended, the Company received government assistance funds from the Canadian Federal Government's Canada Emergency Wage Subsidy ("CEWS") and the U.S. Small Business Administration's Payment Protection Program ("PPP"). During the year ended December 31, 2021, the Company recognized government assistance of $787,789 (2020 - $1,006,993) within the salaries and consulting expenses.

21. Commitments and Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. There were no litigation and claims during the year ended December 31, 2021.

22. Subsequent Events

For the first quarter, March 31, 2022, the Company plans to report in the US dollar currency. The Company has determined that reporting the Company's financial results in US dollars would provide the readers of its financial statements more relevant information as a substantial portion of its operations are based in the United States.

On January 31, 2022, the Company had 1,115,000 share units vest fully in accordance with the terms and conditions of the Company's Omnibus Incentive Plan (the "Plan") to certain directors, officers, and employees of the Company. Each RSU represents a right to receive, once vested, one common share in the capital stock of the Company, subject to the terms and conditions of the Plan. See Note 14 for details of the grant.