YANGAROO Inc.

Financial Statements

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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 statements of financial position as at December 31, 2020 and December 31, 2019 and the statements of net income (loss) and comprehensive income (loss), changes in equity, and cash flows for the years ended December 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and December 31, 2019 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 Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, but does not include the consolidated financial statements and our report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. 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 Mark Jakovcic.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 7, 2021
Toronto, Ontario

YANGAROO Inc.

Statements of Financial Position
(Expressed in Canadian dollars)

		As at		
		December 31 2020		December 31 2019
Assets				
Current				
Cash	**$**	**1,861,253**	$	1,570,483
Accounts receivable (note 5)		**1,755,391**		1,549,792
Prepaid and sundry assets		**425,083**		379,120
Contract assets		**96,550**		93,801
		4,138,277		3,593,196
Non-current				
Property and equipment (note 7)		**366,751**		534,475
	$	**4,505,028**	$	4,127,671
Liabilities				
Current				
Trade and other payables (note 8)	**$**	**800,198**	$	472,030
Contract liabilities		**50,692**		73,810
Current portion of lease obligations (note 9)		**182,918**		210,655
Revolving loan facility (note 10)		**-**		750,000
		1,033,808		1,506,495
Non-current				
Lease obligations (note 9)		**77,509**		247,670
		1,111,317		1,754,165
Equity				
Share capital (note 11)		**32,446,702**		32,490,832
Warrant capital (note 13)		**-**		29,950
Contributed surplus		**7,035,352**		6,851,029
Deficit		**(36,088,343)**		(36,998,305)
		3,393,711		2,373,506
	$	**4,505,028**	$	4,127,671

Commitments and contingencies (note 20)
Subsequent events (note 21)

Approved by the Board of Directors

"Anthony Miller"
Director

"Roy T. Graydon"
Director

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

YANGAROO Inc.

Statements of Net Income (Loss) and Comprehensive Income (Loss)
For the Years Ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

		2020		2019
Revenue (note 17)	**$**	**7,947,800**	$	7,432,245
Expenses				
Salaries and consulting (notes 12, 18 & 19)		**4,967,878**		5,795,293
Marketing and promotion		**117,637**		385,361
General and administrative		**592,993**		633,317
Technology development (note 15)		**424,801**		380,554
Depreciation of property and equipment (note 7)		**272,197**		257,720
Restructuring expense (note 8,18)		**612,112**		-
		6,987,618		7,452,245
Income (loss) from operations		**960,182**		(20,000)
Other income (expenses)				
Interest income		**7,350**		21,767
Interest expense		**(22,988)**		(64,747)
Foreign exchange gain (loss)		**(34,582)**		(84,047)
		(50,220)		(127,027)
Net income (loss) before income tax		**909,962**		(147,027)
Corporate income tax (note 16)		**-**		(4,321)
Net income (loss) and comprehensive income (loss)	**$**	**909,962**	$	(151,348)
Basic income (loss) per share (note 14)	**$**	**0.02**	$	(0.00)
Diluted income (loss) per share (note 14)	**$**	**0.01**	$	(0.00)

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, 2020 and 2019
(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrant Capital	Contributed Surplus	Deficit	Total
Balance at January 1, 2019	61,339,140	$32,558,445	$ 203,824	$6,366,932	$ (36,846,957)	$ 2,282,244
Share-based payments (note 12)	-	-	-	311,423	-	311,423
Exercise of options (note 11)	120,000	13,200	-	(1,200)	-	12,000
Shares repurchased and cancelled (note 11)	(625,500)	(80,813)	-	-	-	(80,813)
Expiry of warrants (note 13)	-	-	(173,874)	173,874	-	-
Net Loss for the year	-	-	-	-	(151,348)	(151,348)
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 12)	-	-	-	154,373	-	154,373
Share repurchased and cancelled (note 11)	(361,500)	(44,130)	-	-	-	(44,130)
Expiry of warrants (note 13)	-	-	(29,950)	29,950	-	-
Net income for the year	-	-	-	-	909,962	909,962
Balance at December 31, 2020	**60,472,140**	**$32,446,702**	**$ -**	**$7,035,352**	**$(36,088,343)**	**$3,393,711**

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

YANGAROO Inc.

Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars)

		2020		2019
Cash flow from (used in) operating activities				
Net income (loss) for the year	**$**	**909,962**	$	(151,348)
Items not affecting cash:				
Depreciation of property and equipment		**272,197**		257,720
Bad debt expense		**(7,113)**		23,446
Share-based payments (note 12)		**154,373**		311,423
Accrued contractual severance payable		**262,500**		122,109
Unrealized foreign exchange loss		**(297,723)**		(79,594)
Accrued interest on debentures		**-**		38,584
Changes in non-cash operating working capital:				
Accounts receivable		**(206,934)**		42,464
Prepaid and sundry assets		**(70,070)**		(66,607)
Contract assets		**(2,749)**		30,727
Trade and other payables		**85,708**		(158,064)
Contract liabilities		**(23,118)**		5,323
Net cash from operating activities		**1,077,033**		376,183
Cash flow used in investing activities				
Acquisition of property and equipment (note 7)		**(104,473)**		(55,556)
Net cash used in investing activities		**(104,473)**		(55,556)
Cash flow used in financing activities				
Payment of lease obligations		**(197,908)**		(199,374)
Extinguishment of debentures		**-**		(613,472)
Exercise of options		**-**		750,000
Proceeds from (repayment of) revolving loan facility (note 10)		**(750,000)**		12,000
Common shares repurchased and cancelled (note 11)		**(44,130)**		(80,813)
Net cash used in financing activities		**(992,038)**		(131,659)
Net increase (decrease) in cash		**(19,478)**		188,968
Effect of foreign exchange on cash		**310,248**		(60,201)
Cash, beginning of year		**1,570,483**		1,441,716
Cash, end of year	**$**	**1,861,253**	$	1,570,483
Cash interest paid	**$**	**22,988**	$	152,545

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

1. Nature of Operations

YANGAROO Inc. ("Company") is a software company that is the provider of work-flow management solutions for the media industry. The Company's Digital Media Distribution System (DMDS) platform is an end-to-end technology solution that provides a fully integrated work-flow based digital distribution and data management solution. DMDS provides audio and video content for music, music videos, advertising to television, radio, media, retailers, award shows and other authorized recipients via the cloud in desktop and mobile platforms, as well as related work flow services such as programmatic and program clearance data management.

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 6, 2021.

(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) Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency translation differences are recognized in profit or loss.

(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.

2. Basis of Preparation (continued)

The most significant judgements and estimates made by management in preparing the Company's consolidated 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) Functional currency

The Company uses judgement to determine the Company's functional currency.

(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.

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) Non-derivative financial instruments

Non-derivative financial instruments comprise of cash, accounts receivable, trade and other payables, lease obligations, revolving loan facility, and debentures. Non-derivative financial instruments are recognized initially at the fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, accounts receivable, cash, trade and other payables, revolving loan facility, and debentures are measured at amortized cost using the effective interest method, less any impairment losses.

(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.

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.

3. Significant Accounting Policies (continued)

(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 comprehensive income (loss).

(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 comprehensive income (loss) 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.

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

- Office furniture and equipment - 5 years
- Computer equipment - 3 years
- Computer software - 3 years
- 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.

3. Significant Accounting Policies (continued)

(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, 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.

(e) Research and development

Research costs are charged to the statement of comprehensive income when incurred. Development costs are expensed in the year incurred unless they meet the criteria under IFRS for deferral and amortization. Amortization commences with the successful commercial production or use of the product or process.

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 comprehensive 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.

3. Significant Accounting Policies (continued)

(f) 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 policy applicable to that asset. 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 9.

(g) 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.

(h) Warrants

For transactions involving the issuance of warrants, the Company measures these transactions at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. In cases where the fair value cannot be estimated reliably, the Company measures these transactions by reference to the fair value of the equity instruments granted. Upon exercise of the warrant, consideration received, together with the amount previously recognized in warrant capital, is recorded as an increase to share capital. Upon expiry of the warrant, the amount previously recognized in warrant capital is transferred to contributed surplus.

(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 comprehensive income (loss), with a corresponding increase in contributed surplus 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 contributed surplus, is recorded as an increase to share capital.

3. Significant Accounting Policies (continued)

(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.

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.

3. Significant Accounting Policies (continued)

(j) Revenue (continued)

Performance obligations satisfied at a point in time

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

Licensing – Entertainment
Revenue from licensing contracts are recognized at the time of usage which is typically on a monthly basis over the term of the contract.

Performance obligations satisfied over a period of time

Awards Management - Entertainment
Customization, support and maintenance, and hosting comprise three 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 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 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.

3. Significant Accounting Policies (continued)

(j) Revenue (continued)

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, and accretion on debentures.

(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 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.

3. Significant Accounting Policies (continued)

(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

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 denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. 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 income.

(q) Government assistance

Funds received from government assistance programs that compensate the Company for expenses is recognized in the statements of comprehensive income (loss) 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

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

In January 2020, IASB issued Classification of Liabilities as Current or Non-current, which amends IAS 1 - Presentation of Financial Statements. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of these amendments is not expected to have a significant impact on the Company.

3. Significant Accounting Policies (continued)

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

Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

These amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. Management is currently assessing the impact of this amendment.

Amendments to IFRS 3 - Business Combinations

Amendments to IFRS 3 “Business Combinations” were issued in May 2020, and are effective on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” be used to identify liabilities and contingent assets arising from a business combination. Adoption of these amendments is not expected to have a significant impact on the Company’s consolidated financial statements.

4. Capital Risk Management

The Company includes equity comprised of share capital, warrant capital, contributed surplus, and deficit, in the definition of capital. 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, 2020.

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 is exposed to foreign exchange risk from various currencies, primarily the United States dollars. Foreign exchange risk arises from purchase and sales transactions as well as recognized financial assets and liabilities denominated in foreign currencies. A 1% change in foreign exchange would result in a $31,551 impact on net income (loss) and comprehensive income (loss).

Balances in foreign currencies at December 31, 2020 are as follows:

	USD
Cash	$ 1,273,471
Accounts receivable	$ 1,330,167
Trade and other payables	$ 143,971

(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 revolving demand loan is a floating interest rate. facility. A 1% increase in the floating rate would result in a $nil impact on net income (loss) and comprehensive income (loss).

(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.

(Expressed in Canadian dollars, unless otherwise noted)

5. Financial Instruments and Risk Management (continued)

(b) Credit risk (continued)

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, 2020, approximately 32% (2019 - 54%) of accounts receivable and 18% (2019 - 31%) of revenue are from two customers (2019 - four 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 2020		December 31 2019
0 to 30 days past due	**$**	**475,522**	$	410,789
31 to 60 days		**266,836**		193,844
Over 60 days		**722,775**		741,839
Total past due	**$**	**1,465,133**	$	1,346,472

Continuity of allowance for doubtful accounts:

		December 31 2020		December 31 2019
Balance, beginning of year	**$**	**271,992**	$	300,000
Less: Accounts written off to bad debt expense		**(103,006)**		(51,454)
Add: Amounts previous provided, recovered during year		**132,220**		-
Charge (recovery) during the year		**(125,103)**		23,446
Balance, end of year	**$**	**161,869**	$	271,992

The Company's allowance for doubtful accounts as at December 31, 2020 is $161,869 (December 31, 2019 - $271,992) to address any anticipated collectability issues based on payment history and a simplified approach for the ECL.

(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.

(Expressed in Canadian dollars, unless otherwise noted)

5. Financial Instruments and Risk Management (continued)

(c) Liquidity risk (continued)

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).

	Revolving loan facility	Lease obligation	Trade and other payables	Total
Less than 1 year	$ -	$ 182,918	$ 800,198	$ 983,116
1- 3 years	-	77,509	-	77,509
Balance at December 31, 2020	**$ -**	**$ 260,427**	**$ 800,198**	**$ 1,060,625**

	Revolving loan facility	Lease obligation	Trade and other payables	Total
Less than 1 year	$ 750,000	$ 210,655	$ 472,030	$ 1,432,685
1- 3 years	-	247,670	-	247,670
Balance at December 31, 2019	**$ 750,000**	**$ 458,325**	**$ 472,030**	**$ 1,680,355**

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. Comparative Figures

Commissions and production costs were reclassified to Salaries and Consulting expenditures and Technology Development expenditures. Co-location expenditures were reclassified from General and Administrative expenditures to Technology Development expenditures. Net income (loss) is not affected by these comparative period reclassifications.

(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, 2019	34,367	617,438	274,752	-	10,275	936,832
Additions	-	52,617	80,890	486,205	1,841	621,553
Balance, December 31, 2019	34,367	670,055	355,642	486,205	12,116	1,558,385
Additions	2,132	52,132	47,627	-	2,582	104,473
Balance, December 31, 2020	**36,499**	**722,187**	**403,269**	**486,205**	**14,698**	**1,662,858**
Accumulated depreciation						
Balance, January 1, 2019	28,092	509,247	226,205	-	2,646	766,190
Depreciation expense	2,682	72,140	45,759	134,652	2,487	257,720
Balance, December 31, 2019	30,774	581,387	271,964	134,652	5,133	1,023,910
Depreciation expense	2,947	78,576	51,489	135,925	3,260	272,197
Balance, December 31, 2020	**33,721**	**659,963**	**323,453**	**270,577**	**8,393**	**1,296,107**
Carrying amounts						
December 31, 2019	3,593	88,668	83,678	351,553	6,983	534,475
December 31, 2020	**2,778**	**62,224**	**79,816**	**215,628**	**6,305**	**366,751**

Included in property and equipment are computer equipment and computer software under leases with a cost of $551,264 (2019 - $551,264). Accumulated depreciation for these assets under leases is $526,536 (2019 - $449,479).

8. Trade and Other Payables

	December 31 2020	December 31 2019
Trade payables	**$ 200,655**	$ 145,250
Non-trade payables	**599,543**	326,780
	$ 800,198	$ 472,030

Included in non-trade payables is a contractual severance payable to a former executive of the Company in the amount of $262,500 (2019 - $nil).

(Expressed in Canadian dollars, unless otherwise noted)

9. 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 2.37% per annum (2019 – 4.21%).

		Computer Equipment		Software		Property		Total Lease Liability
Balance at December 31, 2019	$	66,743	$	$ 44,969	$	$346,613	$	$ 458,325
Additions during the period		16,177		-		-		16,177
Principal payments		(47,881)		(16,466)		(149,728)		(214,075)
Balance at December 31, 2020	**$**	**35,039**	**$**	**28,503**	**$**	**196,885**	**$**	**260,427**
Current lease obligation		21,775		21,010		140,133		182,918
Long-term lease obligation		13,264		7,493		56,752		77,509
Balance at December 31, 2020	**$**	**35,039**	**$**	**28,503**	**$**	**196,885**	**$**	**260,427**
Effective annual rate of interest		2.16%		4.58%		4.24%		2.37%
Amount of interest recognized in statement of income (loss)	$	1,050	$	1,257	4	15,112	$	17,419

10. Revolving Loan Facility

The Company has a $1,000,000 (2019 - $750,000) revolving loan facility with a tier-1 Canadian financial institution. The revolving loan facility carries interest at prime plus 0.5 percent per annum. Borrowings under the revolving loan facility are due on demand and are secured by a general security agreement. As at December 31, 2020 the Company has drawn down $nil (December 31, 2019 - $750,000) on the revolving loan facility.

11. 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, 2019	61,339,140	$	32,558,445
Share buyback [(a)]	(625,500)		(80,813)
Exercise of options [(b)]	120,000		13,200
Balance at December 31, 2019	**60,833,640**	**$**	**32,490,832**
Share buyback [(a)]	(361,500)		(44,130)
Balance at December 31, 2020	**60,472,140**	**$**	**32,446,702**

(Expressed in Canadian dollars, unless otherwise noted)

11. Share Capital (continued)

(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, 2020, the Company has purchased and cancelled 987,000 shares (2019 – 625,500) at a weighted average price of $0.13 per share (2019 – $0.13).

(b) Exercise of 120,000 stock options at a price of $0.10 per share for gross proceeds of $12,000. The initial value of $1,200 related to the options' original issuances was reclassified from contributed surplus to share capital.

12. Share-Based Payments

The Company has a 14% (2019 – 12%) 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.

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

		Weighted average exercise price	Outstanding options	Vested options	Weighted average remaining life (years)
Balance at January 1, 2019	$	0.210	5,006,500	4,199,500	2.45
Granted		0.146	3,030,000		
Forfeited		0.179	(164,500)		
Expired		0.336	(837,000)		
Exercised		0.100	(120,000)		
Balance at December 31, 2019	$	0.167	6,915,000	5,550,000	2.87
Granted		0.114	1,165,000		
Expired		0.180	(912,500)		
Forfeited		0.173	(307,000)		
Balance at December 31, 2020	**$**	**0.156**	**6,860,500**	**6,188,500**	**2.58**

For the period ended December 31, 2020, the fair value of options granted was $121,220 (2019 - $341,875).

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 charge to contributed surplus relating to the stock options for the year ended December 31, 2020 was $154,373 (2019 - $311,423).

(Expressed in Canadian dollars, unless otherwise noted)

12. Share-Based Payments (continued)

The fair value of the Company's stock options grants was estimated using the Black-Scholes option pricing model. Stock options granted during the periods ended December 31, 2020 and 2019 used the following weighted average assumptions:

	December 31 2020	December 31 2019
Volatility (based on historical share prices)	**115%**	83%
Risk-free interest rate	**1.34%**	1.89%
Expected life (years)	**5.00**	5.00
Dividend yield	**Nil**	Nil
Forfeiture rate	**10%**	11%
Underlying share price	**$0.12**	$0.14

The Company had the following stock options outstanding at December 31, 2020:

Number of options	Number of unvested options	Number of vested options	Exercise price	Expiry date
197,500	-	197,500	$0.150	January 11, 2021
5,000	-	5,000	$0.115	September 6, 2021
917,500	-	917,500	$0.100	January 10, 2022
500,000	-	500,000	$0.140	May 1, 2022
75,000	-	75,000	$0.120	August 25, 2022
1,167,500	-	1,167,500	$0.275	January 8, 2023
2,030,000	-	2,030,000	$0.155	January 4, 2024
100,000	-	100,000	$0.150	February 20, 2024
775,000	-	775,000	$0.120	June 18, 2024
1,023,000	609,000	414,000	$0.115	February 4, 2025
70,000	63,000	7,000	$0.105	September 15, 2025
6,860,500	**672,000**	**6,188,500**	**$0.156**	

13. Warrants

The Company had issued warrants to acquire common shares as follows:

	Number of warrants		Amount		Weighted average exercise price
Balance at January 1, 2019	3,009,845	$	203,824	$	0.19
Warrants issued	-		-		-
Warrants expired	(2,509,845)		(173,874)		(0.20)
Balance at December 31, 2019	500,000	$	29,950	$	0.15
Warrants expired	(500,000)		(29,950)		(0.15)
Balance at December 31, 2020	**-**	**$**	**-**	**$**	**-**

The Company had no warrants outstanding and exercisable as at December 31, 2020.

(Expressed in Canadian dollars, unless otherwise noted)

14. 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, 2020 and 2019 were as follows:

		December 31 2020		December 31 2019
Numerator:				
Net income (loss) and comprehensive income (loss) for the year	**$**	**909,962**	$	(151,348)
Denominator:				
Weighted average number of common shares – basic		**60,503,202**		61,135,772
Adjustments for calculation of diluted income per share:				
Options in the money		**3,365,000**		-
Weighted average number of common shares – diluted		**63,868,202**		61,135,772
Basic income (loss) per share	**$**	**0.02**	$	(0.00)
Diluted income (loss) per share	**$**	**0.01**	$	(0.00)

15. 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, 2020, the Company incurred technology development expenses of $583,801 (2019 - $533,073), recognized ITCs of $159,000 (2019 - $152,518) resulting in a net expense of $424,801 (2019 - $380,555).

16. Income Taxes

(a) Income tax expense:

The following table reconciles income taxes calculated at combined Canadian federal/ provincial tax rates with the income tax expense in these financial statements:

		December 31 2020		December 31 2019
Income (loss) before income taxes	**$**	**909,962**	$	(151,348)
Statutory rate		**26.5%**		26.5%
Expected income tax expense (recovery)	**$**	**241,000**	$	(40,000)
Amounts not deductible for tax and other		**23,000**		98,000
Deferred tax assets not utilized		**(302,000)**		(58,000)
Changes in non-capital losses and credit carry forwards		**38,000**		-
Other		**-**		(4,321)
Income tax expense (current)	**$**	**-**	$	(4,321)

(Expressed in Canadian dollars, unless otherwise noted)

16. Income Taxes (continued)

(b) Deferred income taxes:

The temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

		December 31 2020		December 31 2019
Amounts related to tax loss and credit carry forwards	**$**	**6,698,647**	$	6,474,000
Share issuance costs		**33**		1,000
Capital and intangible assets		**456,176**		953,000
Reserves		**42,895**		72,000
Net deferred tax asset	**$**	**7,197,751**	$	7,500,000
Deferred tax assets not recognized		**(7,197,500)**		(7,500,000)
	$	**-**	$	-

The Company has ITCs of approximately $2,465,831 and unused expenditures of approximately $9,305,024 related to scientific research and experimental development costs. The Company also has non-capital losses of approximately $16,020,000 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2027	$	345,000
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
	$	**16,020,000**

The potential tax benefit relating to these losses has not been reflected in these financial statements.

17. Segmented Information

The Company 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.

(Expressed in Canadian dollars, unless otherwise noted)

17. Segmented Information (continued)

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

As at and for the year ended December 31, 2020		**Canada**		**US**		**Total**
Advertising	$	246,199	$	4,423,905	$	4,670,104
Entertainment						
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**

As at and for the year ended December 31, 2019		Canada		US		Total
Advertising	$	382,453	$	3,998,905	$	4,381,358
Entertainment						
Music		654,695		1,033,137		1,687,832
Awards management		152,488		1,210,568		1,363,055
Total revenue	$	1,189,636	$	6,242,610	$	7,432,245
Property and equipment	$	531,858	$	2,617	$	534,475

18. 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 12).

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

		December 31 2020		December 31 2019
Salaries and short-term employee benefits(i)	**$**	**1,460,057**	$	1,273,126
Share-based payments		**122,386**		277,183
	$	**1,582,443**	$	1,550,309

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

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

19. Salaries & Consulting

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 the Company's operations for the year ended December 31, 2020. As a result, the Company qualified for and participated in the Canada Emergency Wage Subsidy ("CEWS"), launched by the Canadian Federal Government for qualifying Canadian companies, beginning in the second quarter of 2020. During the year ended December 31, 2020, the Company recognized credits of $1,006,993 (2019 - $nil) in salaries and consulting expenditures resulting from CEWS funds received.

20. 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, 2020.

21. Subsequent Events

On March 15, 2021, the Company received $275,427 in government assistance funds from the U.S. Small Business Administration (SBA) with respect to the Paycheck Protection Program ("PPP"). The loan was obtained by applying through an SBA approved lender. The principal aim of the PPP is to provide forgivable loans to small businesses so that they have sufficient funds to keep employees on the payroll. Under the PPP Flexibility Act, loans granted after June 5, 2020 have a minimum five-year maturity. The loan interest rate is fixed at 1%. Principal and interest payments are deferred until the date on which the SBA informs the lender of the borrower's loan forgiveness amount (or if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's covered period). For loan forgiveness, certain employee retention criteria must be met, and the loan proceeds are only to be used for payroll and other allowable expenses, including mortgage interest, rent and utilities. Borrowers can commence the loan forgiveness process once the lenders of record have established an online portal for accepting loan forgiveness applications. Applications for loan forgiveness are reviewed by the lender of record and then submitted by the lender to the SBA. Once the lender is repaid by the SBA, a formal forgiveness notice is provided to the Borrower. Forgiveness applications can be fully or partially approved for forgiveness or denied altogether. The loan forgiveness is considered government assistance and is recognized only once there is reasonable assurance the funds will be received and that the Company will be in compliance with any conditions associated with the forgiveness.