Interim Condensed Consolidated Financial Statements

Freckle Ltd. (Formerly Knol Resources Corp.)

As at March 31, 2020 and 2019

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim condensed consolidated financial statements of Freckle Ltd. (Formerly Knol Resources Corp.) have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Freckle Ltd. (Formerly Knol Resources Corp.)

Unaudited Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2020 and December 31, 2019
(in Canadian Dollars)

	Note	March 31, 2020	December 31, 2019
Assets			
Current Assets			
Cash and cash equivalents		$ 793,102	$ 2,364,127
Trade and other receivables	4	228,000	198,572
Prepaid expenses		128,914	116,015
Investment tax credit recoverable		120,642	120,642
Assets held for sale	22	1,278,173	1,037,491
Total current assets		2,548,831	3,836,847
Non Current Assets			
Property and equipment, net	5	$ 70,728	$ 73,757
Total assets		$ 2,619,559	$ 3,910,604
Liabilities and Shareholders' Deficit			
Current Liabilities			
Trade and other liabilities	6	$ 1,113,894	$ 1,158,604
Current portion of loan payable	7	4,192	6,541
Liabilities associated with assets held for sale	22	259,394	169,150
Total current liabilities		1,377,480	1,334,295
Non-current portion of loan payable	7	$ 37,644	$ 37,644
Shareholders' equity			
Share capital	9	$ 21,014,079	$ 21,014,079
Warrants	9	1,212,669	1,212,669
Contributed surplus	10	421,278	400,439
Cumulative translation adjustment		(255,414)	26,609
Deficit		(21,188,177)	(20,115,131)
Total Shareholders' equity		$ 1,204,435	$ 2,538,665
Total Shareholders' equity and liabilities		$ 2,619,559	$ 3,910,604
Commitments and Subsequent Event	11, 21		

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

Approved on behalf of the Board of Directors:

Neil Sweeney, CEO & Founder

Robert Fernicola, Chair of the Audit Committee

Freckle Ltd. (Formerly Knol Resources Corp.)

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Three months ended March 31, 2020 and 2019
(in Canadian Dollars)

	Note	Three months ended March 31, 2020	2019 (As restated - Note 22)
Revenue	12	$ 15,035	$ 2,923
Cost of services	13	5,549	-
Gross margin		9,486	2,923
Expenses			
General and administrative	14	615,935	355,535
Research and development	15	717,989	555,359
Selling and business development	16	107,473	-
Marketing	17	93,663	300,391
		1,535,060	1,211,285
Net loss from continuing operations		(1,525,574)	(1,208,361)
Income (loss) from discontinued operations, net of tax	22	452,528	(38,076)
Net loss		(1,073,046)	(1,246,437)
Other comprehensive gain (loss)			
Foreign currency translation differences		(282,023)	38,823
Total comprehensive loss		$ (1,355,069)	$ (1,207,614)
Net gain (loss) per share			
From continuing operations, basic and diluted	9	$ (0.01)	$ (0.01)
From discontinued operations, basic and diluted	9	$ 0.00	$ -

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

Freckle Ltd. (Formerly Knol Resources Corp.)

Unaudited Condensed Consolidated Interim Statements of Changes in Equity
Three months ended March 31, 2020 and 2019
(in Canadian Dollars)

		Number of Common Shares	Share Capital	Warrants	Contributed Surplus	Cumulative translation adjustment	Accumulated Deficit	Total Equity (Deficiency)
Balance as at January 1, 2019		114,629,627	$ 2,124,637	$ 712,117	$ 156,820	$ (86,181)	$ (11,059,981)	$ (8,152,588)
Issuance of share capital related to the private placement	9	7,500,000	1,125,000	375,000	-	-	-	$ 1,500,000
Share issuance costs	9	-	(181,771)	(60,591)	-	-	-	$ (242,362)
Conversion on related party loan	8	41,126,915	8,225,383	-	-	-	-	$ 8,225,383
Share-based compensation	10	-	-	-	52,107	-	-	$ 52,107
Net loss and comprehensive loss		-	-	-	-	38,823	(1,246,438)	$ (1,207,615)
Balance as at March 31, 2019		163,256,542	11,293,249	1,026,526	208,927	(47,358)	(12,306,419)	$ 174,925
Balance as at January 1, 2020		216,521,909	21,014,079	1,212,669	400,439	26,609	(20,115,131)	2,538,665
Share-based compensation	10	-	-	-	20,839	-	-	$ 20,839
Net loss and comprehensive loss		-	-	-	-	(282,023)	(1,073,046)	$ (1,355,069)
Balance as at March 31, 2020		216,521,909	21,014,079	1,212,669	421,278	(255,414)	(21,188,177)	1,204,434

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

Freckle Ltd. (Formerly Knol Resources Corp.)

Unaudited Condensed Consolidated Interim Statements of Cash Flows
Three months ended March 31, 2020 and 2019
(in Canadian Dollars)

	Note	Three months ended March 31, 2020	2019 (As restated - Note 22)
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):			
Operating activities			
Net loss from continuing operations		$ (1,525,574)	$ (1,208,361)
Net income (loss) from discontinued operations	22	452,527	(38,076)
Adjustments to net loss:			
Amortization of property and equipment	5	7,340	3,865
Interest related to financing activities, net	7	640	-
Share based compensation	10	20,839	52,107
Net change in non-cash operating working capital	19	(237,475)	237,259
Net cash flows used in operating activities		(1,281,703)	(953,206)
Financing activities			
Issuance of related party demand loans	8	-	624,087
Issuance of share capital, net issuance costs	9	-	933,384
Repayment of debt	7	(2,346)	-
Interest paid	7	(640)	-
Cash flows from (used in) financing activities		(2,986)	1,557,471
Investing activities		(5,973)	1,557,471
Purchase of property and equipment	5	(4,311)	-
Effect of foreign exchange on cash and cash equivalents		(282,023)	38,823
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,571,023)	643,087
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,364,127	131,131
CASH AND CASH EQUIVALENTS, END OF PEROID		$ 793,104	$ 774,218

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

1. CORPORATE INFORMATION

Freckle Ltd. ("Freckle", the "Company"), formerly Knol Resources Corp. ("Knol"), was incorporated on January 14, 1997 pursuant to the ABCA as 723765 Alberta Ltd. On February 5, 1998, Knol filed articles of amendment to change its name to Charger Petroleums Inc. pursuant to a certificate of amendment dated September 16, 1998, the articles of Knol were amended to delete the 'private company' provisions contained therein. On July 23, 1999, Knol changed its name to Charger Energy Inc. Pursuant to a certificate of amendment filed on April 11, 2003, Knol changed its name to Arapahoe Energy Corporation and consolidated its outstanding common shares at a 10:1 ratio. On February 6, 2004, Knol amalgamated with Crazy Horse Energy Inc. and continued under the name Arapahoe Energy Corporation. On January 3, 2008, Knol's name was changed to Canadian Phoenix Resources Corp. and on January 7, 2008, its common shares began trading on the TSX Venture Exchange under the symbol "CHP". Effective November 16, 2009, Knol amended its articles of incorporation to consolidate its outstanding common shares on a 25:1 basis and on November 18, 2009 its common shares commenced trading on the TSX Venture Exchange under the new symbol "CXP". On December 14, 2012, pursuant to a certificate of amendment and registration of restated articles, Knol cancelled its common shares, non-voting shares and class A preferred shares and authorized the issue of an unlimited number of Knol Shares and an unlimited number of Knol Preferred Shares. On March 8, 2013, Knol changed its name from Canadian Phoenix Resources Corp. to Knol Resources Corp. and consolidated the number of its issued and outstanding common shares on a 10:1 basis.

On June 14, 2019, the Company completed a reverse takeover transaction, pursuant to which Freckle I.O.T. Ltd. amalgamated with a wholly owned subsidiary of the Company (Note 11) and was subsequently renamed Freckle Ltd. and will continue as an Ontario Business Corporation Act corporation. The Company's common shares resumed trading on the TSX Venture Exchange (the "TSXV") under the symbol "FRKL" on June 19, 2019.

Freckle's wholly owned subsidiary Killi Inc. (formerly named The Orchard Data Co. Ltd.) was incorporated in 2016 and launched in 2018.

Freckle offers tools to both advertisers and consumers to fill gaps with two core products:

Killi, a privacy-compliant identity ecosystem, currently comprised of a mobile application available on iOS and Android in the United States, Canada, Australia, Singapore and New Zealand that allows consumers more control and visibility regarding how their data is collected and compensating them for its use, while also providing advertisers and brands a compliant data source.

Freckle, which allows advertisers and brands to measure the effectiveness of the media they have in the market in driving a consumer to the desired location, as well as providing audience data for targeting in platforms.

On April 7, 2020, the Company announced that its wholly owned subsidiary, Freckle Ltd., has entered into a definitive asset purchase agreement with PlaceIQ, Inc. ("PlaceIQ") for the sale of all the assets of Freckle's offline attribution and data business for cash consideration of up to US$4,000,000. This will allow the company to focus all its time and energy on Killi.

The address of the Company's corporate office is 400-409 King Street West, Toronto, Ontario, M5V 1K1.

2. GOING CONCERN UNCERTAINTY

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board (IASB). The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the quarter ended March 31, 2020, the Company incurred a comprehensive loss of $1,355,069 (2019 - $1,207,615) and negative cash flows from operations of $1,281,703 (2019 - $953,207. In addition, the Company has an accumulated deficit of $21,188,177 (December 31, 2019 - $20,115,131).

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business, meet its corporate administrative expenses, continue its research and development activities and support the operations of its subsidiaries, is dependent upon management's ability to obtain additional financing, through various means including but not limited to equity financing. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. The Company has also been affected by the outbreak of COVID-19. The full impact of the COVID-19 pandemic on our full year financial results will depend on future development, such as the ultimate duration and scope (see Note 3 (e)). The above factors indicate a material uncertainty that cast significant doubt as to the Company's ability to continue to operate as a going concern.

These unaudited condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used throughout all periods presented in the unaudited condensed consolidated interim financial statements .

(a) Basis of preparation and statement of compliance with IFRS

The unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2019.

On May 27, 2020, the Company's Board of Directors approved these unaudited interim condensed consolidated financial statements and authorize them for issue.

(b) Basis of measurement

The same accounting policies are followed in the interim condensed consolidated financial statements as were followed in the most recent annual financial statements for the year ended December 31, 2019 with the addition of the following.

i. Assets held for sale and discontinued operations

The Company classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of the asset or disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.

Assets and liabilities classified as held for sale are presented separately as current items in the unaudited condensed consolidated interim statements of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or, is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of loss and comprehensive loss.

(c) Change in accounting policy

Effective January 1, 2020 the IASB implemented amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments clarified the definition of "material" and aligned the definition used in the Conceptual

(in Canadian Dollars)

Framework and the standards themselves. The information provided in the Company's condensed consolidated interim financial statements is compliant with the issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. There were no impacts on adoption to the Company's condensed consolidated interim financial statements.

(d) Critical accounting estimates and judgements

The Company's interim condensed consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the measurement of assets, liabilities, income and expenses. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates, judgments and assumptions applied in the interim condensed consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2019.

(e) Impact of COVID-19 outbreak

As of the date of issuance of these interim condensed consolidated financial statements, the Company's operations have not been significantly impacted; however, the Company continues to monitor the situation. Due to the significant uncertainty surrounding the pandemic, management's judgment regarding this could change in the future. There are material uncertainties related to the full effects of COVID-19 on the Company's business and operations, particularly, on the timing and collections of accounts receivables (see Note 4).

4. TRADE AND OTHER RECEIVABLES

The amounts recognized in the condensed consolidated interim statements of financial position relating to trade and other receivables are determined as follows:

Trade receivables and other receivables consists of billings for revenue earned.

	As at March 31, 2020	As at December 31, 2019
Input tax receivable	**$ 89,214**	$ 94,386
Other receivables	**-**	86,226
Trade accounts receivable, gross	**155,378**	53,123
Trade accounts receivable from discontinued operations, gross	**1,278,173**	1,037,491
Allowance for credit losses	**(16,592)**	(35,163)
	$ 1,506,173	$ 1,236,063

(in Canadian Dollars)

The changes in trade accounts receivable, gross are as follows:

	As at March 31, 2020	As at December 31, 2019
Opening trade receivables, gross	**$ 1,090,614**	$ 833,163
Less: Amounts collected during the year on receivables outstanding at Janaury 1	**736,016**	820,002
Progress billings from continued operations	**15,035**	37,740
Progress billings from discontinued operations	**1,225,509**	3,438,623
Less: Amounts collected during the year	**19,664**	2,376,399
Less: Amounts written off as uncollectible	**141,928**	22,511
Closing trade receivables, gross	**$ 1,433,551**	$ 1,090,614

The allowance for credit losses has been determined as per the below table:

Estimated credit loss on trade receivables							
December 31, 2019	**Amounts receivable past transaction date**						
	<30 days	**31-60**	**61-90**	**91-180**	**181-360**	**>360 days**	**Total**
Expected credit loss %	0.45%	0.58%	0.87%	7%	59%	100%	
Gross carrying amount	$ 313,268	$ 317,024	$ 186,975	$ 257,203	$ 9,489	$ 6,655	$ 1,090,614
Expected credit loss	**1,423**	**1,829**	**1,621**	**18,028**	**5,607**	**6,655**	**35,163**

Estimated credit loss on trade receivables							
March 31, 2020	**Amounts receivable past transaction date**						
	<30 days	**31-60**	**61-90**	**91-180**	**181-360**	**>360 days**	**Total**
Expected credit loss %	0.45%	0.58%	0.87%	7%	59%	100%	
Gross carrying amount	$ 689,254	$ 298,286	$ 321,215	$ 124,449	$ 281	$ 66	$ 1,433,551
Expected credit loss	**$ 3,130**	**1,721**	**2,785**	**8,723**	**166**	**66**	**$ 16,591**

The changes in the expected credit loss are as follows:

	As at March 31, 2020	As at December 31, 2019
Opening allowance for expected credit losses	**$ 35,163**	$ -
Provision for expected credit losses	**123,357**	57,674
Less: Trade receivables written off	**(141,928)**	(22,511)
Closing balance for expected credit losses	**$ 16,592**	$ 35,163

For the three month period ended March 31, 2020, the Company wrote off $141,928 in trade receivables for customers who were directly affected by COVID-19. After accounting for the expected credit loss and the customers negatively impacted by COVID-19, management considers that the above-stated financial assets are of good credit quality. See Note 20 for a discussion of the Company's credit risk management activities.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

(in Canadian Dollars)

The amounts recognized in the condensed consolidated interim statements of financial position relating to contractual liabilities are determined as follows:

	As at March 31, 2020	As at December 31, 2019
Opening contract liabilities	$ 18,028	$ 7,688
Amounts recognized during the year on contract liabilites outstanding at Janaury 1	-	-
Progress billings	1,240,545	3,476,363
Contract liabilities incurred from discontinued operations	(18,028)	(10,341)
Less: Aggregate amount of revenue recognized for all contracts in progress	1,240,545	3,455,682
Contract liabilities from discontinued operations	$ -	$ 18,028

5. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Vehicle	Total
Cost:				
As December 31, 2018	$ 58,854	$ 9,592	$ -	$ 68,446
Additions	18,226	-	40,053	58,279
Disposals	-	-	-	-
As December 31, 2019	$ 77,080	$ 9,592	$ 40,053	$ 126,725
Additions	$ 4,311	$ -	$ -	4,311
Disposals	-	-	-	-
As March 31, 2020	**$ 81,392**	**$ 9,592**	**$ 40,053**	**$ 131,037**
Accumulated amortization:				
As December 31, 2018	$ 30,968	$ 3,266	$ -	$ 34,234
Amortization	15,704	1,918	1,112	18,734
As December 31, 2019	$ 46,672	$ 5,184	$ 1,112	$ 52,968
Amortization	$ 5,192	$ 480	$ 1,669	$ 7,340
As March 31, 2020	**$ 51,863**	**$ 5,663**	**$ 2,781**	**$ 60,308**
Carrying amounts:				
At December 31, 2019	$ 30,408	$ 4,408	$ 38,941	$ 73,757
At March 31, 2020	**$ 29,528**	**$ 3,928**	**$ 37,272**	**$ 70,728**

6. TRADE AND OTHER LIABILITIES

	As at March 31, 2020	As at December 31, 2019
Trade and other liabilities from continued operations:		
Trade payables	$ 944,358	$ 810,993
Accrued liabilities	169,535	347,611
Total trade and other liabilities from continued operations	1,113,894	1,158,604
Accrued liabilities from discontinued operations	259,394	151,122
Total trade and other liabilities	$ 1,373,288	$ 1,309,726

(in Canadian Dollars)

7. LOAN PAYABLE

On October 16, 2019, the Company entered into a credit agreement with a Canadian chartered bank for a vehicle in the amount of $45,238 with payments due in equal installments until the maturity date of October 27, 2025 at which time the loan will be paid in full. The credit agreement bears an interest rate of 5.89% and the term of the loan is 72 months. This loan is secured by the vehicle which has a net book value of $37,272 as of March 31, 2020 (December 31, 2019 – $38,941). Total interest of $640 was paid as of March 31, 2020 (December 31, 2019 - $442).

8. RELATED PARTY DEMAND LOAN & KEY MANAGEMENT COMPENSATION

The CEO and Founder has previously provided funding in the form of convertible demand loans, in the three months ended March 31, 2020 the funding provided was nil (three months ended March 31, 2019 - $624,087). On February 28, 2019 $8,225,383 was converted to common shares at a rate of $0.20 and $624,087 was converted at the same rate on April 22, 2019.

Compensation for key management personnel, including the Company's officers and directors, was as follows for the period:

		2020		2019
Salaries and benefits	**$**	**137,731**	$	114,944
Stock based compensation		**10,105**		7,503
Board fees and related stock based compensation		**385**		-
Total key management compensation	**$**	**148,221**	$	122,447

(in Canadian Dollars)

9. SHARE CAPITAL

Authorized:
Unlimited number of common shares, no par value. There are no rights, preferences or restrictions attached to that class.

Issued and outstanding:

During the three month period ended March 31, 2020 there were no issuances of share capital.

December 31, 2019

	Number of Shares	Share Price
Balance as of January 1, 2019	114,629,627	
Conversion of related party demand loan[1]	44,247,350	0.20
Issuance pursuant to private placement March 28, 2019[2]	7,500,000	0.15
Issuance pursuant to the conversion of the subscription receipts[2]	25,145,000	0.20
Issuance pursuant to the reverse takeover transaction[2]	24,999,932	0.20
Balance as of December 31, 2019	216,521,909	

[1]Includes the February 28, 2019 conversion of $8,225,383 at $0.20 per share and April 22, 2019 conversion of $624,087 at $0.20 per share (see Note 8).

[2]Transaction costs include 7% (3.5% to certain investors) cash commission of $396,620, which $383,495 was allocated to share capital, advisor fee of $125,000 of which $117,500 was allocated to share capital, compensation warrants fair value costs of $222,672, of which $209,883 was allocated to share capital and legal costs of $466,856 of which $403,148 was allocated to share capital.

Warrants issued and outstanding:

During the three month period ended March 31, 2020 there were no warrants issued or expired.

December 31, 2019

	Number of Share Warrants	Weighted average exercise price	Fair Value	Expiry date[4]
Balance as of January 1, 2019	14,708,377	$0.30	$735,419	
Issuance pursuant to private placement March 28, 2019[1]	7,500,000	0.30	375,000	March 28, 2021
Compensation warrants issuance pursuant to the conversion of subscription receipts and private placement[2]	1,983,100	0.20	222,672	June 14, 2021
Balance as of December 31, 2019	24,191,477	$0.29	$1,333,091	

[1]Transaction costs include 3.5% cash commission of $52,500, of which $13,125 was allocated to warrants, advisory fee of $125,000, of which $7,500 was allocated to warrants, compensation warrants fair value costs of $222,672, of which $12,789 was allocated to warrants and legal costs of $466,856 of which $63,708 was allocated to warrants. The warrants expire after two years, however, the Company has the right to accelerate exercise If the share has traded at a price greater than or equal to $.50 for 30 consecutive days on any Canadian market, following which the warrants will expire if not exercised within 30 days.

[2]These warrants were issued as part of the reverse takeover transaction as described in Note 11 of the consolidated financial statements for the year ended December 31, 2019.

(in Canadian Dollars)

The below inputs and assumptions were used for the warrants issued:

	June 14, 2019	March 28, 2019
Weighted average share price	$0.20	$0.15
Expected life, in years	2	2
Volatility	108%	106%
Risk free interest rate	1.46%	1.80%
Dividend yield	-	-

[1]The volatility is based on comparable public companies within comparable industries.

Loss per share:

	Three months ended March 31	
	2020	2019
Weighted average number of common shares outstanding	**216,521,909**	163,256,542
Additions to reflect the dilutive effect of employee stock options and warrants	**-**	-
Adjusted denominator for diluted loss per share	**216,521,909**	163,256,542

Options and warrants that are anti-dilutive were not included in the compilation of diluted common shares for the year ended March 31, 2020. 7,981,850 (March 31, 2019 – 5,703,850) stock options and 24,191,477 (March 31, 2019 – 22,208,377) warrants were excluded from the calculations because they were anti-dilutive

10. STOCK OPTION PLAN

The stock option plan is applicable to employees of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board. Under the terms of the plan, the options generally vest proportionately over a three-year period and expire five years from the date of the grant. There were 192,000 options issued in the quarter ended March 31, 2020 (three months ended March 31, 2019 - Nil) to employees and contractors. The compensation expense related to options issued to employees and contractors for three months ended March 31, 2020 is $20,839 (three months ended March 31, 2019 - $52,107). The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

March 31, 2020

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2020	**7,819,850**	**$0.13**
Granted	**192,000**	**0.20**
Exercised	**-**	**-**
Forfeited	**(30,000)**	**0.20**
Outstanding, March 31, 2020	**7,981,850**	**$0.13**

(in Canadian Dollars)

December 31, 2019

	Number of Options	Weighted average exercise price
Outstanding, January 1, 2019	6,983,000	$0.14
Granted	4,348,517	0.20
Exercised	-	-
Forfeited	(3,511,667)	0.21
Outstanding, December 31, 2019	7,819,850	$0.13

The Company uses the Black-Scholes method to calculate option values, the below assumptions were used for all options issue in:

	2020	2019
Weighted average share price	**$0.20**	$0.05-$0.20
Expected life, in years	**1-5**	1-5
Volatility	**71%**	103%-110%
Risk free interest rate	**1.28%**	1.46%-1.60%
Anticipated forfeiture	**0%-43%**	0%-43%
Dividend yield	**-**	-

The maximum term of the options is 5 years. The share price is the fair value of the shares based on the market share price the day of the grant. The volatility is based on comparable public companies within comparable industries.

The following table summarizes information about stock options as at March 31, 2020:

Options Outstanding			**Options Exercisable**
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Number exercisable**
$0.05	**2,908,000**	**2.48**	**2,151,333**
0.15	**1,260,000**	**3.51**	**525,000**
0.18	**2,953,667**	**0.20**	**583,517**
0.20	**583,517**	**3.75**	**958,333**
0.30	**276,667**	**1.93**	**170,000**
$0.05-$0.30	**7,981,851**	**2.93**	**4,388,183**

(in Canadian Dollars)

The following table summarizes information about stock options as at December 31, 2019:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable
$0.05	2,908,000	2.73	1,884,666
0.15	1,260,000	3.76	525,000
0.18	583,517	0.45	583,517
0.20	2,791,666	3.91	783,333
0.30	276,667	2.07	170,000
$0.05-$0.30	7,819,850	3.12	3,946,516

The weighted average exercise price was $0.12 as of March 31, 2020 (December 31, 2019 - $0.12).

11. COMMITMENTS

The company has non-cancellable contracts for rent and cost of services, the commitments are as follows:

	As at March 31, 2020
Less than one year	$ 249,179
Between one and five years	-

12. REVENUE

The Company's strategy is to measure the effectiveness of advertising in all channels, including digital (mobile and desktop), social, out-of-home, search, data & segments. The following chart shows the breakdown of the revenue earned in the various channels for three months ended March 31, 2020 and 2019 (see Note 3(g)).

	Three months ended March 31 2020	2019
Revenue from continued operations:		
Data	**$ 15,035**	$ 2,923
Revenue from discontinued operations:		
Data & Segments	**608,053**	145,792
Digital	**80,729**	202,201
Search	**443,088**	251,191
Social	**93,639**	208,084
Out-of-home	**-**	17,188
Total revenue from discontinued operations	**1,225,509**	824,456
Total revenue	**$ 1,240,545**	$ 827,379

(in Canadian Dollars)

The Company reports its revenue by geographical location of its customers.

	Three months ended March 31	
	2020	2019
Revenue from continued operations:		
US	**$ 15,035**	$ 2,923
Revenue from discontinued operations:		
US	**1,191,814**	672,864
Canada	**33,695**	151,592
Total revenue from discontinued operations	**1,225,509**	824,456
Total revenue	**$ 1,240,545**	$ 827,379

Major customers

Revenue from specific customers, each with 10% or more of total Company revenues are summarized as follows:

	Three months ended March	
	2020	2019
Customer 1	**$ 449,236**	$ -
Customer 2	**204,198**	217,853
Customer 3	**197,436**	128,814
Customer 4	**133,234**	-
Customer 5	**-**	105,957
Customer 6	**-**	95,851
Customer 7	**-**	92,445
Total revenue from major customers	**$ 984,104**	$ 640,920

Major trade receivables

Trade receivables with specific customers, each with 10% or more of total Company trade receivables are summarized as follows:

	As at	As at
	31-Mar-20	31-Dec-19
Customer 1	**$ 468,362**	$ -
Customer 2	**408,218**	404,017
Customer 3	**246,008**	195,492
Customer 4	**-**	146,619
Total major trade receivables	**$ 1,122,588**	$ 746,128

(in Canadian Dollars)

13. COST OF SERVICES

Cost of services for continuing operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Management Platforms	**$ 5,549**	$ -

Cost of services for discontinued operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Location data	**$ 155,577**	$ 162,266
Cross device matching services	**167,998**	73,146
Point of interest data	**17,400**	-
Other	**13,496**	85,582
	$ 354,469	$ 320,994

14. GENERAL AND ADMINSTRATIVE

General and administrative expenses for continuing operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Salaries, benefits and recruiting	**$ 268,078**	$ 160,500
Professional fees	**185,887**	84,343
Establishments	**57,654**	34,384
Office and personnel	**97,213**	33,978
Foreign exchange (gains)/losses	**827**	38,466
Other	**8,323**	3,864
Interest income	**(2,047)**	-
	$ 615,935	$ 355,535

General and administrative expenses for discontinued operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Foreign exchange (gains)/losses	**$ (307,907)**	**$ -**

(in Canadian Dollars)

15. RESEARCH AND DEVELOPMENT

Research and Development expenses for continuing operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Salaries, benefits, contractors and recruiting	**$ 673,734**	$ 507,037
Cloud hosting, data processing and storage	**23,421**	24,759
Licenses, dues and subscriptions	**12,929**	-
Other	**7,905**	23,563
	$ 717,989	$ 555,359

Research and Development expenses for discontinued operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Cloud hosting, data processing and storage	**$ 123,028**	$ 119,175

16. SELLING AND BUSINESS DEVELOPMENT

Selling and business development expenses for continuing operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Salaries, commissions, benefits and contractors	**$ 102,623**	$ -
Travel, meals and entertainment	**4,850**	-
	$ 107,473	**$ -**

Selling and business development expenses for discontinued operations are broken down as follows:

	Three months ended March 31	
	2020	2019
Salaries, commissions, benefits and contractors	**$ 451,724**	$ 320,276
Travel, meals and entertainment	**135,118**	81,366
Licensing, dues, subscriptions	**12,392**	-
Tradeshows and other promotion	**1,048**	-
Other	**3,110**	20,720
	$ 603,392	**$ 422,362**

(in Canadian Dollars)

17. MARKETING

Marketing expenses for the company are broken down as follows:

	Three months ended March 31			
		2020		2019
Advertising and promotion	**$**	**17,317**	$	117,281
User acquisition and retention		**59,311**		117,050
Salaries, benefits and contractors		**17,035**		63,845
Other		**-**		2,215
	$	**93,663**	$	300,391

18. PERSONNEL EXPENSES SUMMARY

Personnel expenses for the company are summarized as follows:

		2020		2019
Salaries	**$**	**873,637**	$	690,887
Benefits		**105,005**		76,998
Commissions		**140,243**		72,780
Share-based payments		**20,839**		52,107
	$	**1,139,724**	$	892,772

19. CASH FLOW INFORMATION

	Three months ended March 31,			
		2020		2019
Trade and other receivables	**$**	**(270,110)**	$	(107,588)
Deferred financing costs	**$**	**-**		(199,849)
Prepaid expenses		**(12,898)**		(15,696)
Investment tax credit recoverable		**-**		-
Trade and other liabilities		**63,561**		555,657
Contract liabilities		**(18,028)**		4,735
	$	**(237,475)**	$	237,259

20. FINANCIAL INSTRUMENTS, RISKS AND CAPITAL MANAGEMENT

The Company has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Company's risk management program seeks to minimize potential adverse effects on the Company's financial performance and ultimately shareholder value. The Company manages its risks and risk exposures through a combination of insurance, a system of internal controls and sound business practices.

The Company's financial instruments and the nature of the risks which they may be subject to are set out in the following table.

	Risks			
			Market	
	Credit	Liquidity	Foreign Exchange	Interest Rate
Cash and cash equivalents	Yes		Yes	
Trade receivables	Yes		Yes	
Other receivables	Yes		Yes	
Trade and other liabilities		Yes	Yes	
Loan Payable				Yes

The carrying values of cash and cash equivalents, trade receivables, other receivables, trade and other liabilities and loan payable approximate their fair values due to their relatively short periods to maturity.

Credit risk

Credit risk arises from cash held with banks and trade receivables and these financial assets are subject to the expected credit loss model. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions and minimizes the credit risk of trade receivables by monitoring the counterparty's creditworthiness and setting exposure limits.

Trade accounts receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past the transaction date. The expected loss rates are based on the payment profiles of sale over a period of 24 months before March 31, 2020. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the credit worthiness for current and future customers and the GDP and unemployment rate of the countries in which the Company sells goods into to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at March 31, 2020, and December 31, 2019 was determined as follows for trade receivables:

Trade receivables (Note 4) are the result of billings of services performed. The Company's credit risk arises from the possibility that a counterparty which owes the Company money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Company, which would result in a financial loss for the Company.

(in Canadian Dollars)

The carrying amount of trade receivables are reduced through the use of an allowance for credit loss and the amount is recognized in the consolidated statement of loss and comprehensive loss in general and administrative expenses. The Company closely monitors all receivable balances, when a balance is over 180 days past the transaction date the Company evaluates whether this balance is uncollectible. It is determined to be uncollectible when the customer has ceased communications for greater than 90 days or has communicated non-payment due to liquidity issues and the Company does not believe other recourses would be financially beneficial and there is no reasonable expectation of recovery. When a receivable balance is considered uncollectible, it is written off against the allowance for credit loss. Subsequent recoveries of amounts previously written off reduce general and administrative expenses in the unaudited condensed consolidated interim statements of loss and comprehensive loss. As of March 31, 2020, it was determined that an allowance for credit loss of $16,592 (2019 – 35,163) was required and wrote off uncollectible balances of $141,928 (2019 – $22,511).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and taking the necessary actions to maintain enough liquidity for operations and for growth objectives.

The Company has considered the future impact of COVID-19 on the timing and collections of trade receivables. The Company will continually reassess the scope, duration, and impact on our customers to determine COVID-19's impact on liquidity.

The following table details the Company's contractual maturities (including interest payments where applicable) for its financial liabilities as at March 31, 2020 and December 31, 2019:

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years	Total
As at March 31, 2020					
Trade and other liabilities	**$ 1,373,287**	**-**	**-**	**-**	**$1,373,287**
Loan Payable	**$ 747**	**1,495**	**6,726**	**27,930**	**$ 36,898**
	$ 1,374,034	**$ 1,495**	**$ 6,726**	**$ 27,930**	**1,410,185**
As at December 31, 2019					
Trade and other liabilities	$ 1,309,726	-	-	-	$1,309,726
Loan Payable	747	1,495	6,726	43,348	$ 52,316
	$ 1,310,473	$ 1,495	$ 6,726	$ 43,348	$1,362,042

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the fair value of a financial instrument or its future cash flows.

The Company operates internationally with a subsidiary in the United States. The Company is, therefore, subject to foreign currency risk. The Company reports its financial results in Canadian dollars. Most of the Company's revenues are transacted in U.S. currency. The Company incurs expenses in both Canadian and U.S. dollars. To date, the Company has not used foreign currency forward contracts or other hedging strategies to manage its foreign currency exposure.

As at March 31, 2020, the Canadian entities US-dollar net monetary assets totaled approximately US ($415,195) (CAD $579,321) (December 31, 2019 – US $264,163 (CAD $343,095) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US $120,150 (CAD $167,645) (2019 – US $82,932 (CAD $107,712)). A 10% strengthening in the Canadian dollar against the United States dollar as at March 31, 2020 would have increased comprehensive loss and decreased shareholder's equity by $41,167 (2019 - $23,538). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

Capital management

The Company's objective in managing capital is to ensure sufficient liquidity to develop technology, engage in sales and marketing activities, while at the same time taking a conservative approach toward financial leverage and management of financial risk. In previous years, the Company's capital is composed entirely of debt from the CEO and Founder's related company. The loans have been converted to common shares. During the previous year and this year to date, the Company actively sought external financing through private placements to help manage working capital requirements and prepare the Company for a go public transaction. In the upcoming years the Company will utilize the capital markets as well as earnings to manage its capital obligations.

The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity to fund operations and proceed with rapid product development that will support the evolving data driven industries.

21. SUBSEQUENT EVENT

On April 7th, 2020 the Company announced that Place IQ had acquired the Company's offline attribution and data business for cash consideration of up to US$4,000,000. Not included in the transaction is Killi, Freckle's consent management product, which allows consumers to amalgamate their consumer data and monetize it.

The sale of Freckle's measurement and location products to PlaceIQ will allow Freckle, which will be renamed as Killi, to devote its exclusive focus to the expansion of its consent management product. The sale and name change are subject to the approval of the Company's shareholders and the TSX Venture Exchange.

(in Canadian Dollars)

22. DISCONTINUED OPERATIONS

During the quarter ended March 31, 2020 the Company decided to dispose of it's offline attribution and data business and focus on Killi and that subsequent to period end the Company entered into a sale agreement as described in Note 21.

The major classes of assets and liabilities of the discontinued operations were as follows:

	Note	**As at March 31, 2020**	As at December 31, 2019
Trade accounts receivable	4	**$ 1,278,173**	$ 1,037,491
Assets classified as held for sale		**$ 1,278,173**	$ 1,037,491
Contract liabilities	4	**$ -**	$ 18,029
Trade and other liabilities	6	**259,394**	151,121
Liabilities associated with assets held for sale		**$ 259,394**	$ 169,150
Net assets classified as held for sale		**$ 1,018,779**	$ 868,341

The comparative results of the discontinued operations included in net loss for the year were as follows:

	Note	**Three months ended March 31, 2020**	2019
Revenue	12	**$ 1,225,509**	$ 824,456
Cost of services	13	**354,469**	320,994
Gross margin		**871,040**	503,462
Expenses			
General and administrative	14	**(307,907)**	-
Research and development	15	**123,028**	119,175
Selling and business development	16	**603,391**	422,363
		418,512	541,538
Net income (loss) from discontinued operations		**$ 452,528**	$ (38,076)