



Interim Condensed Consolidated Financial Statements
Killi Ltd. (formerly Freckle Ltd.)
For the three and nine months ended September 30, 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 Killi Ltd. (formerly Freckle Ltd.) 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.

Killi Ltd. (Formerly Freckle Ltd.)

Unaudited Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2020 and December 31, 2019
(in Canadian Dollars)

	Note	September 30, 2020	December 31, 2019
Assets			
<i>Current Assets</i>			
Cash and cash equivalents		\$ 808,698	2,364,127
Trade and other receivables	4	113,997	1,236,063
Prepaid expenses		98,489	116,015
Investment tax credit recoverable		-	120,642
<i>Total current assets</i>		<u>1,021,184</u>	<u>3,836,847</u>
<i>Non Current Assets</i>			
Property and equipment, net	5	\$ 56,692	\$ 73,757
<i>Total assets</i>		<u>\$ 1,077,876</u>	<u>\$ 3,910,604</u>
Liabilities and Shareholders' Deficit			
<i>Current Liabilities</i>			
Trade and other liabilities	6	\$ 1,098,234	\$ 1,309,726
Contract liabilities		-	18,028
Current portion of loan payable	7	21,934	6,541
<i>Total current liabilities</i>		<u>1,120,168</u>	<u>1,334,295</u>
Non-current portion of loan payable	7	\$ 32,778	\$ 37,644
<i>Total liabilities</i>		<u>\$ 1,152,946</u>	<u>\$ 1,371,939</u>
<i>Shareholders' equity (deficit)</i>			
Share capital	9	\$ 21,855,670	\$ 21,014,079
Warrants	9	712,171	1,212,669
Contributed surplus		1,210,272	400,439
Cumulative translation adjustment		(73,807)	26,609
Deficit		(23,779,376)	(20,115,131)
<i>Total Shareholders' equity (deficit)</i>		<u>\$ (75,070)</u>	<u>\$ 2,538,665</u>
<i>Total Shareholders' equity (deficit) and liabilities</i>		<u>\$ 1,077,876</u>	<u>\$ 3,910,604</u>
Commitments and Subsequent Event	11, 22		

Approved on behalf of the Board of Directors:

Neil Sweeney, CEO & Founder

Robert Fernicola, Chair of the Audit Committee

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

Killi Ltd. (Formerly Freckle Ltd.)

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

Three and nine months ended September 30, 2020 and 2019

(in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019 (As restated - Note 21)	2020	2019 (As restated - Note 21)
Revenue	12	\$ 9,686	2,269	\$ 34,973	\$ 14,198
Cost of services	13	32,860	-	40,431	-
Gross margin		(23,174)	2,269	(5,458)	14,198
Expenses					
General and administrative	14	258,342	548,744	1,323,628	3,440,342
Research and development	15	615,703	797,445	1,850,543	1,988,264
Selling and business development	16	157,759	-	245,102	-
Marketing	17	175,493	330,153	335,943	1,030,257
		1,207,297	1,676,342	3,755,216	6,458,863
Other income					
Gain on sale of Freckle business unit	3 (b) i.	83,478	-	61,834	-
Gain on sale of fixed asset disposal		-	-	79	-
Interest income		4,522	3,006	7,877	3,030
		88,000	3,006	69,790	3,030
Net loss from continuing operations		(1,142,471)	(1,671,068)	(3,690,883)	(6,441,635)
(Loss) income from discontinued operations, net of tax	21	(46,939)	(281,460)	26,639	(727,483)
Net loss		(1,189,410)	(1,952,528)	(3,664,245)	(7,169,118)
Other comprehensive gain (loss)					
Foreign currency translation differences		46,742	(24,326)	(100,416)	61,837
Total comprehensive loss		\$ (1,142,668)	\$ (1,976,854)	\$ (3,764,660)	\$ (7,107,281)
Net loss per share					
Basic	9	\$ (0.005)	\$ (0.008)	\$ (0.015)	\$ (0.030)
Diluted	9	\$ (0.005)	\$ (0.008)	\$ (0.015)	\$ (0.030)
Weighted average number of common shares outstanding					
Basic		242,860,539	173,845,472	242,860,539	173,845,472
Diluted		242,860,539	173,845,472	242,860,539	173,845,472

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

Killi Ltd. (Formerly Freckle Ltd.)

Unaudited Condensed Consolidated Interim Statement of Changes in Equity
 Nine months ended September 30, 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
Shares issued on conversion of the subscription receipts	9	25,145,000	5,029,000	-	-	-	-	\$ 5,029,000
Issuance of share capital and options as part of the Reverse Takeover	9	24,999,932	5,000,000	-	52,423	-	-	\$ 5,052,423
Share issuance costs	9	-	(1,114,028)	(97,120)	-	-	-	\$ (1,211,148)
Broker/Finder Warrants	9	-	-	222,672	-	-	-	\$ 222,672
Conversion on related party loan	9	44,247,350	8,849,470	-	-	-	-	\$ 8,849,470
Share-based compensation	10	-	-	-	147,049	-	-	\$ 147,049
Net income and comprehensive loss		-	-	-	-	61,837	(7,169,118)	\$ (7,107,281)
Balance as at September 30, 2019		<u>216,521,909</u>	<u>21,014,079</u>	<u>1,212,669</u>	<u>356,292</u>	<u>(24,344)</u>	<u>(18,229,099)</u>	<u>\$ 4,329,597</u>
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
Issuance of share capital related to the private placement	3 (f), 9	42,000,000	823,289	226,711	-	-	-	\$ 1,050,000
Exercise of Stock Options	9	500,000	25,000	-	-	-	-	\$ 25,000
Exercise of warrants	9	300,000	16,619	(1,619)	-	-	-	\$ 15,000
Share issuance costs	9	-	(23,317)	(6,421)	-	-	-	\$ (29,738)
Reclassing expired warrants	9	-	-	(719,169)	719,169	-	-	\$ -
Share-based compensation	10	-	-	-	90,664	-	-	\$ 90,664
Net loss and comprehensive loss		-	-	-	-	(100,416)	(3,664,245)	\$ (3,764,661)
Balance as at September 30, 2020		<u>259,321,909</u>	<u>21,855,670</u>	<u>712,171</u>	<u>1,210,272</u>	<u>(73,807)</u>	<u>(23,779,376)</u>	<u>\$ (75,070)</u>

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

Killi Ltd. (Formerly Freckle Ltd.)

Unaudited Consolidated Consolidated Interim Statements of Cash Flows

Nine months ended September 30, 2020 and 2019

(in Canadian Dollars)

		Nine months ended September 30,	
		2020	2019
	Note		(As restated - Note 21)
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):			
Operating activities			
Net loss from continuing operations		\$ (3,690,883)	\$ (6,441,635)
Net income (loss) from discontinued operations	21	26,639	(727,483)
Adjustments to net loss:			
Amortization of property and equipment		19,327	11,965
Gain on sale of property and equipment		(79)	-
Listing costs		-	2,001,116
Interest, net		3,711	-
Share based compensation	10	90,664	147,049
Net change in non-cash operating working capital	19	1,030,863	(230,013)
Net cash flows used in operating activities		<u>(2,519,758)</u>	<u>(5,239,001)</u>
Financing activities			
Issuance of related party demand loans		-	624,087
Issuance of share capital, net issuance costs		869,689	8,301,162
Issuance of warrants, net issuance costs		193,079	290,669
Issuance of debt for insurance		26,134	-
Repayment of debt		(14,861)	-
Interest paid		(3,711)	-
Cash flows from financing activities		<u>1,070,330</u>	<u>9,215,918</u>
Investing activities			
Purchase of property and equipment		(5,985)	(11,943)
Proceeds from sale of property and equipment		400	-
Cash flows from (used in) investing activities		<u>(5,585)</u>	<u>(11,943)</u>
Effect of foreign exchange on cash and cash equivalents		(100,416)	61,837
Net (Decrease)/Increase in cash and cash equivalents		(1,555,429)	4,026,811
Cash and cash equivalents, beginning of period		2,364,127	131,131
Cash and cash equivalents, end of period		<u>\$ 808,698</u>	<u>\$ 4,157,942</u>

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

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

1. CORPORATE INFORMATION

Killi Ltd. (“Killi”, the “Company”), a privacy-compliant identity ecosystem, available both online and as a mobile application on iOS and Android in the United States, Canada, Australia, Singapore and New Zealand that allows consumers 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.

The address of the Company’s corporate office is 5th floor - 100 University Ave, Toronto, Ontario, M5J 1V6.

Killi, formerly Freckle Ltd., was incorporated on January 14, 1997 pursuant to the ABCA as 723765 Alberta Ltd. On February 5, 1998, the Company 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 the Company were amended to delete the ‘private company’ provisions contained therein. On July 23, 1999, the Company changed its name to Charger Energy Inc. Pursuant to a certificate of amendment filed on April 11, 2003, the Company changed its name to Arapahoe Energy Corporation and consolidated its outstanding common shares at a 10:1 ratio. On February 6, 2004, the Company amalgamated with Crazy Horse Energy Inc. and continued under the name Arapahoe Energy Corporation. On January 3, 2008, the Company changed its name 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, the Company 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, the Company cancelled its common shares, non-voting shares and class A preferred shares and authorized the issue of an unlimited number of Shares and an unlimited number of Preferred Shares. On March 8, 2013, the Company 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 and was subsequently renamed Freckle Ltd. and continued as a corporation under the Ontario Business Corporation Act.

On May 25, 2020, the Company changed its name from Freckle Ltd. to Killi Ltd. and the Company’s common shares commenced trading on the TSX Venture Exchange (the “TSXV”) under the symbol “MYID”.

On May 29, 2020, the Company finalized a definitive asset purchase agreement with PlacelQ, Inc. (“PlacelQ”) for the sale of all the assets of the Company’s offline attribution and data business for cash consideration of up to US\$4,000,000.

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

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 nine months ended September 30, 2020, the Company incurred a comprehensive loss of \$3,764,660 (2019 - \$7,107,281) and negative cash flows from operations of \$1,555,429 (2019 – positive \$4,026,811). In addition, the Company has an accumulated deficit of \$23,779,376 (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.

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

On November 25, 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. Discontinued operations/Gain loss on sale

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. Contingent consideration to be transferred by the acquirer related to revenue generated by Killi's offline attribution business will be recognized when the revenue share is recharged to us net of any directly attributed costs. The revenue share is governed by the asset purchase agreement.

(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 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.

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

(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.

To lessen the financial fallout on Canadian businesses from the effects of COVID-19, the Canadian government launched the Canadian Emergency Wage Subsidy ("CEWS"). The Company has qualified for, and received approximately \$333,560 under the CEWS. These amounts have been netted against departmental expenses in the condensed consolidated interim statement of loss and comprehensive loss. The Canadian government announced its intention to extend the wage subsidy though to June 2021. The Company will continue to monitor changes to the CEWS and other COVID-19 related grants and subsidies that may be available.

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).

(f) Warrants

The Company follows the relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The proceeds from the issuance of units are allocated between share capital and warrants. Unit proceeds are allocated to shares and warrants using the relevant valuation model such as Black-Scholes or the Barrier option pricing models where appropriate. If and when the warrants are exercised, the applicable relative fair value recognized in warrants is transferred to share capital. Any consideration paid on the exercise of the warrant is credited to share capital. For those warrants that expire unexercised on maturity, the recorded value is transferred to contributed surplus.

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.

	<u>As at</u> <u>September 30, 2020</u>	<u>As at</u> <u>December 31, 2019</u>
Input tax receivable	\$ 45,029	\$ 94,386
Other receivables	62,579	86,226
Trade accounts receivable, gross	13,831	1,090,614
Allowance for credit losses	(7,442)	(35,163)
	<u>\$ 113,997</u>	<u>\$ 1,236,063</u>

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

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

	As at September 30, 2020	As at December 31, 2019
Opening trade receivables, gross	\$ 1,090,614	\$ 833,163
Due from PlaceIQ	62,578	-
Progress billings	1,269,609	3,476,363
Less: Amounts collected during the year on receivables outstanding at January 1	918,550	820,002
Less: Amounts collected during the year	1,532,182	2,376,399
Less: Amounts recovered (written off) as uncollectible	(141,928)	22,511
Closing trade receivables, gross	\$ 113,997	\$ 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						Total
	<30 days	31-60	61-90	91-180	181-360	>360 days	
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

September 30, 2020	Amounts receivable past transaction date						Total
	<30 days	31-60	61-90	91-180	181-360	>360 days	
Expected credit loss %	0.45%	0.58%	0.87%	7%	59%	100%	
Gross carrying amount	\$ 1,062	\$ -	\$ 297	\$ 8,176	\$ 11,025	\$ 347	\$ 20,907
Expected credit loss	5	-	3	573	6,515	347	\$ 7,442

The changes in the expected credit loss are as follows:

	As at September 30, 2020	As at December 31, 2019
Opening allowance for expected credit losses	\$ 35,163	\$ -
Provision for expected credit losses	114,207	35,163
Less: Trade receivables written off	(141,928)	-
Closing balance for expected credit losses	\$ 7,442	\$ 35,163

For the nine months ended September 30, 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.

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

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

	As at September 30, 2020	As at December 31, 2019
Opening contract liabilities	\$ 18,028	\$ 7,688
Amounts recognized during the year on contract liabilities outstanding at January 1	-	-
Progress billings	1,269,609	3,476,363
Contract liabilities incurred	(18,028)	(10,341)
Less: Aggregate amount of revenue recognized for all contracts in progress	1,269,609	3,455,682
Contract liabilities	\$ -	\$ 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	6,716	-	-	6,716
Disposals	(1,446)	(9,592)	-	(11,038)
At September 30, 2020	\$ 82,350	\$ -	\$ 40,053	\$ 122,403
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	\$ 14,045	\$ (5,184)	\$ 5,006	\$ 13,867
Disposals	(1,125)	-	-	-
At September 30, 2020	\$ 59,592	\$ -	\$ 6,118	\$ 65,711
Carrying amounts:				
At December 31, 2019	\$ 30,408	\$ 4,408	\$ 38,941	\$ 73,757
At September 30, 2020	\$ 22,758	\$ -	\$ 33,935	\$ 56,692

6. TRADE AND OTHER LIABILITIES

	As at September 30, 2020	As at December 31, 2019
Trade payables	841,988	\$ 810,993
Accrued liabilities	256,246	498,733
Total trade and other liabilities	1,098,234	\$ 1,309,726

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (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 \$47,832 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 \$33,934 as of September 30, 2020 (December 31, 2019 – \$38,941). The total interest of \$598 was paid for the three months ended September 30, 2020 and \$1,860 was paid for the nine months ended September 30, 2020 (three months ended September 30, 2019 - \$nil, nine months ended September 30, 2019 - \$nil).

On July 7, 2020, the Company entered into a credit agreement with an insurance company in the amount of \$27,778 with payments due in equal installments until the maturity date of April 7, 2021 at which time the loan will be paid in full. The credit agreement bears an interest rate of 3.00% and the term is 10 months. The total interest of \$250 was paid for the three months ended September 30, 2020 and \$250 was paid for the nine months ended September 30, 2020 (three months ended September 30, 2019 - \$nil, nine months ended September 30, 2019 - \$nil).

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 nine months ended September 30, 2020 the funding provided was nil (nine months ended September 30, 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.

Included in salaries, benefits and recruiting within general and administrative expenses on the statement of loss and comprehensive loss are the amounts of \$3,300 for the three months ended September 30, 2020 and \$9,900 for the nine months ended September 30, 2020 (three months ended September 30, 2019 - \$3,300, nine months ended September 30, 2019 - \$9,900) earned by an individual related to the same officer of the Company.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries and benefits	\$ 138,987	\$ 473,227	\$ 366,474	\$ 1,156,268
Stock based compensation	19,682	35,986	42,243	115,101
Board fees and related stock based compensation	13,956	-	14,341	-
Total key management compensation	\$ 172,625	\$ 509,213	\$ 423,058	\$ 1,271,369

9. SHARE CAPITAL

Authorized:

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

KILLI LTD. (Formerly Freckle Ltd.)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements Three and nine months ended September 30, 2020 and 2019 (in Canadian Dollars)

Issued and outstanding:

<u>September 30, 2020</u>		
	<u>Number of Shares</u>	<u>Share Price</u>
Balance as of January 1, 2020	216,521,909	
Issuance pursuant to private placement May 18, 2020 ¹	42,000,000	0.025
Issuance pursuant to the exercise of stock options	500,000	0.05
Issuance pursuant to the exercise of warrants	300,000	0.05
Balance as of September 30, 2020	259,321,909	
<u>December 31, 2019</u>		
	<u>Number of Shares</u>	<u>Share Price</u>
Balance as of January 1, 2019	114,629,627	
Conversion of related party demand loan ²	44,247,350	0.20
Issuance pursuant to private placement March 28, 2019 ³	7,500,000	0.15
Issuance pursuant to the conversion of the subscription receipts ³	25,145,000	0.20
Issuance pursuant to the reverse takeover transaction ³	24,999,932	0.20
Balance as of December 31, 2019	216,521,909	

¹Transaction costs include legal expenses of \$29,738, \$23,317 of which was allocated to share capital.

²Includes 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).

³Transaction 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:

<u>September 30, 2020</u>				
	<u>Number of Share Warrants</u>	<u>Weighted average exercise price</u>	<u>Fair value</u>	<u>Expiry date</u>
Balance as of January 1, 2020	24,191,477	\$0.29	\$1,333,091	
Expiry of issuance pursuant to private placement April 17, 2018	(9,625,000)	0.30	(481,250)	April 17, 2020
Expiry of commission warrants issuance pursuant to the private placement April 17, 2018	(78,750)	0.30	(3,938)	April 17, 2020
Issuance pursuant to private placement May 18, 2020 ¹	42,000,000	0.05	226,711	November 16, 2021
Expiry of issuance pursuant to private placement September 28, 2018	(4,679,627)	0.30	(233,981)	September 28, 2020
Exercise of warrants	(300,000)	0.05	(1,619)	
Balance as of September 30, 2020	51,508,100	\$0.18	839,014	

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	<u>December 31, 2019</u>		Fair value	Expiry date
	Number of Share Warrants	Weighted average exercise price		
Balance as of January 1, 2019	14,708,377	\$0.30	\$735,419	
Issuance pursuant to private placement March 28, 2019 ²	7,500,000	0.30	375,000	March 28, 2021
Compensation warrants issuance pursuant to the conversion of subscription receipts and private placement ³	1,983,100	0.20	222,672	June 14, 2021
Balance as of December 31, 2019	24,191,477	\$0.29	1,333,091	

¹Transaction costs include legal expenses of \$29,738, \$6,421 of which was allocated to warrants.

²Transaction 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.

³These 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.

The company used the up-and-out barrier option pricing model to value the warrants issued in the May 18, 2020 private placement.

The below inputs and assumptions were used:

	<u>2020</u>
Weighted average share price	\$0.025
Expected life, in years	1.5
Volatility	100%
Risk free interest rate	0.32%
Anticipated forfeiture	-
Dividend yield	-
Barrier	\$0.080
Rebate	\$0.030

Loss per share:

	<u>2020</u>	<u>2019</u>
Weighted average number of common shares outstanding	242,860,539	191,521,977
Additions to reflect the dilutive effect of employee stock options and warrants	-	-
Adjusted denominator for diluted loss per share	242,860,539	191,521,977

Options and warrants that are anti-dilutive were not included in the compilation of diluted common shares for the nine months ended September 30, 2020. 9,410,516 (September 30, 2019 – 7,539,852) stock options and 51,508,100 (September 30, 2019 – 24,191,477) warrants were excluded from the calculations because they were anti-dilutive

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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 3,739,000 options issued in the nine months ended September 30, 2020 (nine months ended September 30, 2019 – 2,753,519) to employees and contractors. The compensation expense related to options issued to employees and contractors for nine months ended September 30, 2020 is \$90,664 (nine months ended September 30, 2019 - \$126,528). On May 25, 2020, the Company repriced a total of 3,509,772 options to a new exercise price of \$0.05. On August 27, 2020, the Company repriced a total of 350,000 options to a new exercise price of \$0.07. The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

	<u>September 30, 2020</u>	
	<u>Number of Options</u>	<u>Weighted average exercise price</u>
Outstanding, January 1, 2020	7,819,850	\$0.13
Granted	3,739,000	0.07
Exercised	(500,000)	0.05
Forfeited	(1,648,333)	0.13
Outstanding, September 30, 2020	9,410,517	\$0.06

	<u>December 31, 2019</u>	
	<u>Number of Options</u>	<u>Weighted average exercise price</u>
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:

	<u>2020</u>	<u>2019</u>
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	-	-

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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 September 30, 2020:

<u>Options Outstanding</u>			<u>Options Exercisable</u>
<u>Exercise prices</u>	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable</u>
\$0.05	5,346,850	2.59	3,767,517
0.07	3,897,000	4.84	568,333
0.20	50,000	4.42	50,000
0.30	116,667	2.73	116,667
\$0.05-\$0.30	9,410,517	3.53	4,502,517

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

<u>Options Outstanding</u>			<u>Options Exercisable</u>
<u>Exercise prices</u>	<u>Number outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number exercisable</u>
\$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 \$0.06 as of September 30, 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:

	<u>As at September 30, 2020</u>
Less than one year	\$ 231,370
Between one and five years	-

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12. REVENUE

The Company's strategy is to build a community of consumers who fully and explicitly opt-in to sharing their personal data with brands in exchange for monetary compensation. The following chart shows the breakdown of the revenue earned in the various channels for three and nine months ended September 30, 2020 and 2019 (see Note 3(e)).

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue from continued operations:				
Data	\$ 9,686	\$ 2,269	\$ 34,973	\$ 14,198
Revenue from discontinued operations:				
Data & Segments	-	375,710	617,179	783,181
Digital	-	205,810	80,729	618,481
Search	-	182,216	443,089	611,605
Social	-	93,368	93,639	361,750
Out-of-home	-	3,350	-	56,502
Total revenue from discontinued operations:	-	860,454	1,234,636	2,431,519
Total revenue	\$ 9,686	\$ 862,723	\$ 1,269,609	\$ 2,445,717

By geographical location, the Company currently generates all of its revenue from the US

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Revenue from continued operations:				
US	\$ 9,686	\$ 2,269	\$ 34,973	\$ 14,198
Revenue from discontinued operations:				
US	-	781,403	1,200,941	2,095,785
Canada	-	79,051	33,695	335,734
Total Revenue from discontinued operations:	-	860,454	1,234,636	2,431,519
Total revenue	\$ 9,686	\$ 862,723	\$ 1,269,609	\$ 2,445,717

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
	September 30, 2020	December 31, 2019
Customer 1	\$ -	\$ -
Customer 2	-	404,017
Customer 3	-	195,492
Customer 4	-	146,619
Total major trade receivables	\$ -	\$ 746,128

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13. COST OF SERVICES

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Management Platforms	\$ 32,860	\$ -	\$ 40,431	\$ -

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Location data	\$ (47,902)	\$ 141,662	\$ 217,757	\$ 444,517
Cross device matching services	32,851	77,807	65,181	292,823
Point of interest data	(59,692)	-	(18,081)	-
Other	15,422	9,282	189,747	24,411
	\$ (59,321)	\$ 228,751	\$ 454,604	\$ 761,751

14. GENERAL AND ADMINISTRATIVE

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries, benefits and recruiting	\$ 97,545	\$ 296,707	\$ 537,289	\$ 650,839
Professional fees	195,675	137,675	528,022	325,719
Establishments	5,715	57,506	102,999	149,131
Office and personnel	(8,821)	60,213	205,163	124,096
Foreign exchange gains/losses	(45,036)	(4,704)	(12,848)	127,159
Listing Fees	-	-	-	2,047,427
Other	13,264	1,347	(36,997)	15,971
	\$ 258,342	\$ 548,744	\$ 1,323,628	\$ 3,440,342

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Foreign exchange gains/losses	\$ 101,392	\$ (18,964)	\$ (91,797)	\$ (68,722)

15. RESEARCH AND DEVELOPMENT

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries, benefits, contractors and recruiting	\$ 321,700	\$ 727,747	\$ 1,464,017	\$ 1,813,106
Cloud hosting, data processing and storage	271,344	35,207	319,960	89,464
Licenses, dues and subscriptions	12,915	25,193	37,464	58,150
Other	9,744	9,298	29,102	27,544
	\$ 615,703	\$ 797,445	\$ 1,850,543	\$ 1,988,264

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Cloud hosting, data processing and storage	\$ -	\$ 165,537	\$ 205,259	\$ 420,642

16. SELLING AND BUSINESS DEVELOPMENT

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries, commissions, benefits and contractors	\$ 145,531	\$ -	\$ 226,408	\$ -
Travel, meals and entertainment	4,650	-	9,946	-
Other	7,578	-	8,748	-
	\$ 157,759	\$ -	\$ 245,102	\$ -

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries, commissions, benefits and contractors	\$ 4,868	\$ 578,242	\$ 464,008	\$ 1,554,130
Travel, meals and entertainment	-	145,151	135,595	376,941
Licensing, dues, subscriptions	-	7,538	23,396	27,011
Tradeshows and other promotion	-	5,867	1,048	22,091
Other	-	29,793	15,884	65,158
	\$ 4,868	\$ 766,591	\$ 639,931	\$ 2,045,331

17. MARKETING

Marketing expenses for the company are broken down as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Advertising and promotion	\$ 11,377	\$ 109,375	\$ 38,060	\$ 353,921
User acquisition and retention	126,024	156,026	225,665	458,404
Salaries, benefits and contractors	37,810	62,745	71,544	210,340
Other	282	2,007	674	7,592
	\$ 175,493	\$ 330,153	\$ 335,943	\$ 1,030,257

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18. PERSONNEL EXPENSES SUMMARY

Personnel expenses for the company are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries	\$ 401,874	\$ 889,065	\$ 1,719,980	\$ 2,387,166
Benefits	138,245	117,007	343,108	310,867
Commissions	(769)	101,940	134,855	272,932
Share-based payments	14,174	47,130	90,664	191,208
	\$ 553,524	\$ 1,155,142	\$ 2,288,607	\$ 3,162,174

19. CASH FLOW INFORMATION

Net change in non-cash working capital items are comprised of:

	Nine months ended September 30,	
	2020	2019
Trade and other receivables	\$ 1,122,065	\$ (335,851)
Prepaid expenses	18,422	(228,294)
Investment tax credit recoverable	120,642	188,109
Trade and other liabilities	(212,238)	112,946
Contract liabilities	(18,028)	33,077
	\$ 1,030,863	\$ (230,013)

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			
	Credit	Liquidity	Market	
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		Yes

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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 September 30, 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 September 30, 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.

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 September 30, 2020, it was determined that an allowance for credit loss of

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\$7,442 (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 September 30, 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 September 30, 2020					
Trade and other liabilities	\$ 1,097,488	-	-	-	\$1,097,488
Loan Payable	\$ 3,136	6,272	18,671	36,623	\$ 64,702
	\$ 1,100,624	\$ 6,272	\$ 18,671	\$ 36,623	\$ 1,162,191
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	\$1,309,726

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 September 30, 2020, the Canadian entities US-dollar net monetary liabilities totaled approximately US \$197,924 (CAD \$261,814) (December 31, 2019, net monetary assets – US \$264,163 (CAD \$343,095) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US \$45,671 (CAD \$60,415) (2019 – US \$82,932 (CAD \$107,712)). A 10%

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strengthening in the Canadian dollar against the United States dollar as at September 30, 2020 would have decreased comprehensive loss and decreased shareholder's equity by \$61,391 (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. DISCONTINUED OPERATIONS

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

	Three months ended September 30		Nine months ended September 30,		
	Note	2020	2019	2020	2019
Revenue	12	\$ -	\$ 860,454	\$ 1,234,636	\$ 2,431,519
Cost of services	13	<u>(59,321)</u>	228,751	<u>454,604</u>	761,751
Gross margin		<u>59,321</u>	631,703	<u>780,032</u>	1,669,768
Expenses					
General and administrative	14	101,392	(18,964)	\$ (91,797)	(68,722)
Research and development	15	-	165,537	\$ 205,259	420,642
Selling and business development	16	<u>4,868</u>	766,591	<u>\$ 639,931</u>	2,045,331
		<u>106,260</u>	913,164	<u>753,393</u>	2,397,251
Income (loss) from discontinued operations		<u>\$ (46,939)</u>	<u>\$ (281,460)</u>	<u>\$ 26,639</u>	<u>\$ (727,483)</u>

22. SUBSEQUENT EVENT

On October 29, 2020, the Company announced that holders of certain common share purchase warrants have exercised and purchased 30 million common shares adding \$1.5 million to the Company's treasury. This includes the 300,000 common share purchase warrants that were exercised in the quarter.