Interim Condensed Consolidated Financial Statements

Killi Ltd. (formerly Freckle Ltd.)

For the three and six months ended June 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 June 30, 2020 and December 31, 2019
(in Canadian Dollars)

	Note	June 30, 2020	December 31, 2019
Assets			
Current Assets			
Cash and cash equivalents		$ 1,063,044	2,364,127
Trade and other receivables	4	1,072,008	1,236,063
Prepaid expenses		103,354	116,015
Investment tax credit recoverable		21,928	120,642
Total current assets		2,260,334	3,836,847
Non Current Assets			
Property and equipment, net	5	$ 64,296	$ 73,757
Total assets		$ 2,324,631	$ 3,910,604
Liabilities and Shareholders' Deficit			
Current Liabilities			
Trade and other liabilities	6	$ 1,264,253	$ 1,309,726
Contract liabilities		-	18,028
Current portion of loan payable	7	6,541	6,541
Total current liabilities		1,270,794	1,334,295
Non-current portion of loan payable	7	$ 33,676	$ 37,644
Shareholders' equity (deficit)			
Share capital	9	$ 21,819,333	$ 21,014,079
Warrants	9	953,163	1,212,669
Contributed surplus		958,179	400,439
Cumulative translation adjustment		(119,066)	26,609
Deficit		(22,591,448)	(20,115,131)
Total Shareholders' equity (deficit)		$ 1,020,161	$ 2,538,665
Total Shareholders' equity (deficit) and liabilities		$ 2,324,631	$ 3,910,604
Commitments	11		

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 six months ended June 30, 2020 and 2019
(in Canadian Dollars)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019 (As restated - Note 21)	Six months ended June 30, 2020	Six months ended June 30, 2019 (As restated - Note 21)
Revenue	12	$ 10,252	9,006	$ 25,287	$ 11,929
Cost of services	13	2,022	-	7,571	-
Gross margin		8,230	9,006	17,716	11,929
Expenses					
General and administrative	14	414,890	2,480,269	1,084,979	2,835,804
Research and development	15	417,354	634,976	1,134,908	1,190,819
Selling and business development	16	79,802	-	187,275	-
Marketing	17	66,786	399,713	160,450	700,104
		978,833	3,514,957	2,567,612	4,726,727
Net loss before other comprehensive gain (loss)		(970,603)	(3,505,951)	(2,549,896)	(4,714,798)
(Loss) income from discontinued operations, net of tax	21	(441,893)	(458,189)	73,578	(495,780)
Net loss		(1,412,496)	(3,964,141)	(2,476,318)	(5,210,578)
Other comprehensive gain (loss)					
Foreign currency translation differences		136,445	47,341	(145,675)	86,163
Total comprehensive loss		$ (1,276,051)	$ (3,916,800)	$ (2,621,992)	$ (5,124,415)
					0
Net loss per share					
Basic	9	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.03)
Diluted	9	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.03)

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
Six months ended June 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	-	-	-	91,655	-	-	$ 91,655
Net income and comprehensive loss		-	-	-	-	86,163	(5,210,578)	$ (5,124,415)
Balance as at June 30, 2019		216,521,909	21,014,079	1,212,669	300,898	(18)	(16,270,559)	$ 6,257,069
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	2 (f), 9	42,000,000	823,289	226,711	-	-	-	1,050,000
Share issuance costs	9		(18,035)	(4,967)				(23,002)
Reclassing expired warrants	2 (f)			(481,250)	481,250			-
Share-based compensation	10	-	-	-	76,490	-	-	$ 76,490
Net loss and comprehensive loss		-	-	-	-	(145,675)	(2,476,318)	$ (2,621,992)
Balance as at June 30, 2020		258,521,909	21,819,333	953,163	958,179	(119,066)	(22,591,449)	1,020,160

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
Six months ended June 30, 2020 and 2019
(in Canadian Dollars)

	Note	Six months ended June 30, 2020	2019 (As restated - Note 21)
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):			
Operating activities			
Net loss from continuing operations		$ (2,549,896)	$ (4,714,798)
Net income (loss) from discontinued operations	21	73,578	(495,780)
Adjustments to net loss:			
Amortization of property and equipment	5	12,907	7,542
Listing costs		-	2,001,116
Interest related to financing activities, net	7	1,262	-
Share based compensation	10	76,490	91,655
Net change in non-cash operating working capital	19	211,928	(57,907)
Net cash flows used in operating activities		(2,173,730)	(3,168,172)
Financing activities			
Issuance of related party demand loans		(754)	624,087
Issuance of share capital, net issuance costs		800,394	8,301,162
Issuance of warrants, net issuance costs		226,712	290,669
Repayment of debt		(3,222)	
Interest paid		(1,262)	
Cash flows from financing activities		1,021,868	9,215,918
Investing activities			
Purchase of property and equipment	5	(3,446)	-
Cash flows from (used in) investing activities		(3,446)	-
Effect of foreign exchange on cash and cash equivalents		(145,774)	86,163
NET INCREASE IN CASH AND CASH EQUIVALENTS		(1,301,082)	6,133,909
Balance as at June 30, 2020		2,364,127	131,131
CASH AND CASH EQUIVALENTS, END OF PEROID		$ 1,063,044	$ 6,265,040

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

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 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.

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 PlaceIQ, Inc. ("PlaceIQ") 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.

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 six months ended June 30, 2020, the Company incurred a comprehensive loss of $2,621,992 (2019 - $5,125,415) and negative cash flows from operations of $1,301,082 (2019 – positive $6,133,909. In addition, the Company has an accumulated deficit of $22,591,448 (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 August 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.

(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 $166,845 under the CEWS. The Canadian government announced that it has extended the CEWS to November 21, 2020. 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.

		As at June 30, 2020		As at December 31, 2019
Input tax receivable	**$**	**31,730**	$	94,386
Other receivables		**73,474**	$	86,226
Trade accounts receivable, gross		**1,014,982**		1,090,614
Allowance for credit losses		**(48,178)**		(35,163)
	$	**1,072,008**	$	1,236,063

(in Canadian Dollars)

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

	As at June 30, 2020	As at December 31, 2019
Opening trade receivables, gross	**$ 1,090,614**	$ 833,163
Due from PlaceIQ	**$ 136,734**	$ -
Less: Amounts collected during the year on receivables outstanding at Janaury 1	**1,069,504**	820,002
Progress billings	**1,259,923**	3,476,363
Less: Amounts collected during the year	**544,713**	2,376,399
Less: Amounts writted off as uncollectible	**(141,928)**	22,511
Closing trade receivables, gross	**$ 1,014,982**	$ 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**

June 30, 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	$ 13,745	$ 30,209	$ 382,877	$ 528,183	$ 12,749	$ 66	$ 967,829
Expected credit loss	**$ 62**	**174**	**3,320**	**37,022**	**7,533**	**66**	**$ 48,178**

The changes in the expected credit loss are as follows:

	As at June 30, 2020	As at December 31, 2019
Opening allowance for expected credit losses	**$ 35,163**	$ -
Provision for expected credit losses	**154,943**	35,163
Less: Trade receivables written off	**(141,928)**	-
Closing balance for expected credit losses	**$ 48,178**	$ 35,163

For the six months ended June 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:

(in Canadian Dollars)

		As at June 30, 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		**1,259,923**	$	3,476,363
Contract liabilities incurred		**(18,028)**	$	(10,341)
Less: Aggregate amount of revenue recognized for all contracts in progress		**1,259,923**	$	3,455,682
Contract liabilities	**$**	**-**	$	18,028

5. PROPERTY AND EQUIPMENT

	Computer Equipment	Furniture	Vehicle	Total
Cost:				
At December 31, 2017	$ 32,899	$ 8,619	$ -	$ 41,518
Additions	27,511	973	-	28,484
Disposals	(1,556)	-	-	(1,556)
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	4,894	-	-	4,894
Disposals	(1,448)	-	-	(1,448)
At June 30, 2020	**$ 80,526**	**$ 9,592**	**$ 40,053**	**$ 130,171**
Accumulated amortization:				
At December 31, 2017	$ 20,934	$ 1,431	$ -	$ 22,365
Amortization	10,034	1,835	-	11,869
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	$ 8,611	$ 959	$ 3,337	$ 12,907
At June 30, 2020	**$ 55,283**	**$ 6,143**	**$ 4,449**	**$ 65,875**
Carrying amounts:				
At December 31, 2019	$ 27,886	$ 6,326	$ -	$ 34,212
At June 30, 2020	**$ 25,243**	**$ 3,449**	**$ 35,604**	**$ 64,296**

(in Canadian Dollars)

6. TRADE AND OTHER LIABILITIES

	As at June 30, 2020		As at December 31, 2019
Trade payables	**879,172**	$	810,993
Accrued liabilities	**385,081**		498,733
Total trade and other liabilities	**1,264,253**	$	1,309,726

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 $35,604 as of June 30, 2020 (December 31, 2019 – $38,941). Total interest of $1,262 was paid as of June 30, 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 six months ended June 30, 2020 the funding provided was nil (six months ended June 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.

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

	Three months ended June 30,				Six months ended June 30,			
		2020		2019		**2020**		2019
Salaries and benefits	**$**	**89,754**	$	505,608	**$**	**227,488**	$	620,552
Stock based compensation		**9,246**		71,612		**22,561**		79,115
Board fees and related stock based compensation		**385**		-		**385**		-
Total key management compensation	**$**	**99,385**	$	577,220	**$**	**250,434**	$	699,667

(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:

June 30, 2020	Number of Shares	Share Price
Balance as of January 1, 2020	216,521,909	
Issuance pursuant to private placement May 18, 2020[1]	42,000,000	0.025
Balance as of December 31, 2019	258,521,909	

December 31, 2019	Number of Shares	Share Price
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	

[1]Transaction costs include legal expenses of $23,002, $18,035 of which was allocated to share capital.

[2]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).

[3]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:

June 30, 2020	Number of Share Warrants	Weighted average exercise price	Fair value	Expiry date
Balance as of January 1, 2019	24,191,477	$0.29	$1,333,091	
Expiary of Issuance pursuant to private placement April 17, 2018	(7,500,000)	0.30	(481,250)	April 17, 2020
Issuance pursuant to private placement May 18, 2020[1]	42,000,000	0.025	226,711	November 16, 2021
Balance as of December 31, 2019	58,691,477	$0.12	1,078,553	

(in Canadian Dollars)

December 31, 2019

	Number of Share Warrants	Weighted average exercise price	Fair value	Expiry date
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**	

[1]Transaction costs include legal expenses of $23,002, $4,967 of which was allocated to warrants.

[2]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.

[3]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.

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:

	2020
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:

	2020	2019
Weighted average number of common shares outstanding	**233,521,977**	191,521,977
Additions to reflect the dilutive effect of employee stock options and warrants	**-**	-
Adjusted denominator for diluted loss per share	**233,521,977**	191,521,977

Options and warrants that are anti-dilutive were not included in the compilation of diluted common shares for the six months ended June 30, 2020. 7,207,183 (June 30, 2019 – 6,061,519) stock options and 58,691,477 (June 30, 2019 – 24,191,477) warrants were excluded from the calculations because they were anti-dilutive

(in Canadian Dollars)

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 six months ended June 30, 2020 (six months ended June 30, 2019 -583,519) to employees and contractors. The compensation expense related to options issued to employees and contractors for six months ended June 30, 2020 is $76,490 (six months ended June 30, 2019 - $144,078). On May 25, 2020, the Company repriced a total of 3,509,772 options to a new exercise price of $0.05. The Company may issue up to 10% of common shares outstanding as options under its stock option plan.

June 30, 2020

	Number of Options	**Weighted average exercise price**
Outstanding, January 1, 2020	**7,819,850**	**$0.13**
Granted	**192,000**	**0.20**
Exercised	**-**	
Forfeited	**(804,667)**	**0.13**
Outstanding, June 30, 2020	**7,207,183**	**$0.06**

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	**-**	-

(in Canadian Dollars)

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 June 30, 2020:

Options Outstanding			**Options Exercisable**
Exercise prices	**Number outstanding**	**Weighted average remaining contractual life (years)**	**Number exercisable**
$0.05	**6,341,850**	**2.66**	**4,257,516**
0.20	**748,667**	**2.91**	**316,667**
0.30	**116,667**	**2.97**	**116,667**
$0.05-$0.30	**7,207,184**	**2.69**	**4,690,850**

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 $0.06 as of June 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:

	As at June 30, 2020
Less than one year	**$ 362,722**
Between one and five years	-

(in Canadian Dollars)

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 six months ended June 30, 2020 and 2019 (see Note 3(e)).

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Revenue from continued operations:				
Data	**$ 10,252**	$ 9,006	**$ 25,287**	$ 11,929
Revenue from discontinued operations:				
Data & Segments	-	201,464	**617,179**	400,741
Digital	-	178,199	**80,729**	429,390
Search	-	60,298	**443,088**	268,382
Social	-	270,684	**93,639**	419,400
Out-of-home	-	35,964	-	53,152
Total revenue from discontinued operations:	-	**746,609**	**1,234,636**	**1,571,065**
Total revenue	**$ 10,252**	$ 755,615	**$ 1,259,923**	$ 1,582,994

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Revenue from continued operations:				
US	**$ 10,252**	$ 9,006	**$ 25,287**	$ 11,929
Revenue from discontinued operations:				
US	-	641,518	**1,200,941**	1,314,382
Canada	-	105,091	**33,695**	256,683
Total Revenue from discontinued operations:	-	**746,609**	**1,234,636**	**1,571,065**
Total revenue	**$ 10,252**	$ 755,615	**$ 1,259,923**	$ 1,582,994

<u>Major trade receivables</u>

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

	As at	As at
	June 30, 2020	December 31, 2019
Customer 1	**$ 451,645**	$ -
Customer 2	**205,293**	404,017
Customer 3	**-**	195,492
Customer 4	**-**	146,619
Total major trade receivables	**$ 656,938**	$ 746,128

(in Canadian Dollars)

13. COST OF SERVICES

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Management Platforms	**$ 2,022**	$ -	**$ 7,571**	$ -

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Location data	**$ 110,082**	$ 146,236	**$ 265,658**	$ 302,856
Cross device matching services	**13,898**	141,870	**181,896**	215,016
Point of interest data	**24,210**	-	**41,610**	-
Other	**11,264**	136,638	**24,760**	227,866
	$ 159,455	$ 424,744	**$ 513,924**	$ 745,738

14. GENERAL AND ADMINSTRATIVE

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Salaries, benefits and recruiting	**$ 235,192**	$ 193,632	**$ 485,072**	$ 354,132
Professional fees	**146,460**	103,701	**332,347**	188,044
Establishments	**39,630**	57,241	**97,284**	91,625
Office and personnel	**56,372**	29,906	**233,765**	63,883
Foreign exchange gains/losses	**(22,892)**	43,638	**32,187**	82,105
Loss on Sale	**21,643**	-	**21,643**	-
Government Grant Income	**(63,525)**	-	**(63,525)**	-
Other	**7,411**	2,052,151	**(50,440)**	2,056,015
Interest income	**(5,401)**	-	**(3,355)**	-
	$ 414,890	$ 2,480,269	**$ 1,084,979**	$ 2,835,804

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Foreign exchange (gains)/losses	**$ 168,972**	$ -	**$ (193,189)**	$ -

15. RESEARCH AND DEVELOPMENT

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

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Salaries, benefits, contractors and recruiting	**$ 468,034**	$ 578,322	**$ 1,141,768**	$ 1,085,359
Cloud hosting, data processing and storage	**25,630**	29,013	**48,615**	54,257
Licenses, dues and subscriptions	**11,619**	18,595	**24,549**	32,957
Government Grant Income	**(99,932)**	-	**(99,932)**	-
Other	**12,003**	9,045	**19,908**	18,246
	$ 417,354	$ 634,976	**$ 1,134,908**	$ 1,190,819

(in Canadian Dollars)

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Cloud hosting, data processing and storage	**$ 81,796**	$ 136,415	**$ 205,259**	$ 255,105

16. SELLING AND BUSINESS DEVELOPMENT

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Salaries, commissions, benefits and contractors	**$ 78,186**	$ -	$ 180,810	$ -
Travel, meals and entertainment	**306**	-	5,156	-
Other	**1,309**	-	1,309	-
	$ 79,802	$ -	**$ 187,275**	$ -

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Salaries, commissions, benefits and contractors	**$ 7,417**	$ 490,663	**$ 459,140**	$ 810,939
Travel, meals and entertainment	**616**	130,146	**135,595**	211,513
Licensing, dues, subscriptions	**11,004**	11,811	**23,396**	19,473
Tradeshows and other promotion	**-**	4,295	**1,048**	10,865
Other	**12,635**	6,725	**15,884**	13,212
	$ 31,671	**$ 643,640**	**$ 635,063**	**$ 1,066,002**

17. MARKETING

Marketing expenses for the company are broken down as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Advertising and promotion	**$ 9,367**	$ 127,266	**$ 26,684**	$ 244,547
User acquisition and retention	**40,329**	185,328	**99,640**	302,378
Salaries, benefits and contractors	**20,389**	83,749	**37,122**	147,594
Government Grant Income	**(3,388)**	-	**(3,388)**	-
Other	**89**	3,370	**392**	5,585
	$ 66,786	$ 399,713	**$ 160,450**	$ 700,104

(in Canadian Dollars)

18. PERSONNEL EXPENSES SUMMARY

Personnel expenses for the company are summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Salaries	**$ 684,988**	$ 882,321	**$ 1,636,087**	$ 1,629,997
Government Grant Income	**(166,845)**	-	**(166,845)**	-
Benefits	**26,185**	41,755	**53,728**	61,965
Commissions	**(4,619)**	98,212	**135,624**	170,992
Share-based payments	**55,651**	91,971	**76,490**	144,078
	$ 595,359	$ 1,114,259	**$ 1,735,083**	$ 2,007,032

19. CASH FLOW INFORMATION

	Six months ended June 30,	
	2020	2019
Trade and other receivables	**$ 164,054**	$ (194,225)
Deferred financing costs	**-**	-
Prepaid expenses	**12,661**	(237,363)
Investment tax credit recoverable	**98,714**	-
Trade and other liabilities	**(45,473)**	362,402
Contract liabilities	**(18,028)**	11,279
	$ 211,928	$ (57,907)

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

$48,178 (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 June 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 June 30, 2020					
Trade and other liabilities	**$ 1,264,253**	**-**	**-**	**-**	**$1,264,253**
Loan Payable	**$ 747**	**1,495**	**6,726**	**38,864**	**$ 47,832**
	$ 1,265,000	**$ 1,495**	**$ 6,726**	**$ 38,864**	**1,312,085**
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 June 30, 2020, the Canadian entities US-dollar net monetary assets totaled approximately US $193,675 (CAD $263,941) (December 31, 2019 – US $264,163 (CAD $343,095) and the Company's United States subsidiaries US-dollar monetary net liabilities totaled approximately US $103,858 (CAD $167,645) (2019 – US $82,932 (CAD $107,712)). A 10% strengthening in the Canadian dollar against the United States dollar as at June 30, 2020 would have increased comprehensive loss and decreased shareholder's equity by $12,240 (2019 - $23,538). A 10% weakening would have had the equal but opposite effect. This analysis assumes that all other variables remain constant.

(in Canadian Dollars)

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 June 30,		Six months ended June 30,	
	Note	**2020**	2019	**2020**	2019
Revenue	12	**$ -**	$ 746,609	**$ 1,234,636**	$ 1,571,065
Cost of services	13	**159,455**	424,744	**513,924**	745,738
Gross margin		**(159,455)**	321,865	**720,712**	825,327
Expenses					
General and administrative	14	**168,972**	-	**(193,189)**	-
Research and development	15	**81,796**	136,415	**205,259**	255,105
Selling and business development	16	**31,671**	643,640	**635,063**	1,066,002
		282,438	780,054	**647,133**	1,321,107
Income (loss) from discontinued operations		**$ (441,893)**	$ (458,189)	**$ 73,578**	$ (495,780)