DGTL Holdings Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)
For the Nine Months Ended February 28, 2021
(Expressed in Canadian Dollars)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of DGTL Holdings Inc. (the "Company") 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 standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DGTL Holdings Inc.

Condensed Consolidated Interim Statements of Financial Position

(Stated in Canadian Dollars)
(Unaudited)

		February 28, 2021		May 31, 2020
ASSETS				
Current assets				
Cash	**$**	**2,143,599**	$	958,162
Trade receivables (Note 5)		**992,024**		1,532,747
Other receivables		**134,322**		62,293
Prepaid expenses and deposits		**385,613**		460,604
Accrued revenue		**1,057,866**		378,600
Total current assets		**4,713,424**		3,392,406
Non-current assets				
Computer equipment		**8,582**		4,628
Intangible assets (Note 6)		**6,281,319**		6,523,241
Total non-current assets		**6,289,901**		6,527,869
TOTAL ASSETS	**$**	**11,003,325**	$	9,920,275
LIABILITIES AND EQUITY				
Current liabilities				
Line of credit (Note 7)	**$**	**347,979**	$	475,121
Accounts payable and accrued expenses		**168,672**		328,824
Due to related parties (Note 10)		**167,361**		44,070
Deferred revenue		**34,384**		96,373
Current portion of loan payable (Note 8)		**120,555**		65,167
Total current liabilities		**838,951**		1,009,555
Non-current liabilities				
Loan payable (Note 8)		**60,278**		130,333
Contingent purchase price (Note 4)		**1,659,072**		1,850,175
Deferred tax liability		**805,000**		805,000
Total non-current liabilities		**2,524,350**		2,785,508
Shareholders' Equity				
Share capital (Note 9)		**6,332,713**		1,347,521
Preferred shares (Note 9)		**3,378,357**		2,728,203
Shares to be issued (Note 9)		**-**		2,509,620
Reserves (Note 9)		**1,049,188**		233,044
Deficit		**(3,120,234)**		(693,176)
Total shareholders' equity		**7,640,024**		6,125,212
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**11,003,325**	$	9,920,275

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved on behalf of Board of Directors

"Michael Racic" — Director

"Steven Goldberg" — Director

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

DGTL Holdings Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

(Unaudited)

	Three Months Ended February 28, 2021	Three Months Ended February 29, 2020	Nine Months Ended February 28, 2021	Nine Months Ended February 29, 2020
Revenues	$ 1,250,782	$ -	$ 3,666,603	$ -
Cost of revenues	1,027,805	-	2,141,083	-
Gross profit	222,977	-	1,525,520	-
Expenses				
Accounting and audit (Note 10)	32,949	10,808	113,947	18,053
Advertising and promotion	267,066	7,964	595,578	11,178
Amortization (Note 6)	80,038	-	242,808	-
Bad debt expense (recovery)	(190)	-	15,282	-
Bank charges and interest	6,909	-	27,252	-
Consulting (Note 10)	335,511	-	731,688	4,115
Filing fees	23,354	17,509	64,268	36,543
Insurance	18,498	1,864	41,848	6,009
Interest expense	24,265	-	69,755	-
Investigation costs	14,140	95,644	14,140	209,613
Legal	16,255	-	67,612	404
Office and administration	24,866	10,199	70,509	25,340
Rent	8,629	-	39,883	-
Salaries, fees, and benefits (Note 10)	390,377	-	1,116,755	-
Share-based compensation (Notes 9 and 10)	915,745	-	915,745	159,984
Travel	117	-	2,747	4,451
Total expenses	(2,158,529)	(143,988)	(4,129,817)	(475,690)
Operating loss	(1,935,552)	(143,988)	(2,604,297)	(475,690)
Gain on foreign exchange	69,126	-	177,239	-
Net loss and comprehensive loss for the period	$ (1,866,426)	$ (143,988)	$ (2,427,058)	$ (475,690)
Weighted average number of common shares outstanding				
Basic and diluted	32,049,620	11,863,000	27,426,044	8,193,051
Basic and diluted loss per common share	$ (0.04)	$ (0.01)	$ (0.09)	$ (0.06)

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

DGTL Holdings Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Stated in Canadian Dollars)
(Unaudited)

	Share Capital		Preferred shares		Shares to be Issued				
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Reserves	Deficit	Total
Balance at May 31, 2019	9,800,000	$ 458,362	-	$ -	-	$ -	$ -	$ (50,387)	$ 407,975
Issue of common shares for cash	12,263,000	1,226,300	-	-	-	-	-	-	1,226,300
Share issuance costs	-	(300,159)	-	-	-	-	73,060	-	(227,099)
Share-based compensation	-	-	-	-	-	-	159,984	-	159,984
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	(475,690)	(475,690)
Balance at February 29, 2020	22,063,000	$ 1,384,503	-	$ -	-	$ -	$ 233,044	$ (526,077)	$ 1,091,470
Balance at May 31, 2020	22,063,000	$ 1,347,521	5,804,688	$ 2,728,203	6,302,534	$ 2,509,620	$ 233,044	$ (693,176)	$ 6,125,212
Issue of common shares	11,758,438	4,320,000	-	-	(3,771,428)	(1,320,000)	-	-	3,000,000
Issue of preferred shares	-	-	2,531,106	1,189,620	(2,531,106)	(1,189,620)	-	-	-
Conversion of preferred shares	1,147,800	539,466	(1,147,800)	(539,466)	-	-	-	-	-
Share issuance costs	-	(118,042)	-	-	-	-	-	-	(118,042)
Exercise of options	750,000	75,000	-	-	-	-	-	-	75,000
Transfer to share capital on exercise of options	-	55,539	-	-	-	-	(55,539)	-	-
Exercise of agent's options	691,665	69,167	-	-	-	-	-	-	69,167
Transfer to share capital on exercise of agent's options	-	44,062	-	-	-	-	(44,062)	-	-
Share-based compensation	-	-	-	-	-	-	915,745	-	915,745
Net loss and comprehensive loss for the period	-	-	-	-	-	-	-	(2,427,058)	(2,427,058)
Balance at February 28, 2021	36,410,903	$ 6,332,713	7,187,994	$ 3,378,357	-	$ -	$ 1,049,188	$(3,120,234)	$ 7,640,024

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

DGTL Holdings Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Stated in Canadian Dollars)

(Unaudited)

		Nine Months Ended February 28, 2021		Nine Months Ended February 29, 2020
Operating activities				
Net loss for the period	**$**	**(2,427,058)**	$	(475,690)
Items not affecting cash:				
Amortization		**242,808**		-
Bad debt expense		**15,572**		-
Foreign exchange		**(205,770)**		-
Share-based compensation		**915,745**		159,984
Changes in non-cash working capital items:				
Trade receivables		**453,122**		(20,264)
Prepaid expenses and deposits		**74,991**		64,255
Accrued revenue		**(679,266)**		-
Accounts payable and accrued expenses		**(160,152)**		25,150
Due to related parties		**123,291**		-
Deferred revenue		**(61,989)**		-
Net cash used in operating activities		**(1,708,706)**		(246,565)
Investing activities				
Purchase of computer equipment		**(4,840)**		(3,752)
Net cash used in investing activities		**(4,840)**		(3,752)
Financing activities				
Issuance of common shares		**3,000,000**		1,226,300
Share issue costs		**(118,042)**		(227,099)
Exercise of agent's options		**69,167**		-
Exercise of stock options		**75,000**		-
Prepaid expenses		**-**		(28,822)
Net payments to line of credit		**(127,142)**		-
Net cash provided by financing activities		**2,898,983**		970,379
Change in cash		**1,185,437**		720,062
Cash, beginning		**958,162**		348,972
Cash, end	**$**	**2,143,599**	$	1,069,034

Supplemental disclosures with respect to cash flows (Note 15)

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

1. Nature of Operations and Going Concern

a) Nature of Operations

DGTL Holdings Inc. (the "Company" or "DGTL") was incorporated under the name Conscience Capital Inc. on June 8, 2018 pursuant to the Business Corporations Act of British Columbia and listed as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company effected a change of its corporate name to DGTL Holdings Inc. on August 4, 2020 in connection with the closing of the Company's Qualifying Transaction ("QT"). DGTL incubates innovative and disruptive digital media and advertising technology companies, powered by artificial intelligence. The Company specializes in accelerating fully commercialized enterprise level software-as-a-service companies via a blend of unique capitalization structures, including: investment, mergers and acquisitions, earnouts and licensing structures. The Company's shares commenced trading on the TSX-V on August 23, 2019. The head office, principal address and registered and records office of the Company are located at 510 - 580 Hornby Street, Vancouver, BC V6C 3B6.

During the year ended May 31, 2020, the Company completed its QT with Hashoff, LLC ("Hashoff"), a privately held enterprise level advertising technology company, whereby the Company acquired a 100% interest in Hashoff, and its wholly owned and proprietary artificial intelligence and machine learning software technologies. The Transaction constituted the Company's QT pursuant to Policy 2.4 of the TSX-V and the Company will carry on the business of Hashoff. The Company acquired all of the issued and outstanding units of Hashoff (the "Units") through a share exchange agreement dated as of December 23, 2019 and subsequently amended (the "Share Exchange Agreement") between the Company, Hashoff and the unitholders of Hashoff (the "Unitholders"). In exchange for the Units, the Company: (i) paid $709,550 (USD $500,000) to the former Unitholders pro rata in proportion to their holdings of Units, (ii) will make post-closing payments up to USD $1,500,000 pursuant to a deferred payment schedule and the Company achieving target revenues, and (iii) issuance of 8,335,794 Class A Convertible Preferred Shares (the "Preferred Shares") to the Unitholders pro rata in proportion to their holdings of Units. Under the Share Exchange Agreement, the Company was required to make cash payments in lieu of Preferred Shares to those Unitholders that did not qualify as "accredited investors" under the applicable securities laws of the United States; the Company therefore made additional cash payments, of $42,176. The Preferred Shares (i) are non-voting; (ii) are convertible into Common Shares on a one for one basis, subject to customary adjustments; (iii) entitle the holder to an annual cumulative fixed dividend of 4%; (iv) have priority rights with respect to preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company; and (v) are redeemable by the Company at a price of CAD $0.70 per share plus all declared and accrued dividends. In connection with the Transaction, the Company completed a private placement of 3,771,428 subscription receipts at a price of $0.35 per subscription receipt for gross proceeds of $1,320,000. Each subscription receipt is automatically exchangeable into common shares of the Company, on the basis of one common share for each subscription receipt, upon the occurrence of certain events, including without limitation, the Company having received all approvals of the TSX-V to the transaction.

On July 30, 2020 the TSX-V accepted for filing the Company's QT and, as a result, the Company was no longer considered as a capital pool company when the Company's common shares resumed trading on the Exchange under the ticker symbol "DGTL" on August 4, 2020. On December 16, 2020 the Company listed its common shares OTCQB under the symbol "DGTHF".

1. Nature of Operations and Going Concern (cont'd)

b) Going Concern

The Company incurred a net loss of $2,427,058 during the nine months ended February 29, 2021. As at February 29, 2021 the Company had a working capital surplus of $3,874,473 (May 31, 2020 - $2,382,851) and an accumulated deficit of $3,120,234 (May 31, 2020 - $693,176).

The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs and the future availability of equity or debt financing. The above facts indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements have been prepared on the basis the Company will operate as a going concern, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business. These condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's ability to raise funds and on its intended operations cannot be reliably estimated at the date these condensed consolidated interim financial statements were authorized for issuance.

2. Basis of Preparation

a) Statement of compliance

The Company has prepared its condensed consolidated interim financial statements in accordance with International Financial Reporting Standards ("IFRS") since incorporation on June 8, 2018. These condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

b) Basis of presentation

The condensed consolidated interim financial statements have been prepared on the accrual basis, except for cash flow information, and are based on historical costs except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3. All values have been rounded to the nearest dollar, except where otherwise indicated.

2. Basis of Preparation (cont'd)

c) Use of Estimates and Judgments

The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates and these differences could be material.

Trade receivables – The Company carries trade receivables at cost net of an allowance for doubtful accounts which provides for any uncertainty of collection. Judgment is required on the evaluation of future probable events that might impact a customer's ability or intention to make full payment of these accounts.

Revenue recognition - When deciding the most appropriate basis for presenting revenue or direct costs of revenue, both the legal form and substance of the agreement between the Company and its business partners are reviewed to determine each party's respective role in the transaction. Where the Company's role in a transaction is that of principal, revenue is recognized on a gross basis. This requires principal revenue to comprise the gross value of the transaction billed to the customer with any related expenditure charged as direct cost of principal revenue. Management uses estimates related to percentage of completion when determining period of services being provided / completed.

Share-based payments and non-monetary share transactions

Estimating fair value for share based payments and granted stock options and warrants requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. These estimates also require determining the most appropriate inputs to the valuation model, including the expected life of the option or warrant, estimated future volatility, dividend yield, and rate of forfeitures.

Business combination

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition disclosed in Note 4 met the criteria for accounting as a business combination.

2. Basis of preparation (cont'd)

c) Use of Estimates and Judgments (cont'd)

Classification of Series A Convertible preferred shares as equity

The determination of the classification of the Series A Convertible preferred shares requires management to make judgments in assessing the substance of the contractual arrangement.
Carrying values for assets and impairment charges

In the determination of carrying values and impairment charges, management looks at the higher of value in use or fair value less costs to sell in the case of non-financial assets and at external and internal sources of information that may indicate impairment. These determinations and their individual assumptions require that management make judgments based on the best available information at each reporting period.

Going concern

The preparation of these condensed consolidated interim financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances (note 1).

Functional currency

The Company and its subsidiary determine their functional currency based on the primary economic environment in which an entity operates. In order to do so management uses judgment to analyze factors, including which currency mainly influences sales prices for goods and services and the costs of providing goods and services.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax recoveries could be materially different.

(Stated in Canadian Dollars)

2. Basis of preparation (cont'd)

d) Basis of Consolidation (cont'd)

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its controlled subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest	Principal Activity
Hashoff, LLC	USA	100%	Leverage data and technology to build higher quality advertising

Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when an investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a Company's share capital. All significant intercompany transactions and balances have been eliminated.

e) The condensed consolidated interim financial statements of the Company for the nine months ended February 28, 2021 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on April 28, 2021.

3. Summary of Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended May 31, 2020.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended May 31, 2020.

4. Business Combination

On April 20, 2020, the Company acquired all of the issued and outstanding shares of Hashoff. The Company acquired Hashoff because it fits the Company's mission of incubating innovative and disruptive digital media and advertising technology companies, powered by artificial intelligence. Hashoff leverages data and technology to enable brands and advertising agencies use of the "gig" economy and its vast ecosystem of content creators to build higher quality advertising that delivers stronger results.

The Company provides a scalable solution for brands and agencies, where trusted and authentic voices create and publish branded content resulting in dramatic increases in brand equity metrics, conversions and sales. Its technology is a turnkey CaaS solution enabling contextual identification, real-time collaboration, content creation, publishing, payment processing and measurement in a single scalable and reliable cloud-based product.

(Stated in Canadian Dollars)

4. Business Combination (cont'd)

The acquisition of Hashoff has been accounted for as a business combination. The acquisition method has been used to account for this transaction, whereby the assets acquired and liabilities assumed are recorded at fair value. The Company has not finalized its review of the books and records of Hashoff and the purchase price allocation is subject to change. The following table summarizes the allocations of the consideration paid and the amounts of the estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

Consideration	
Cash consideration	$ 751,726
Present value of contingent purchase price (US $1,500,000) as amended (Note 16)	1,850,175
Preferred share consideration (8,335,794 with a fair value of $0.47 per preferred share of which 5,804,688 were issued April 20, 2020 and 2,531,106 were issued during the period ended February 28, 2021)	3,917,823
Total consideration value:	**$ 6,519,724**

Assets acquired and liabilities assumed	
Cash	$ 175,711
Accounts receivable	1,438,157
Prepaid expenses	29,251
Accrued revenue	390,650
Equipment	1,107
Intangible assets (Note 6)	6,559,576
Accounts payable and accrued liabilities	(465,093)
Deferred revenue	(277,729)
Loans payable	(517,906)
Deferred tax liability	(814,000)
Net assets acquired:	**$ 6,519,724**

On July 30, 2020, the Company entered into an amendment agreement with the shareholders of Hashoff modifying the terms of the share exchange agreement dated December 23, 2019. The share exchange agreement provided that the Company was to make post-closing payments up to $1,500,000 (U.S.) pursuant to a 30-month deferred payment schedule, payable every six months following the closing of the acquisition. Pursuant to the amendment, the effective date of the deferred cash payments was postponed to January 1, 2021, such that the first payment will be payable on June 30, 2021, six months from the new effective date. The deferred cash payments are dependent on Hashoff meeting the revenue targets set in the share exchange agreement, and failure to meet the revenue targets results in deferral and/or reduction of the payments. In consideration for the postponement of the deferred cash payments, the Company agreed to reduce the attributable revenue targets by 20% for each six-month period for the duration of the 30-month period.

Management believes that the revenue targets will be met and that contingent purchase price payments of $2,100,315 will be made, these payments are subject to acceleration upon occurrence of certain events. Intangible assets include Goodwill of $3,318,090 (see Note 6) which represents the premium paid over the fair value of Hashoff's assets given the Company's belief in the value of Hashoff's client relationships. Goodwill is not deductible for tax purposes.

(Stated in Canadian Dollars)

5. Trade Receivables

Trade receivables as of February 28, 2021 consist of the following:

	Number of days overdue			
Current	31-60	31-60	91 and over	Total
$ 673,657	$ 127,347	$ 191,020	$ -	$ 992,024

6. Intangible Assets

	CaaS technology	Goodwill	Other	Total
Balance May 31, 2019	$ -	$ -	$ -	$ -
April 20, 2020 acquisition of Hashoff	3,220,483	3,318,090	21,003	6,559,576
	3,220,483	3,318,090	21,003	6,559,576
Amortization	(36,178)	-	(157)	(36,335)
Balance May 31, 2020	3,184,305	3,318,090	20,846	6,523,241
Amortization	(240,875)	-	(1,047)	(241,922)
Balance February 28, 2021	$ 2,943,430	$ 3,318,090	$ 19,799	$ 6,281,319

On April 20, 2020, the Company acquired all of the issued and outstanding shares of Hashoff, LLC (see Note 4). The preliminary purchase price allocation included intangible assets totalling $6,559,576 comprised of $3,220,483 for Hashoff's CaaS technology, $21,003 for other intangible assets and $3,318,090 allocated to goodwill. The CaaS technology includes the proprietary Natural Language Processing ("NLP") code and the front-end technology including the Application Programming Interface ("API") to access data, API to various social networking sites and the visual on-screen technology. Intangible assets are stated at their historical cost and amortised on a straight-line basis over their expected useful lives, which varies from 5 to 20 years. An adjustment is made for any impairment.

7. Line of Credit

The Company has an available operating line of credit of $2,000,000 (USD) with a financial institution (the "Bank"), which bears finance fees of one and one-half percent (1.50%) per month of the average daily obligations outstanding during the month. This loan includes a non-refundable commitment fee equal to one percent (1.00%) of the credit limit. The Bank advances funds based on reviewed and accepted Customer invoices supported agreements and PO's. The Bank loans up to 85% of the customer invoice upon acceptance. Total advances cannot exceed the credit limit of $2,000,000 (USD). The Bank receives all customer collections directly. Collections from clients are applied to the loan account to repay the initial 85% advanced to the Company. The Company then has the option to have the remaining 15% transferred to the Company's operating account less any fees due on the loan.

8. Loan Payable

The Company received loan proceeds of $185,456 (USD $142,000) from the Bank as a result of the Paycheck Protection Program instituted by the Coronavirus Aid, Relief, and Economic Security ("Cares") Act. This loan is unsecured, bears interest of 1% per annum, matures two years from the date of the agreement of May 4, 2020 and no payments are due on the loan for seven months from the date of first disbursement, after which monthly instalments of US$7,951 including principal and interest are required.

9. Shareholders' Equity

a) Authorized share capital

The Company has authorized
- an unlimited number of common shares without par value.
- An unlimited number of preferred shares, issuable in series

The preferred shares are issuable at any time and from time to time in one or more series. The Board is authorized to fix before issue the number of, the consideration per share of, the designation of, and the rights, privileges, restrictions and conditions attaching to, the preferred shares of each series, which may include voting rights.

b) Issued common shares

During the period ended February 28, 2021, 1,147,800 Series A Convertible Preferred Shares were converted to 1,147,800 common shares.

During the period ended February 28, 2021, the Company closed a private placement of 5,714,284 common shares at a price per common share of $0.35 for gross proceeds of $2,000,000 and incurred share issue costs of $108,861.

During the period ended February 28, 2021, the Company closed a private placement of 2,272,727 common shares at a price per common share of $0.44 for gross proceeds of $1,000,000 and incurred share issue costs of $9,181.

During the period ended February 28, 2021, the Company received proceeds of $75,000 from the exercise of 750,000 options.

During the period ended February 28, 2021, the Company received proceeds of $69,166 from the exercise of 691,665 agent's options leaving a balance of 289,375 Agent's Options outstanding and exercisable at February 28, 2021.

(Stated in Canadian Dollars)

9. Shareholders' Equity (cont'd)

b) Issued common shares (cont'd)

During the year ended May 31, 2020, the Company completed its initial public offering ("IPO") of 12,263,000 common shares for proceeds of $1,226,300 and incurred cash share issuance costs of $264,081. The purpose of the offering is to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a QT. The Agent was issued 981,040 Agent's Options at a fair value of $73,060, each Agent's Option entitling the Agent to acquire one common share at $0.10 per share exercisable at any time for a period of 24 months after the date upon which the common shares of the Company were listed on the TSX-V.

The following weighted average assumptions were used in the Black-Scholes option pricing model valuation of Agent's options granted:

	Period ended February 28, 2021	Year ended May 31,2020
Risk-fee interest rate	-	1.27%
Expected life of options	-	2 years
Expected annualized volatility	-	100% (1)
Expected dividend rate	-	-

(1) Based on comparable Capital Pool Companies.

In connection with the QT, the Company completed a private placement of 3,771,428 subscription receipts at a price of $0.35 per subscription receipt for gross proceeds of $1,320,000. Each subscription receipt is automatically exchangeable into common shares of the Company, on the basis of one common share for each subscription receipt, upon the occurrence of certain events, including without limitation, the Company having received all approvals of the TSX Venture Exchange for the transaction.

During the nine months ended February 28, 2021 the Company issued 3,771,428 common shares on exchange of the subscription receipts.

c) Issued Series A convertible preferred shares

During the period ended February 28, 2021, 1,147,800 Series A Convertible Preferred Shares were converted to 1,147,800 common shares. As at February 28, 2021, 7,187,994 Series A Convertible Preferred Shares were outstanding.

During the year ended May 31, 2020, in connection with the acquisition of Hashoff (see Note 4) the Company issued a total of 8,335,794 Series A Convertible Preferred Shares to the Unitholders of Hashoff.

9. Shareholders' Equity (cont'd)

c) Issued Series A convertible preferred shares (cont'd)

The Series A Convertible Preferred Shares (i) are non-voting; (ii) are convertible into Common Shares on a one for one basis, at the option of the holder at any time for 5 years from issuance, and convert automatically on the 5 year anniversary; (iii) entitle the holder to an annual cumulative fixed dividend of 4%; (iv) have priority rights with respect to preference as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company; and (v) are redeemable at the option of the Company at a price of CAD $0.70 per share plus all declared and accrued dividends.

At May 31, 2020 5,804,688 Series A Convertible Preferred Shares had been issued and the balance of 2,531,106 Series A Convertible Preferred Shares were issued during the nine months ended February 28, 2021.

d) Escrowed shares

Immediately prior to listing on the TSX-V as a Capital Pool Company, an escrow agreement (the "Escrow Agreement") between the Company and certain shareholders of the Company was completed resulting in 9,800,000 common shares (the "Escrowed Shares"), being all of the issued and outstanding common shares prior to the completion of the initial public offering, being deposited in escrow. Pursuant to the Escrow Agreement, the Escrowed Shares shall only be released pro-rata to the shareholders as to 10% upon issuance of notice of final acceptance of a QT by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These Escrowed Shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities. 980,000 of the Escrowed Shares were released subsequent to final acceptance of the QT on July 30, 2020. During the period ended February 28, 2021, an additional 1,470,000 of the Escrowed Shares were released from escrow.

During the year ended May 31, 2020, the Company completed its initial public offering ("IPO") of 12,263,000 common shares to the public, of which 400,000 were held in escrow. During the period ended February 28, 2021, 60,000 of the shares were released from escrow.

During the period ended February 28, 2021, 750,351 Series A Convertible Preferred Shares were released from escrow.

As at February 28, 2021, a total of 7,650,000 common shares, 1,643,402 Series A Convertible Preferred Shares are held in escrow pursuant to the policies of the TSX-V and 2,109,254 Series A Convertible Preferred Shares are held in escrow subject to seed share sale restrictions.

(Stated in Canadian Dollars)

9. Shareholders' Equity (cont'd)

e) Stock options outstanding

The Company adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the then issued and outstanding common shares. The options will be exercisable for a period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors will determine the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

On August 21, 2019, the Company granted directors and officers of the Company options to purchase an aggregate of 780,000 common shares in the capital of the Company at an exercise price of $0.10 per share, which expire on August 21, 2024.

On September 25, 2019, the Company granted directors, officers and advisers of the Company options to purchase an aggregate of 1,376,000 common shares in the capital of the Company at an exercise price of $0.10 per share, which expire on August 21, 2024.

On January 25, 2021, the Company granted directors and officers of the Company options to purchase an aggregate of 1,800,000 common shares in the capital of the Company at an exercise price of $0.70 per share, which expire on January 25, 2026.

The continuity for stock options for the nine months ended February 28, 2021, is as follows:

Number outstanding May 31, 2020	Granted	**Exercised**	**Number outstanding February 28, 2021**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
780,000	-	**-**	**780,000**	$ 0.10	Aug. 21, 2024	3.48 yrs
1,376,000	-	**(750,000)**	**626,000**	$ 0.10	Aug. 21, 2024	3.48 yrs
-	1,800,000	**-**	**1,800,000**	$ 0.70	Jan. 25, 2026	4.91 yrs
2,156,000	1,800,000	**(750,000)**	**3,206,000**			4.28 yrs

As at February 28, 2021, all of the outstanding stock options were vested and exercisable, with a weighted average exercise price of $0.44.

(Stated in Canadian Dollars)

9. Shareholders' Equity (cont'd)

e) Stock options outstanding (cont'd)

The following weighted average assumptions were used in the Black-Scholes option pricing model valuation of options granted:

	Period ended February 28, 2021	Year ended May 31, 2020
Risk-fee interest rate	**0.42%**	**1.30%**
Expected life of options	**5 years**	**4.9 years**
Expected annualized volatility	**100% (1)**	**100% (1)**
Expected dividend rate	**-**	**-**

(1) Based on comparable Capital Pool Companies.

f) Share-based compensation

The Company recognizes in profit or loss compensation expense for all stock options granted, except for Agent's options, and vested under the stock option plan at fair value using the Black-Scholes option pricing model. The fair value of Agent's options is recognized as shareholders' equity.

During the nine months ended February 28, 2021, the Company recognized $915,475 (2020 - $159,984) in share-based compensation expense.

10. Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors.

These transactions were agreed upon by the Board of Directors and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

During the nine months ended February 28, 2021, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $118,046 (2020 - $nil) to Mr. Michael Racic, CEO, President, corporate secretary and a director of the Company. At February 28, 2021, the Company owed $nil (May 31, 2020 - $nil) to Mr. Racic.

b) Paid or accrued consulting fees of $118,046 (2020 - $nil) to Mr. Steven Goldberg, COO of the Company. At February 28, 2021, the Company owed $nil (May 31, 2020 - $nil) to Mr. Goldberg.

(Stated in Canadian Dollars)

10. Related Party Transactions (cont'd)

c) Paid or accrued consulting fees of $18,000 (2020 - $nil) to Cross Davis & Company LLP, the accounting firm in which Mr. Scott Davis, the CFO of the Company, is a partner. At February 28, 2021, the Company owed $nil (May 31, 2020 - $nil) to Cross Davis & Company LLP.

d) Paid or accrued advertising and promotion expenses of $96,043 (2020 - $nil) to Prime Wire Media Inc. ("Prime Wire"), a private company controlled by Mr. John-David A. Belfontaine, a director of the Company. At February 28, 2021, the Company owed $85,490 (May 31, 2020 - $33,335) to Prime Wire.

e) Paid or accrued legal fees of $63,000 (2020 - $nil) to Purdy Law Professional Corporation ("Purdy Law"), a private company controlled by Mr. Brendan Purdy, a director of the Company. At February 28, 2021, the Company owed $81,871 (May 31, 2020 - $10,735) to Purdy Law.

The remuneration of directors and other members of key management personnel during the nine months ended February 28, 2021 and the nine months ended February 28, 2020 are as follows:

Nine months ended February 28, 2021	Salaries and benefits	Fees	Share-based compensation	Total
Chief Executive Officer and President	$ -	$ 118,046	$ 178,061	$ 296,107
Chief Operating Officer	-	118,046	152,624	270,670
Chief Financial Officer	-	18,000	-	18,000
Non-executive directors and other key management	292,478	159,043	585,060	1,036,581
	$ 292,478	$ 413,135	$ 915,745	$ 1,621,358
Nine months ended February 29, 2020				
Chief Executive Officer and President	$ -	$ -	$ 26,002	$ 26,002
Chief Operating Officer	-	-	26,002	26,002
Chief Financial Officer	-	-	-	-
Non-executive directors and other key management	-	-	77,915	77,915
	$ -	$ -	$ 129,919	$ 129,919

During the period ended February 28, 2021, the Company issued 1,800,000 stock options to directors and officers of the Company and recognized stock-based compensation expense of $915,745.

During the period ended February 29, 2020, the Company issued 1,750,000 stock options to directors and officers of the Company and recognized stock-based compensation expense of $129,919.

11. Financial Instruments

The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risks exposure and its financial policies are as follows:

a) Credit risk

Credit risk is the risk of financial loss associated with the counterparty's inability to fulfill its payment obligations in accordance with the terms and conditions of its contract with the Company. Credit risk arises from cash and deposits with banks as well as credit exposure to trade receivables; the carrying amounts represent the Company's maximum exposure to credit risk.

Management believes the Company's exposure to credit risk is low. As at February 28, 2021, $318,367 (May 31, 2020 - $86,736) of trade receivables are considered past due and $127,347 was collected in March 2021.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk on its cash balances, but is exposed to interest rate risk, from time to time, on its line of credit (bears finance fees fixed at one and one-half percent per month of the average daily obligations outstanding during the month – see Note 7), its loan payable (bears interest of 1% per annum) and contingent consideration (future payments discounted at an interest rate of 5.5%, which is the average between the Company's preferred shares rate and loan interest rate – see Note 4) balances. The Company had no interest rate swaps or financial contracts in place as at or during the period ended February 28, 2021.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in currency exchange rates. A portion of the Company's financial assets and liabilities are denominated in US dollars. The Company monitors this exposure, but has no hedge positions.

The Company is exposed to currency risk on fluctuations related to cash, trade receivable, accounts payable and accrued expenses, due to related parties, contingent purchase price, line of credit and loan payable that are denominated in US dollars. At February 28, 2021, a 10% change in the value to the US dollar as compared to the Canadian dollar would affect profit or loss for the period by approximately $149,000.

(Stated in Canadian Dollars)

11. Financial Instruments (cont'd)

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued expenses are all current and due within 90 days of the consolidated statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand. Management believes that it has sufficient funds to meet its current liabilities as they become due however, as the COVID-19 pandemic has continued to spread, it has adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. It is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company's business or results from its operations. As at February 28, 2021, the following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual Cash Flows	1 year	2 years	3 to 5 years
Line of credit	$ 347,979	$ 347,979	$ 347,979	$ -	$ -
Accounts payable and accrued expenses	168,672	168,672	168,672	-	-
Due to related parties	167,361	167,361	167,361	-	-
Loan payable	180,833	180,833	90,416	90,417	-
Contingent purchase price	1,659,072	1,946,496	-	583,949	1,362,547
	$ 2,523,917	**$ 2,811,341**	**$ 426,449**	**$ 674,366**	**$ 1,362,547**

12. Commitments and Contingencies

Rental and operating leases

The Company currently had a lease arrangement for the rental of its office in New York, New York, US. The commitment term was to February 28, 2021 for payments totaling $9,732.

13. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue its business plan and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new equity, issue debt, acquire or dispose of assets.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended February 28, 2021.

(Stated in Canadian Dollars)

14. Segmented Information

At February 28, 2021 the Company has one reportable operating segment being Hashoff, an enterprise level advertising technology company located in the United States, and a corporate segment including the Company's head office and general corporate administration located in Canada. For the nine months ended February 28, 2020 the Company did not have an operating segment.

An operating segment is defined as a component of the Company:
- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker; and
- for which discrete financial information is available.

	Hashoff, LLC (United States)	Corporate (Canada)	Total
Revenues	$ 3,666,603	$ -	$ 3,666,603
Cost of revenues	(2,141,083)	-	(2,141,083)
Expenses	(1,445,527)	(2,684,290)	(4,129,817)
Operating profit (loss)	79,993	(2,684,290)	(2,604,297)
Gain on foreign exchange	143,895	33,344	177,239
(Loss) profit and comprehensive (loss) profit for the period	223,888	(2,650,946)	(2,427,058)
Non-current Assets	4,830	6,285,071	6,289,901
Liabilities	(662,871)	(2,700,430)	(3,363,301)

During the nine months ended February 28, 2021 the Company had 1 customer (2020 – Nil) whose total sales represented 41% of total revenues, 1 customer (2020 – Nil) whose total sales represented 25% of total revenues, 1 customer (2020 – Nil) whose total sales represented 17% of total revenues, and 1 customer (2020 – Nil) whose total sales represented 10% of total revenues.

During the year ended May 31, 2020, the Company had 1 customer (2020 – Nil) whose total sales represented 90% of total revenues.

15. Supplemental Disclosures With Respect to Cash Flows

During the period ended February 28, 2021, the Company transferred a fair value of $55,539 from reserves to share capital on the exercise of 750,000 stock options and transferred a fair value of $44,062 from reserves to share capital on the exercise of 691,665 agent's options.

During the period ended February 29, 2020, the Company issued 981,040 Agent's Options at a fair value of $73,060 in connection with the completion of its initial public offering.

Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

16. Subsequent Events

Subsequent to the period ended February 28, 2021, 621,803 Series A Convertible Preferred Shares were converted to 621,803 common shares of the Company.