DGTL Holdings Inc.

Consolidated Financial Statements
Year Ended May 31, 2021
(Expressed in Canadian Dollars)

Baker Tilly WM LLP
900 – 400 Burrard Street
Vancouver, British Columbia
Canada V6C 3B7
T: +1 604.684.6212
F: +1 604.688.3497

vancouver@bakertilly.ca
www.bakertilly.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DGTL Holdings Inc.:

Opinion

We have audited the consolidated financial statements of DGTL Holdings Inc. and its subsidiary (together the "Company"), which comprise the consolidated statements of financial position as at May 31, 2021 and May 31, 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended May 31, 2021 and May 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2021 and May 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years ended May 31, 2021 and May 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 17 in the consolidated financial statements, which explains that certain comparative financial information presented as at and for the year ended May 31, 2020 has been restated and describes the adjustments that were applied to that period. Our opinion is not modified in respect of this matter.

bakertilly

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
November 4, 2021

DGTL Holdings Inc.

Consolidated Statements of Financial Position

(Stated in Canadian Dollars)

		May 31, 2021		May 31, 2020 (Restated - Note 17)
ASSETS				
Current assets				
Cash	**$**	**1,111,448**	$	958,162
Trade receivables (Note 5)		**467,874**		1,560,282
Other receivables		**139,464**		62,293
Prepaid expenses and deposits (Note 11)		**391,402**		460,604
Accrued revenue		**354,441**		55,062
Total current assets		**2,464,629**		3,096,403
Non-current assets				
Computer equipment		**6,800**		4,628
Intangible assets (Note 6)		**3,700,871**		7,787,985
Total non-current assets		**3,707,671**		7,792,613
TOTAL ASSETS	**$**	**6,172,300**	$	10,889,016
LIABILITIES AND EQUITY				
Current liabilities				
Line of credit (Note 7)	**$**	**-**	$	475,121
Accounts payable and accrued expenses		**1,510,448**		1,575,354
Due to related parties (Note 11)		**96,566**		44,070
Deferred revenue (Note 8)		**51,910**		96,373
Dividends payable on preferred shares (Note 10)		**158,743**		-
Current portion of contingent purchase price (Note 4)		**150,828**		-
Current portion of loan payable (Note 9)		**67,189**		65,167
Total current liabilities		**2,035,684**		2,256,085
Non-current liabilities				
Loan payable (Note 9)		**104,233**		130,333
Contingent purchase price (Note 4)		**491,598**		1,835,761
Deferred tax liability (Note 13)		**438,000**		877,000
Total liabilities		**3,069,515**		5,099,179
Shareholders' Equity				
Share capital (Note 10)		**6,745,875**		1,347,521
Preferred shares (Note 10)		**2,965,195**		2,728,203
Shares to be issued (Note 10)		**-**		2,509,620
Reserves (Note 10)		**1,311,338**		233,044
Cumulative translation adjustment		**92,601**		-
Deficit		**(8,012,224)**		(1,028,551)
Total shareholders' equity		**3,102,785**		5,789,837
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**6,172,300**	$	10,889,016

Nature of operations and going concern (Note 1)
Subsequent events (Note 18)

Approved on behalf of Board of Directors

"Michael Racic"
Director

"Steven Goldberg"
Director

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

DGTL Holdings Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Stated in Canadian Dollars)

	Year Ended May 31, 2021	Year Ended May 31, 2020 (Restated – Note 17)
Revenues	**$ 3,976,793**	$ 503,215
Cost of revenues	**2,907,264**	564,877
Gross profit	**1,069,529**	(61,662)
Expenses		
Accounting and audit (Note 11)	**192,417**	67,117
Advertising and promotion	**1,002,035**	40,610
Amortization	**712,794**	79,936
Bad debt expense (recovery) (Note 5)	**15,877**	-
Bank charges and interest	**31,028**	11,608
Consulting (Note 11)	**865,607**	288,641
Filing fees	**82,000**	59,960
Insurance	**44,438**	13,098
Interest expense	**75,483**	7,332
Investigation costs	**14,140**	319,339
Legal	**87,624**	13,766
Office and administration	**201,889**	38,317
Rent	**24,329**	3,560
Salaries, fees, and benefits (Note 11)	**1,475,719**	155,505
Share-based compensation (Notes 10 and 11)	**1,177,895**	159,984
Travel	**3,042**	5,474
Total expenses	**(6,006,317)**	(1,264,247)
Operating loss	**(4,936,788)**	(1,325,909)
Gain on foreign exchange	**224,980**	1,099
Gain from forgiveness of debt (Note 9)	**172,303**	-
Gain on revaluation of contingent liability (Note 4)	**967,246**	-
Impairment of goodwill and intangible assets (Note 6)	**(3,691,671)**	-
Net loss before income taxes	**(7,263,930)**	(1,324,810)
Deferred tax recovery (Note 13)	**439,000**	273,000
Net loss before other comprehensive income	**(6,824,930)**	(1,051,810)
Items which may be subsequently reclassified to profit or loss		
Translation adjustment	**92,601**	-
Net comprehensive loss for the year	**$ (6,732,329)**	$ (1,051,810)
Weighted average number of common shares outstanding		
Basic and diluted	**29,816,520**	23,819,736
Basic and diluted loss per common share	**$ (0.23)**	$ (0.04)

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

DGTL Holdings Inc.

Consolidated Statements of Changes in Equity

(Stated in Canadian Dollars)

	Share Capital		Preferred shares		Shares to be Issued		Reserves			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Share-based compensation	Cumulative Translation adjustment	Deficit	Total
Balance at May 31, 2019	9,800,000	$ 458,362	-	$ -	-	$ -	$ -	$ -	$ 23,259	$ 481,621
Issue of common shares for cash	12,263,000	1,226,300	-	-	-	-	-	-	-	1,226,300
Issue of preferred shares pursuant to acquisition	-	-	5,804,688	2,728,203	-	-	-	-	-	2,728,203
Shares to be issued										
Common shares	-	-	-	-	3,771,428	1,320,000	-	-	-	1,320,000
Preferred shares	-	-	-	-	2,531,106	1,189,620	-	-	-	1,189,620
Share issuance costs	-	(337,141)	-	-	-	-	73,060	-	-	(264,081)
Share-based compensation	-	-	-	-	-	-	159,984	-	-	159,984
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(1,051,810)	(1,051,810)
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	-	$ (1,028,551)	$ 5,789,837

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

DGTL Holdings Inc.

Consolidated Statements of Changes in Equity

(Stated in Canadian Dollars)

	Share Capital		Preferred shares		Shares to be Issued		Reserves			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Share-based compensation	Cumulative Translation adjustment	Deficit	Total
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	$ -	$ (1,028,551)	$ 5,789,837
Issue of common shares for cash	11,758,440	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	2,026,868	952,628	(2,026,868)	(952,628)	-	-	-	-	-	-
Dividends payable	-	-	-	-	-	-	-	-	(158,743)	(158,743)
Share issuance costs	-	(118,042)	-	-	-	-	-	-	-	(118,042)
Exercise of stock options	750,000	130,539	-	-	-	-	(55,539)	-	-	75,000
Exercise of agent's options	689,665	113,229	-	-	-	-	(44,062)	-	-	69,167
Share-based compensation	-	-	-	-	-	-	1,177,895	-	-	1,177,895
Translation adjustment	-	-	-	-	-	-	-	92,601	-	92,601
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	(6,824,930)	(6,824,930)
Balance at May 31, 2021	37,287,973	$ 6,745,875	6,308,926	$ 2,965,195	-	$ -	$ 1,311,338	$ 92,601	$ (8,012,224)	$ 3,102,785

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

DGTL Holdings Inc.

Consolidated Statements of Cash Flows

(Stated in Canadian Dollars)

	Year Ended May 31, 2021	Year Ended May 31, 2020 (Restated – Note 17)
Operating activities		
Net loss for the year	**$ (6,824,930)**	$ (1,051,810)
Items not affecting cash:		
Amortization	**712,794**	79,936
Unrealized foreign exchange	**(364,339)**	-
Share-based compensation	**1,177,895**	159,984
Deferred tax recovery	**(439,000)**	(273,000)
Impairment of goodwill and intangible assets	**3,691,671**	-
Write down of contingent liability	**(967,246)**	-
Gain from forgiveness of debt	**(172,303)**	-
Changes in non-cash working capital items:		
Trade receivables	**964,747**	(156,883)
Prepaid expenses and deposits	**242,966**	(326,378)
Accrued revenue	**(380,593)**	12,050
Accounts payable and accrued expenses	**(3,208)**	447,107
Due to related parties	**52,496**	44,070
Deferred revenue	**(34,930)**	(181,356)
Other receivables	**(75,398)**	-
Net cash used in operating activities	**(2,419,378)**	(1,252,280)
Investing activities		
Purchase of computer equipment	**(4,650)**	(3,752)
Intangible assets	**(314,899)**	-
Cash paid on acquisition of Hashoff	**-**	(746,476)
Cash acquired on acquisition of Hashoff	**-**	176,764
Net cash used in investing activities	**(319,549)**	(573,464)
Financing activities		
Issuance of common shares	**3,000,000**	1,226,300
Common shares to be issued	**-**	1,320,000
Share issue costs	**(118,042)**	(264,081)
Exercise of agent's options	**69,167**	-
Exercise of stock options	**75,000**	-
Proceeds from loans payable	**183,704**	(195,500)
Net payments to line of credit	**(448,510)**	(42,785)
Net cash provided by financing activities	**2,761,319**	2,434,934
Change in cash	**22,392**	609,190
Effect of exchange rate changes on cash	**130,894**	-
Cash, beginning	**958,162**	348,972
Cash, end	**$ 1,111,448**	$ 958,162

Supplemental disclosures with respect to cash flows (Note 16)

The accompanying notes are an integral part of these consolidated 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 (US$500,000) to the former Unitholders pro rata in proportion to their holdings of Units, (ii) will make post-closing payments up to US$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 automatically exchanged into common shares of the Company, on the basis of one common share for each subscription receipt.

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 on the OTCQB under the symbol "DGTHF".

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

b) Going Concern

The Company incurred a net loss of $6,824,930 during the year ended May 31, 2021. As at May 31, 2021 the Company had a working capital surplus of $428,945 (May 31, 2020 - $840,318) and an accumulated deficit of $8,012,224 (May 31, 2020 - $1,028,551).

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 events and conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated 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 consolidated 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 consolidated financial statements were authorized for issuance.

2. Basis of Preparation

a) Statement of compliance

The Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as of May 31, 2021.

b) Basis of presentation

The consolidated 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 consolidated 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 compensation and non-monetary share transactions

Estimating fair value for share-based compensation 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 of disposal 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 consolidated 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.

2. Basis of preparation (cont'd)

d) Basis of Consolidation

These consolidated 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 consolidated financial statements of the Company for the year ended May 31, 2021 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on November 4, 2021.

3. Summary of Significant Accounting Policies

a) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, or held in trust, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash and have an insignificant risk of changes in fair value. There were no cash equivalents at May 31, 2021 and May 31, 2020.

b) Business combinations

Business combinations are accounted for using the acquisition method of accounting in which the identifiable assets acquired, liabilities assumed, and any non-controlling interest are recognized and measured at their fair value at the date of acquisition. Any excess of the purchase price plus any non-controlling interest over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price over the fair value of the net assets acquired is credited to profit or loss as a gain on bargain purchase. Transaction costs associated with a business combination are expensed as incurred.

c) Foreign currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. Summary of Significant Accounting Policies (cont'd)

c) Foreign currencies (cont'd)

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each consolidated statement of financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Revenues and expenses are translated at the average rates in effect during applicable accounting periods, except amortization which is translated at historical rates.

The functional currency of a subsidiary is the currency of the primary economic environment in which the entity operates. The functional currency of Hashoff, LLC is the US dollar.

Translation of all assets and liabilities from the subsidiary's functional currency to the presentation currency are performed using the rate prevailing at the consolidated statement of financial position date. Income and expenses are translated at average exchange rates for the reporting period. The difference arising from translation from the functional currency to the presentation currency are recorded as currency translation adjustments in other comprehensive income and are held within accumulated other comprehensive income until a disposal or partial disposal of a subsidiary. A disposal or partial disposal will then give rise to a realized foreign exchange (gain) loss which is recorded in profit or loss.

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful economic lives, which varies from 2.5 to 7 years. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Summary of Significant Accounting Policies (cont'd)

d) Intangible assets (cont'd)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows to be derived from continuing use of the asset or cash generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less cost of disposal is the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. When a binding sale agreement is not available, fair value less costs of disposal is estimated using a discounted cash flow approach with inputs and assumptions consistent with those of a market participant. If the recoverable amount of an asset or cash generating unit is reduced to its recoverable amount, an impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized.

e) Share-based payments

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payments, whereby services rendered by employees are compensated with equity instruments ("equity-settled transactions"). The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted.

In situations where equity instruments are issued to non-employees for goods or services, the transaction is measured at the fair value of the goods or services received by the Company. When the value of the goods or services cannot be specifically identified, they are measured at the fair value of the share-based payment.

The fair value of equity-settled transactions is measured at the grant date using the Black-Scholes option-pricing model for options or warrants, and by reference to quoted market prices for shares, taking into account the terms and conditions upon which the options were granted. At each consolidated statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in reserves.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

3. Summary of Significant Accounting Policies (cont'd)

e) Share-based payments (cont'd)

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the equity-settled transactions or is otherwise beneficial to the employee as measured at the date of modification.

f) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax

Deferred income taxes are provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

3. Summary of Significant Accounting Policies (cont'd)

f) Taxation (cont'd)

The carrying amount of deferred income tax assets is reviewed at the date of each consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at the date of each consolidated statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated statement of financial position. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in of profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

g) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares and Series A convertible preferred shares. Basic earnings (loss) per share is computed by dividing the net earnings (loss) for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of shares outstanding during the period. All shares held in escrow were considered contingently returnable until the Company completed it's QT, and, accordingly, were not considered to be outstanding shares for the purposes of the calculation. Diluted loss per share is equivalent to basic loss per share, as the stock options and Agent's stock options would be anti-dilutive.

h) Financial instruments

All of the Company's financial instruments are classified into one of the following categories based upon the purpose for which the instrument was acquired or issued. All transactions related to financial instruments are recorded on a trade date basis.

Recognition
The Company recognizes a financial asset or financial liability on the consolidated statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

3. Summary of Significant Accounting Policies (cont'd)

h) Financial instruments (cont'd)

A write-off of a financial asset (or a portion thereof) constitutes a de-recognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement
The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:
i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

The Company's financial liabilities are classified and measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

After initial recognition at fair value, financial liabilities are classified and measured at either:
i) amortized cost;
ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost or FVTOCI are included in or deducted from, the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

h) Financial instruments (cont'd)

The following table shows the classification of the Company's financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Trade receivables	Amortized cost
Accounts payable and accrued expenses	Amortized cost
Due to related parties	Amortized cost
Line of credit	Amortized cost
Loan payable	Amortized cost
Contingent purchase price	FVTPL

Realized and unrealized gains or losses related to changes in fair value and interest expense are reported in profit or loss.

Fair value measurement
The Company's financial instruments carried at fair value are measured consistent with the hierarchy below:

- Level 1– Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value of measurement is directly or indirectly observable; and
- Level 3 – Fair values based on inputs for the asset or liability that are not based on observable market data.

The Company carries any financial instruments at fair value. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the years ended May 31, 2021 and 2020.

Impairment
The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

The Company measures the allowance for doubtful accounts and impairment of contract assets based on an expected credit loss (ECL) model, which takes into account current economic conditions, historical information, and forward-looking information. We use the simplified approach for measuring losses based on the lifetime ECL for trade and other receivables and contract assets. Amounts considered uncollectible are written off and recognized in operating expenses in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

i) Revenue recognition

The Company's revenues are a monthly software license subscription fee paid in quarterly installments or content procured through the platform or both. The CaaS software platform allows customers to create and publish branded content. Content refers to what the Company's customers buy on the platform, which could be an image, video, appearance of an influencer or all of the above. Revenue is recognized when the service is transferred to a customer.

Customers are the Brands that utilize its software or acquire content, the Brands' Advertising Agencies, or both. The Company provides services to the Brand, the Brand's Advertising Agency or both simultaneously.

Content revenue is generated in partnership with content creators and/or influencers from whom the Company purchases the content and sells to its customers. Management has concluded it is the principal in transactions involving its customer and content creators/influencers as it controls the goods and services before they are transferred to the customer and has discretion at setting the price. As such, the Company records revenue on a gross basis.

Revenue is recognized when the services have been provided and control of the deliverable has been transferred to the customer. Revenue collected prior to it being earned is recorded as deferred revenue and recognized as the related services are provided. Management estimates the pace of revenue recognition based on internal discussions and determination of when it considers the revenue to be earned using the percentage of completion method. The Company's arrangements with customers are evidenced by contracts with customers and/or purchase orders.

Outlined below are the various performance obligations from contracts with customers when completed performance obligations are recognized:

Revenue type	Timing of satisfaction of the performance obligation
Content revenue	When transfer of control has occurred
Monthly software license subscription services	As the service is provided over time

Accrued revenue
Accrued revenue represents revenues recognized on contracts for which billings have not been presented to customers as of the consolidated statement of financial position date. These amounts are billed and generally collected within 12 months.

Interest income
Interest income from financial assets is accrued by reference to the principal outstanding and at the applicable effective interest rate.

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

3. Summary of Significant Accounting Policies (cont'd)

i) Provisions (cont'd)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the obligation specific risk. Any increase due solely to passage of time is recognized as interest expense.

j) Share capital

Common shares, and Class A Convertible Preferred Shares, issued and to be issued, are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued, with the value of the warrants determined using the residual method. Under the residual method, the common shares are measured first using their fair value at the time of issuance, based on the quoted market price of the Company's common shares, and the residual amount is allocated to the warrants. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as deferred financing costs. Share issuance costs related to uncompleted share subscriptions are charged to profit or loss in the period they are incurred.

k) Government assistance

Government assistance and grants are recognized where there is reasonable assurance that all conditions attached to the assistance or grant will be met and the assistance or grant claimed will be received. The claims are subject to review by the respective agencies before the funding can be released. When the assistance or grant relates to an expense item, it is recognized as income over the period necessary to match the assistance or grant on a systematic basis to the costs that it is intended to compensate. Where the assistance or grant relates to an asset, the assistance or grant reduces the carrying amount of the asset. The grant is then recognized as income over the useful life of the depreciable asset through a reduced depreciation charge.

l) Research and development

Research costs are expensed in the year in which they are incurred. Development costs are capitalized and deferred as finite-life intangible assets when the Company can demonstrate:

- technical feasibility of completing the development so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to reliably measure the expenditure, during development; and
- its ability to use or sell the intangible asset.

Deferred development costs are amortized on a straight-line basis over their useful lives, representing the Company's assessment of the estimated average life cycle of the associated products. The Company is developing a fully self-service SaaS (software-as-a-service) platform with API integrations into leading video based social media applications. Development costs include direct contractor costs, which relate to products being developed, less applicable government assistance and investment tax credits claimed, if any.

Costs relating to projects which are not commercialized, or which cease to be marketable are charged against profit or loss in the period in which this determination is made.

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.

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 following table summarizes the allocations of the consideration paid and the amounts of the fair value of the assets acquired and liabilities assumed at the acquisition date:

Consideration	Preliminary	Change	Final
Cash consideration	$ 751,726	$ (5,250)	$ 746,476
Present value of contingent purchase price (US $1,500,000) as amended (Note 17)	1,850,175	(14,414)	1,835,761
Preferred share consideration (8,335,794 with a fair value of $0.47 per preferred share of which 5,804,688 were issued April 20, 2020 and 2,531,106 were issued during the period ended February 28, 2021)	3,917,823	-	3,917,823
Total consideration value:	**$ 6,519,724**	**$ (19,664)**	**$ 6,500,060**

Assets acquired and liabilities assumed	Preliminary	Change	Final
Cash	$ 175,711	$ 1,053	$ 176,764
Accounts receivable	1,438,157	(8,286)	1,429,871
Prepaid expenses	29,251	176	29,427
Accrued revenue	390,650	(328,680)	61,970
Equipment	1,107	6	1,113
CaaS Technology (Note 6)	3,220,483	(70,483)	3,150,000
Goodwill (Note 6)	3,318,090	(30,313)	3,287,777
Other intangible assets (Note 6)	21,003	1,408,997	1,430,000
Accounts payable and accrued liabilities	(465,093)	(637,381)	(1,102,474)
Deferred revenue	(277,729)	(15,650)	(293,379)
Loans payable	(517,906)	(3,103)	(521,009)
Deferred tax liability	(814,000)	(336,000)	(1,150,000)
Net assets acquired:	**$ 6,519,724**	**$ (19,664)**	**$ 6,500,060**

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

4. Business Combination (cont'd)

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 not be fully met and that contingent purchase price payments of $642,426 will be made, these payments are subject to acceleration upon occurrence of certain events. As a result, the Company has recognized a gain on revaluation of contingent liability of $967,246. Intangible assets include Goodwill of $3,287,777 (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.

5. Trade Receivables

Trade receivables as of May 31, 2021 consist of the following:

			Number of days overdue			
	Current	1-30	31-60	61-90	91 and over	Total
Gross trade receivables	$ 310,102	$ 62,463	$ 68,654	$ 26,655	$ -	$ 467,874
Allowance for doubtful accounts	-	-	-	-	-	-
Net trade receivables	$ 310,102	$ 62,463	$ 68,654	$ 26,655	$ -	$ 467,874

Trade receivables as of May 31, 2020 consist of the following:

			Number of days overdue			
	Current	1-30	31-60	61-90	91 and over	Total
Gross trade receivables	$ 1,344,664	$ 164,678	$ -	$ 34,419	$ 86,736	$ 1,630,497
Allowance for doubtful accounts	-	-	-	-	(70,215)	(70,215)
Net trade receivables	$ 1,344,664	$ 164,678	$ -	$ 34,419	$ 16,521	$ 1,560,282

Included in trade receivables is the allowance for doubtful accounts used to record the impairment of the receivable prior to being written off. The details of the allowance for doubtful accounts is in the table below:

Balance, June 1, 2019	$ -
Allowance on trade receivables acquired via Hashoff	70,215
Balance, May 31, 2020	70,215
Allowance for doubtful accounts	15,877
Write-offs	(86,092)
Balance, May 31, 2021	$ -

6. Intangible Assets

	CaaS technology	Software	Goodwill	Other	Total
Cost					
Balance May 31, 2019	$ -	$ -	$ -	$ -	$ -
Addition					
acquisition of Hashoff	3,150,000	-	3,287,777	1,430,000	7,867,777
Balance May 31, 2020	3,150,000	-	3,287,777	1,430,000	7,867,777
Additions	-	314,900	-	-	314,900
Balance May 31, 2021	$ 3,150,000	$ 314,900	$ 3,287,777	$ 1,430,000	$ 8,182,677
Accumulated amortization					
Balance May 31, 2019	$ -	$ -	$ -	$ -	$ -
Amortization	50,548	-	-	29,244	79,792
Balance May 31, 2020	50,548	-	-	29,244	79,792
Impairment	282,358	-	3,287,777	121,536	3,691,671
Amortization	450,000	-	-	260,343	710,343
Balance May 31, 2021	$ 782,906	$ -	$ 3,287,777	$ 411,123	$ 4,481,806
Carrying value					
Balance May 31, 2021	$ 2,367,452	$ 314,900	$ -	$ 1,018,877	$ 3,700,871
Balance May 31, 2020	$ 3,099,452	$ -	$ 3,287,777	$ 1,400,756	$ 7,787,985

On April 20, 2020, the Company acquired all of the issued and outstanding shares of Hashoff, LLC (see Note 4). The purchase price allocation included intangible assets totalling $7,867,777 comprised of $3,150,000 for Hashoff's CaaS technology, $1,430,000 for other intangible assets including customer relations and non-compete covenant and $3,287,777 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 amortized on a straight-line basis over their expected useful lives, which varies from 2.5 to 7 years.

Goodwill is subject to impairment testing on an annual basis and at the end of each reporting period during the year if an indicator of impairment exists when the carrying value of a CGU exceeds its recoverable amount. Based on the current operations, the Company is not expecting to generate cash inflows as initially forecasted, which is an indicator of impairment. Management applied significant judgment in determining the recoverable amounts. The recoverable amount of the Hashoff operation was based on a value-in-use model using discounted cash flows. Significant assumptions used in the discounted cash flow models included forecasted cash flows, growth rates and discount rates. The Company has written down $3,691,671 of intangible assets.

7. Line of Credit

The Company has an available operating line of credit of US$2,000,000 pursuant to a financing agreement dated March 9, 2016 (the "Financing Agreement") 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 US$2,000,000. 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. The Financing Agreement was terminated on June 4, 2021, subsequent to year end. As of the termination date, there were no outstanding advances or other extensions of credit under the Financial Agreement.

8. Deferred Revenue

Year ended May 31,		2021	2020
Balance, beginning of year	$	96,373	-
Invoiced during the year		3,575,082	599,588
Revenue recognized		(3,976,793)	(503,215)
Changes in earned and unbilled		272,468	-
Translation adjustment		84,780	-
Balance, end of year	$	51,910	96,373
Revenue to be recognized in the future			
Within one year	$	51,910	96,373

9. Loan Payable

During fiscal 2020 the Company received loan proceeds of $195,500 (US$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. During the year ended May 31, 2021, the Company concluded there was reasonable assurance that the conditions for forgiveness of the loan had been met and has recognized a gain on forgiveness of $172,303 (US$142,000) in profit or loss.

On April 2, 2021, the Company received an additional loan of $177,500 (US$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 April 2, 2021 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. At May 31, 2021 this loan remains on the statement of financial position as a liability as the Company has not yet concluded the conditions for forgiveness have been met.

10. 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 year ended May 31, 2021, 2,026,868 Series A Convertible Preferred Shares were converted to 2,026,868 common shares.

On January 19, 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.

On January 7, 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.

On July 7, 2020, the Company closed a private placement of 3,771,429 common shares at a price per common share of $0.35 for gross proceeds of $1,320,000.

During the year ended May 31, 2021, the Company received proceeds of $75,000 from the exercise of 750,000 options. The fair value of the common shares was $0.40 per share on the exercise date.

During the year ended May 31, 2021, the Company received proceeds of $69,167 from the exercise of 689,665 agent's options. The average fair value of the common shares was $0.41 per share at exercise.

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 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.

10. Shareholders' Equity (cont'd)

b) Issued common shares (cont'd)

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

	Year ended May 31, 2021	Year ended May 31,2020
Spot price	-	$0.10
Exercise price	-	$0.10
Risk-fee interest rate	-	1.27%
Expected life of options	-	2 years
Expected annualized volatility	-	100% [(1)]
Expected forfeiture rate	-	-
Expected dividend rate	-	-

[(1)] Based on comparable Capital Pool Companies.

In connection with the QT, the Company completed a private placement of 3,771,429 subscription receipts at a price of $0.35 per subscription receipt for gross proceeds of $1,320,000 during the year ended May 31, 2021. Each subscription receipt is automatically exchanged 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 received all approvals of the TSX Venture Exchange for the transaction.

c) Issued Series A convertible preferred shares

During the year ended May 31, 2021, 2,026,868 Series A Convertible Preferred Shares were converted to 2,026,868 common shares. As at May 31, 2021, 6,308,926 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 committed to issue a total of 8,335,794 Series A Convertible Preferred Shares to the Unitholders of Hashoff, of which 5,804,688 were issued during the year ended May 31, 2020 and 2,531,106 were issued during the year ended May 31, 2021.

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. As at May 31, 2021, the Company has accrued $158,743 of cumulative but undeclared dividends payable.

10. Shareholders' Equity (cont'd)

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 year ended May 31, 2021, an additional 1,470,000 of the Escrowed Shares were released from escrow. An additional 1,470,000 of the Escrowed Shares were released subsequent to year end.

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 year ended May 31, 2021, 60,000 of the shares were released from escrow. An additional 60,000 of the Escrowed Shares were released subsequent to year end.

During the year ended May 31, 2021, 547,800 Series A Convertible Preferred Shares were released from escrow.

As at May 31, 2021, a total of 7,650,000 common shares, and 1,643,402 Series A Convertible Preferred Shares are held in escrow pursuant to the policies of the TSX-V.

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.

10. Shareholders' Equity (cont'd)

e) Stock options outstanding (cont'd)

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.

On April 13, 2021, the Company granted a consultant of the Company options to purchase an aggregate of 250,000 common shares in the capital of the Company at an exercise price of $0.65 per share, which expire on April 13, 2026.

The continuity for stock options for the year ended May 31, 2021, is as follows:

Number outstanding May 31, 2020	Granted	Exercised	Number outstanding May 31, 2021	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
780,000	-	-	780,000	$ 0.10	Aug. 21, 2024	3.23 years
1,376,000	-	(750,000)	626,000	$ 0.10	Aug. 21, 2024	3.23 years
-	1,800,000	-	1,800,000	$ 0.70	Jan. 25, 2026	4.66 years
-	250,000	-	250,000	$0.65	Apr. 23, 2026	4.87 years
2,156,000	2,050,000	(750,000)	3,456,000			4.09 years

The continuity for stock options for the year ended May 31, 2020, is as follows:

Number outstanding May 31, 2019	Granted	Exercised	Number outstanding May 31, 2020	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
-	780,000	-	780,000	$ 0.10	Aug. 21, 2024	4.23 years
-	1,376,000	-	1,376,000	$ 0.10	Aug. 21, 2024	4.23 years
-	2,156,000	-	2,156,000			4.23 years

As at May 31, 2021, all of the outstanding stock options were vested and exercisable, with a weighted average exercise price of $0.45.

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

	Year ended May 31, 2021	Year ended May 31, 2020
Spot rate	**$0.69**	$0.10
Exercise price	**$0.69**	$0.10
Risk-fee interest rate	**0.48%**	1.30%
Expected life of options	**5 years**	4.9 years
Expected annualized volatility	**125%**	100% [(1)]
Forfeiture rate	**0.00%**	0.00%
Expected dividend rate	**-**	-

[(1)] Based on comparable Capital Pool Companies.

10. Shareholders' Equity (cont'd)

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 a share issue cost and credited to reserves.

During the year ended May 31, 2021, the Company recognized $1,177,895 (2020 - $159,984) in share-based compensation expense.

11. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

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 year ended May 31, 2021, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $156,563 (2020 - $28,766) to Mr. Michael Racic, CEO, President, corporate secretary and a director of the Company. At May 31, 2020, the Company advanced $9,054 (May 31, 2020 - $nil) to Mr. Racic for services for June 2021.

b) Paid or accrued consulting fees of $156,563 (2020 - $28,766) to Mr. Steven Goldberg, COO of the Company. At May 31, 2021, the Company advanced $9,054 (May 31, 2020 - $nil) to Mr. Goldberg for services for June 2021. Paid or accrued HR consulting fees of $42,256 (2020 - $nil) to a company controlled by the COO. At May 31, 2021, the Company owed $28,248 (May 31, 2020 - $nil) to a company controlled by the COO.

11. Related Party Transactions (cont'd)

c) Paid or accrued consulting fees of $24,000 (2020 - $2,727) to Cross Davis & Company LLP, the accounting firm in which Mr. Scott Davis, the former CFO of the Company, is a partner. At May 31, 2021, the Company owed $nil (May 31, 2020 - $nil) to Cross Davis & Company LLP.

d) Paid or accrued advertising and promotion expenses of $155,791 (2020 - $22,897) to Prime Wire Media Inc. ("Prime Wire"), a private company controlled by Mr. John-David A. Belfontaine, a director of the Company. At May 31, 2021, the Company owed $68,143 (May 31, 2020 - $33,335) to Prime Wire. As at May 31, 2020, the Company advanced $12,296 (May 31, 2020 - $nil) to Prime Wire for services for June 2021.

e) Paid or accrued legal fees of $73,000 (2020 - $71,123) to Purdy Law Professional Corporation ("Purdy Law"), a private company controlled by Mr. Brendan Purdy, a director of the Company. At May 31, 2021, the Company owed $175 (May 31, 2020 - $10,735) to Purdy Law.

The remuneration of directors and other members of key management personnel during the year ended May 31, 2021 and 2020 are as follows:

Year ended May 31, 2021	Salaries and benefits	Fees	Share-based compensation	Total
Chief Executive Officer and President	$ -	$ 156,563	$ 202,445	$ 359,008
Chief Operating Officer	-	156,563	173,525	330,088
Chief Financial Officer	-	24,000	-	24,000
Non-executive directors and other key management	451,072	271,047	665,179	1,387,298
	$ 451,072	$ 608,173	$ 1,041,149	$ 2,100,394
Year ended May 31, 2020				
Chief Executive Officer and President	$ -	$ 28,766	$ 26,002	$ 54,768
Chief Operating Officer	-	28,766	26,002	54,768
Chief Financial Officer	-	2,727	-	2,727
Non-executive directors and other key management	39,366	94,020	77,915	211,301
	$ 39,366	$ 154,279	$ 129,919	$ 323,564

During the year ended May 31, 2021, the Company issued 1,800,000 stock options to directors and officers of the Company and recognized stock-based compensation expense of $1,041,149.

During the year ended May 31, 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.

12. 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 May 31, 2021, $157,772 (May 31, 2020 - $86,736) of trade receivables are considered past due of which $78,468 was collected in June 2021.

Accounts are considered to be past due when customers have failed to make the required payments by their contractually agreed upon due date. The aging of trade receivables that are not considered to be impaired are as follows:

		Number of days overdue				
	Current	1-30	31-60	61-90	91 and over	Total
Net trade receivables	$ 310,102	$ 62,463	$ 68,654	$ 26,655	$ -	$ 467,874

The Company maintains allowances for lifetime expected credit losses related to the allowance for doubtful accounts. Current economic conditions, forward-looking information, historical information, and reasons for the accounts being past due are all considered when determining whether to make allowances for past due accounts. The same factors are considered when determining whether to write-off amounts charged to the allowance for doubtful accounts against the customer accounts receivable.

The Company has an allowance for doubtful accounts at May 31, 2021 of $nil (May 31, 2020 - $70,215). At May 31, 2021, the Company had 1 customer whose total sales represented 10% of total revenues (2020 – 1 customer whose total sales presented 90% of total revenues).

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 year ended May 31, 2021.

12. Financial Instruments (cont'd)

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 receivables, 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 May 31, 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 $52,000.

Accounts held in USD	**In USD($)**	**In CAD($)**
Cash	384,948	464,709
Trade receivables	387,570	464,874
Accounts payable and accrued expenses	(1,062,435)	(1,282,571)
Loan payable	(142,000)	(171,422)
Total	(431,917)	(524,410)

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 May 31, 2021, the following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual Cash Flows	1 year	2 years	3 to 5 years
Accounts payable and accrued expenses	$ 1,510,448	$ 1,510,448	$ 1,510,448	$ -	$ -
Due to related parties	96,566	96,566	96,566	-	-
Loan payable	171,422	171,422	67,189	104,233	-
Contingent purchase price	642,426	642,426	150,828	310,518	181,080
	$ 2,420,862	**$ 2,420,862**	**$ 1,825,031**	**$ 414,751**	**$ 181,080**

13. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

		Year ended May 31, 2021		Year ended May 31, 2020
Current tax recovery (expense)	$	-	$	-
Deferred tax recovery (expense)		439,000		273,000
Total income tax (expense) recovery	$	439,000	$	273,000

		Year ended May 31, 2021		Year ended May 31, 2020
Net income (loss)	$	(7,263,930)	$	(1,324,810)
- Statutory tax rate		27.0%		27.0%
- Expected income tax expense (recovery) at the statutory tax rate	$	(1,961,000)	$	(363,000)
Non-deductible items and other				
- Change in statutory, foreign tax, foreign exchange rates and other		141,000		(163,000)
- Share-based compensation		318,000		43,000
- Impact of share issuance costs		(32,000)		(71,000)
- Impact of impairment of goodwill		826,000		-
- Change in deferred tax benefits not recognized		269,000		281,000
Income tax (expense) recovery	$	(439,000)	$	(273,000)

The approximate tax effect of each item that gives rise to the Company's deferred tax assets and liabilities as at May 31, 2021 and 2020 are as follows:

		Year ended May 31, 2021		Year ended May 31, 2020
Deferred income tax assets				
Non-capital losses	$	411,000	$	253,000
Other		1,000		1,000
	$	412,000	$	254,000
Deferred income tax liabilities				
Intangible assets	$	(850,000)	$	(1,131,000)
	$	(850,000)	$	(1,131,000)
Net deferred income tax liability	$	(438,000)	$	(877,000)

13. Income Taxes (cont'd)

The Company's movement of net deferred tax liabilities is described below:

		Year ended May 31, 2021		Year ended May 31, 2020
At June 1	$	(877,000)	$	-
Deferred income tax (expense) recovery through statement of profit or loss		439,000		273,000
Acquisition of Hashoff		-		(1,150,000)
At May 31	$	(438,000)	$	(877,000)

The Company has the following deductible temporary differences that have been recognized.

		May 31, 2021	Expiry date range		May 31, 2020	Expiry date range
Share issuance costs	$	266,000	2042 to 2045	$	230,000	2041 to 2044
Non-capital losses	$	1,854,000	2039 to 2041	$	891,000	2039 to 2040

14. 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 the 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 year ended May 31, 2021.

15. Segmented Information

At May 31, 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.

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.

15. Segmented Information (cont'd)

	Hashoff, LLC (United States)	Corporate (Canada)	Total
Revenues	$ 3,976,793	$ -	$ 3,976,793
Cost of revenues	(2,907,264)	-	(2,907,264)
Expenses	(2,011,243)	(3,995,074)	(6,006,317)
Operating profit (loss)	(941,714)	(3,995,074)	(4,936,788)
Gain from forgiveness of loan	172,303	-	172,303
Impairment of goodwill	-	(3,691,671)	(3,691,671)
Gain on revaluation of contingent liability	-	967,246	967,246
Gain on foreign exchange	(34,050)	259,030	224,980
Deferred tax recovery	-	439,000	439,000
Net loss before other comprehensive income	(803,461)	(6,021,469)	(6,824,930)
Non-current Assets	323,498	3,384,173	3,707,671
Liabilities	(1,505,903)	(1,563,612)	(3,069,515)

During the year ended May 31, 2021, the Company had 1 customer whose total sales represented 10% of total revenues (2020 – 1 customer whose total sales presented 90% of total revenues).

16. Supplemental Disclosures with Respect to Cash Flows

During the year ended May 31, 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 689,665 agent's options.

During the year ended May 31, 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.

	May 31, 2021	May 31, 2020
Prepaid expenses in accounts payable	$ 175,000	$ -
Transfer to share capital on exercise of options	$ 99,601	$ -
Conversion of preferred shares to common shares	$ 1,189,620	$ -
Dividend payable on preferred shares	$ 158,743	$ -
Interest paid	$ 75,483	$ -
Income taxes paid	$ -	$ -

17. Restatement of Comparative Period Consolidated Financial Statements

The comparative consolidated financial statements of the Company for the year ended May 31, 2020 have been restated to correct material errors and omissions in its prior filing.

In preparation of the May 31, 2021 consolidated financial statements determined that certain corrections were required as follows:

(i) To adjust trade receivables $1,532,747 and accrued revenue $378,600 to $1,560,282 and $55,062 respectively to relieve revenues incorrectly recognized.

(ii) To adjust accounts payable and accrued expenses from $328,824 to $1,575,354 to recognize under accrued creator costs.

(iii) To reflect the impact of the above adjustments to the preliminary purchase price allocation for the acquisition of Hashoff (note 4).

17. Restatement of Comparative Period Consolidated Financial Statements (cont'd)

Impact to Consolidated Statements of Financial Position

		As at May 31, 2020		
		$	$	$
	Caption	As restated	As previously reported	Change
ASSETS				
Current assets				
Cash		**958,162**	958,162	-
Trade receivables	(iii)	**1,560,282**	1,532,747	27,535
Other receivables		**62,293**	62,293	-
Prepaid expenses and deposits		**460,604**	460,604	-
Accrued revenue	(i)	**55,062**	378,600	(323,538)
Total current assets		**3,096,403**	3,392,406	(296,003)
Non-current assets				
Property and equipment		**4,628**	4,628	-
Intangible assets	(iii)	**7,787,985**	6,523,241	1,264,744
Total non-current assets		**7,792,613**	6,527,869	1,264,744
TOTAL ASSETS		**$ 10,889,016**	$ 9,920,275	$ 968,741
LIABILITIES AND EQUITY				
Current liabilities				
Line of credit		**475,121**	475,121	-
Accounts payable and accrued expenses	(ii)	**1,575,354**	328,824	1,246,530
Due to related parties		**44,070**	44,070	-
Deferred revenue		**96,373**	96,373	-
Current portion of loan payable		**65,167**	65,167	-
Total current liabilities		**2,256,085**	1,009,555	1,246,530
Non-current liabilities				
Loan payable		**130,333**	130,333	-
Contingent purchase price	(iii)	**1,835,761**	1,850,175	(14,414)
Deferred tax liability	(iii)	**877,000**	805,000	72,000
Total non-current liabilities		**5,099,179**	3,795,063	1,304,116
Shareholders' Equity				
Share capital		**1,347,521**	1,347,521	-
Preferred shares		**2,728,203**	2,728,203	-
Shares to be issued		**2,509,620**	2,509,620	-
Reserves		**233,044**	233,044	-
Cumulative translation adjustment		**-**	-	-
Deficit	(iii)	**(1,028,551)**	(693,176)	(335,375)
Total shareholders' equity		**5,789,837**	6,125,212	(335,375)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 10,889,016**	$ 9,920,275	$ 968,741

17. Restatement of Comparative Period Consolidated Financial Statements (cont'd)
Impact to Consolidated Statements of Loss and Comprehensive Loss

		For the year ended May 31, 2020		
		$	$	$
	Caption	As restated	As previously reported	Change
Revenues		**503,215**	503,215	-
Cost of revenues	(i)	**564,877**	143,546	421,331
Gross profit		**(61,662)**	359,669	(421,331)
Expenses				
Accounting and audit		**67,117**	67,117	-
Advertising and promotion		**40,610**	40,610	-
Amortization	(iii)	**79,936**	36,480	43,456
Bad debt expense		**-**	-	-
Bank charges and interest		**11,608**	11,608	-
Consulting		**288,641**	62,546	226,095
Filing fees		**59,960**	59,960	-
Insurance		**13,098**	13,098	-
Interest expense		**7,332**	7,332	-
Investigation costs		**319,339**	319,339	-
Legal		**13,766**	13,766	-
Office and administration		**38,317**	38,317	-
Rent		**3,560**	3,560	-
Salaries, fees, and benefits		**155,505**	155,505	-
Share-based compensation		**159,984**	159,984	-
Travel		**5,474**	5,474	-
Total expenses		**1,264,247**	994,696	269,551
Operating loss		**(1,325,909)**	(635,027)	(690,882)
Foreign exchange		**1,099**	(16,762)	17,861
Gain from forgiveness of loan				
Deferred tax recovery	(iii)	**273,000**	9,000	264,000
Net loss and comprehensive loss for the year		**(1,051,810)**	(642,789)	(409,021)
Basic and diluted loss per share		**(0.04)**	0.03	0.01

17. Restatement of Comparative Period Consolidated Financial Statements (cont'd)

Impact to Consolidated Statements of Cash Flows

		For the year ended May 31, 2020		
		$	$	$
	Caption	As restated	As previously reported	Change
Operating activities				
Net loss for the year	(i)	**(1,051,810)**	(642,789)	(409,021)
Items not affecting cash:				
Amortization	(iii)	**79,936**	36,480	43,456
Share-based compensation		**159,984**	159,984	-
Deferred tax recovery	(iii)	**(273,000)**	(9,000)	(264,000)
Changes in non-cash working capital items:				
Trade receivables		**(156,883)**	(156,883)	-
Prepaid expenses and deposits		**(326,378)**	(326,378)	-
Accrued revenue		**12,050**	12,050	-
Accounts payable and accrued expenses	(i)	**441,107**	(182,155)	623,262
Due to related parties		**44,070**	44,070	-
Deferred revenue		**(181,356)**	(181,356)	-
Net cash used in operating activities		**(1,252,280)**	(1,245,977)	(6,303)
Investing activities				
Purchase of computer equipment		**(3,752)**	(3,752)	-
Intangible assets		**-**	-	-
Cash paid on acquisition of Hashoff	(iii)	**(746,476)**	(751,726)	5,250
Cash acquired on acquisition of Hashoff	(iii)	**176,764**	175,711	1,053
Net cash used in investing activities		**(573,464)**	(579,767)	6,303
Financing activities				
Issuance of common shares		**1,226,300**	1,226,300	-
Common shares to be issued		**1,320,000**	1,320,000	-
Share issue costs		**(264,081)**	(264,081)	-
Exercise of agent's options		**-**		-
Exercise of stock options		**-**		-
Proceeds from loans payable		**195,500**	195,500	-
Net payments to line of credit		**(42,785)**	(42,785)	-
Net cash provided by financing activities		**2,434,934**	2,434,934	-
Change in cash		**609,190**	**609,190**	-
Effect of exchange rate changes on cash		**-**	-	-
Cash, beginning		**348,972**	348,972	-
Cash, end		**958,162**	958,162	-

18. Subsequent Events

On August 12, 2021, the Company has agreed to acquire all of the issued and outstanding common shares of Engagement Labs Inc. (TSXV:EL) ("EL") (collectively, the "EL Shares") by way of a statutory plan of arrangement under the *Canada Business Corporations Act* (the "Arrangement"). Pursuant to the terms of the Arrangement, shareholders of EL (the "EL Shareholders") will receive common shares of the Company ("Purchaser Shares") on the basis of an exchange ratio (the "Exchange Ratio") that results in the current holders of EL Shares receiving an aggregate of 5,320,000 Purchaser Shares. The basis of the negotiations was centered on a relative share exchange ratio between the two companies and in this connection the stock price of the Company was approximately twice its current stock price when the pricing terms were agreed to months ago. Each EL Shareholder is expected to receive 0.1136 of a Purchaser Share in exchange for each EL Share held, on the basis of a 10-day volume-weighted average trading price per Purchaser Share of $0.322.

Subsequent to the year ended May 31, 2021, the Company received proceeds of $15,839 from the exercise of 158,385 agent's options. The remaining 291,375 unexercised agent's options have expired subsequent to year end.

Subsequent to the year ended May 31, 2021, 1,816,998 Series A Convertible Preferred Shares were converted to 1,816,998 common shares.