DGTL Holdings Inc.

Consolidated Financial Statements
Year Ended May 31, 2022
(Expressed in Canadian Dollars)

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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 subsidiaries (together, the "Company"), which comprise the consolidated statement of financial position as at May 31, 2022, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the year then ended, 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, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("GAAS"). 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 audit 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 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 indicates that the Company incurred a net loss of $4,490,862 for the year ended May 31, 2022, and has an accumulated deficit of $12,591,451 as at May 31, 2022. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exits 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.

Other Matter

The consolidated financial statements of the Company for the year ended May 31, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on November 4, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities' commissions but does not include the consolidated financial statements and our auditor's report thereon.

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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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be misstated. If based on the work we have performed on this other information, 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 IFRS, 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 GAAS 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 GAAS, we exercise professional judgement 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.

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- 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 Ahmad Aslam, CPA, CA.

Zeifmans LLP

Toronto, Ontario
September 28, 2022

Chartered Professional Accountants
Licensed Public Accountants

DGTL Holdings Inc.

Consolidated Statements of Financial Position

As at May 31, 2022 and 2021

(Stated in Canadian Dollars)

		May 31, 2022		May 31, 2021
ASSETS				
Current assets				
Cash	**$**	**1,411,219**	$	1,111,448
Trade receivables (Note 5)		**623,900**		467,874
Other receivables		**201,400**		139,464
Prepaid expenses		**335,895**		391,402
Accrued revenue		**54,525**		354,441
Total current assets		**2,626,939**		2,464,629
Non-current assets				
Property and equipment		**9,950**		6,800
Intangible assets (Note 6)		**1,880,467**		3,700,871
Total non-current assets		**1,890,417**		3,707,671
TOTAL ASSETS	**$**	**4,517,356**	$	6,172,300
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued expenses (Note 7)	**$**	**2,219,304**	$	1,510,448
Due to related parties (Note 12)		**227,518**		96,566
Deferred revenue (Note 8)		**304,108**		51,910
Dividends payable on preferred shares (Note 11)		**247,108**		158,743
Current portion of contingent purchase price (Note 8)		**177,241**		150,828
Current portion of loans payable (Note 9)		**-**		67,189
Total current liabilities		**3,175,279**		2,035,684
Non-current liabilities				
Loans payable (Note 9)		**412,293**		104,233
Contingent purchase price (Note 8)		**-**		491,598
Deferred grant revenue		**254,839**		-
Convertible debentures (Note 10)		**863,425**		-
Deferred tax liability (Note 14)		**-**		438,000
Total non-current liabilities		**1,530,557**		1,033,831
Total liabilities		**4,705,836**		3,069,515
Shareholders' Equity (Deficiency)				
Common shares (Note 11)		**8,840,914**		6,745,875
Preferred shares (Note 11)		**1,963,707**		2,965,195
Reserves (Note 11)		**1,347,859**		1,311,338
Equity portion of convertible debenture (Note 10)		**202,317**		-
Cumulative translation adjustment		**48,174**		92,601
Deficit		**(12,591,451)**		(8,012,224)
Total shareholders' equity (deficiency)		**(188,480)**		3,102,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)	**$**	**4,517,356**	$	6,172,300

Nature of operations and going concern (Note 1)

Contingency & commitment (Note 18), Subsequent events (Note 19)

Approved on behalf of Board of Directors

"John David Belfontaine" **"Dave Beck"**

DGTL Holdings Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended May 31, 2022 and 2021

(Stated in Canadian Dollars, except number of shares outstanding)

	Year Ended May 31, 2022	Year Ended May 31, 2021
Revenues	**$ 2,515,355**	$ 3,976,793
Cost of revenues	**1,605,159**	2,907,264
Gross profit	**910,196**	1,069,529
Expenses		
Accounting and audit (Note 12)	**232,967**	192,417
Advertising and promotion	**634,576**	1,002,035
Amortization and depreciation (Note 6)	**758,685**	712,794
Bad debt expense	**3,984**	15,877
Bank charges and interest	**7,381**	31,028
Consulting (Note 12)	**400,732**	865,607
Filing fees	**94,896**	82,000
Financing fees	**8,703**	-
Insurance	**81,063**	44,438
Interest expense	**82,388**	75,483
Investigation costs	**-**	14,140
Legal	**308,359**	87,624
Office and administration	**194,517**	201,889
Rent (recovery)	**(1,022)**	24,329
Salaries, fees, and benefits (Note 12)	**970,435**	1,475,719
Share-based compensation	**-**	1,177,895
Technology expense	**35,094**	-
Transaction costs	**91,137**	-
Travel	**4,098**	3,042
Total expenses	**(3,907,993)**	(6,006,317)
Operating loss	**(2,997,797)**	(4,936,788)
Gain (loss) on foreign currency translation	**(61,362)**	224,980
Gain on forgiveness of loan (Note 9)	**181,677**	172,303
Gain on revaluation of contingent purchase price	**465,185**	967,246
Grant income	**574,745**	-
Impairment of goodwill and intangible assets (Note 6)	**(3,091,310)**	(3,691,671)
Net loss before income taxes	**(4,928,862)**	(7,263,930)
Deferred tax recovery (Note 14)	**438,000**	439,000
Net loss before other comprehensive income	**(4,490,862)**	(6,824,930)
Translation adjustment	**(44,427)**	92,601
Net loss and comprehensive loss for the year	**$ (4,535,289)**	$ (6,732,329)
Weighted average number of common shares outstanding	**40,425,022**	29,816,520
Basic and diluted loss per common share	**$ (0.11)**	$ (0.23)

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

DGTL Holdings Inc.

Consolidated Statements of Changes in Equity (Deficiency)

For the Years Ended May 31, 2022 and 2021

(Stated in Canadian Dollars)

	Share Capital		Preferred shares		Shares to be Issued						
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Reserves	Equity Portion of Convertible Debenture	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	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
Issue of common shares pursuant to acquisition	5,419,173	1,029,643	-	-	-	-	-	-	-	-	1,029,643
Issue of adviser shares pursuant to acquisition	280,000	53,200	-	-	-	-	-	-	-	-	53,200
Fair value of compensation warrants	-	-	-	-	-	-	37,937	-	-	-	37,937
Conversion of preferred shares	2,130,826	1,001,488	(2,130,826)	(1,001,488)	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-	(88,365)	(88,365)
Cancellation of common shares	(34,091)	(15,000)	-	-	-	-	-	-	-	-	(15,000)
Share issuance costs	-	(250)	-	-	-	-	8,703	-	-	-	8,453
Exercise of agent's options	158,385	25,958	-	-	-	-	(10,119)	-	-	-	15,839
Equity portion of convertible debenture	-	-	-	-	-	-	-	202,317	-	-	202,317
Translation adjustment	-	-	-	-	-	-	-	-	(44,427)	-	(44,427)
Net loss and comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(4,490,862)	(4,490,862)
Balance at May 31, 2022	45,242,266	$ 8,840,914	4,178,100	$ 1,963,707	-	$ -	$ 1,347,859	$ 202,317	$ 48,174	$(12,591,451)	$ (188,480)

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

DGTL Holdings Inc.

Consolidated Statements of Cash Flows
For the Years Ended May 31, 2022 and 2021
(Stated in Canadian Dollars)

	Year Ended May 31, 2022	Year Ended May 31, 2021
Operating activities		
Net loss for the year	**$ (4,490,862)**	$ (6,824,930)
Items not affecting cash:		
Amortization	**758,703**	712,794
Interest expense	**72,698**	-
Finance fees	**8,703**	-
Share-based compensation	**-**	1,177,895
Unrealized foreign currency translation loss (gain)	**84,746**	(364,339)
Gain on forgiveness of loan	**(181,677)**	(172,303)
Gain on write down of contingent liability	**(465,185)**	(967,246)
Grant income	**(559,895)**	-
Impairment of goodwill and intangible assets	**3,091,310**	3,691,671
Deferred income tax recovery	**(438,000)**	(439,000)
Changes in non-cash working capital items:		
Trade receivables	**577,449**	964,747
Prepaid expenses and deposits	**425,557**	242,966
Accrued revenue	**431,419**	(380,593)
Other receivables	**(63,795)**	(75,398)
Accounts payable and accrued expenses	**(152,102)**	(3,208)
Due to related parties	**130,952**	52,496
Deferred revenue	**(393,428)**	(34,930)
Net cash used in operating activities	**(1,163,407)**	(2,419,378)
Investing activity		
Purchase of property and equipment	**(174,440)**	(4,650)
Intangible assets	**-**	(314,899)
Cash acquired on acquisition of Engagement Labs Inc.	**652,474**	-
Net cash used in investing activity	**478,034**	(319,549)
Financing activities		
Issuance of common shares	**-**	3,000,000
Share issuance costs	**-**	(118,042)
Exercise of agent's options	**15,839**	69,167
Exercise of stock options	**-**	75,000
Cancellation of common shares	**(15,000)**	-
Proceeds from loans payable	**-**	183,704
Net payments to line of credit	**-**	(448,510)
Proceeds from issuance of convertible debentures	**1,019,000**	-
Net cash provided by financing activities	**1,019,839**	2,761,319
Net increase in cash	**334,466**	22,392
Effects of exchange rate changes on cash	**(34,695)**	130,894
Cash, beginning of year	**1,111,448**	958,162
Cash, end of year	**$ 1,411,219**	$ 1,111,448

Supplemental disclosures with respect to cash flows (Note 17)

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's shares commenced trading on the TSX-V on August 23, 2019. On July 30, 2020 the TSX-V accepted for filing the Company's Qualifying Transaction ("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. 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 QT. On December 16, 2020 the Company listed its common shares on the OTCQB under the symbol "DGTHF". 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 head office, principal address and registered and records office of the Company are located at 1 Adelaide Street East, Suite 801, Toronto, Ontario M5C 2V9.

b) Going Concern

The Company incurred a net loss of $4,490,862 for the year ended May 31, 2022. As at May 31, 2022, the Company had negative working capital of $309,410 (May 31, 2021 - $428,945 working capital surplus) and an accumulated deficit of $12,591,451 (May 31, 2021 - $8,012,224).

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.

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

c) COVID-19

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, 2022.

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. All values have been rounded to the nearest dollar, except where otherwise indicated.

d) 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 expected credit losses 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

2. Basis of Preparation (cont'd)

value of the transaction billed to the customer with any related expenditure charged as direct cost of principal revenue. Management uses estimates related to percentage of completion when determining period of services being provided / completed.

Share-based payments and non-monetary share transactions

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

Business combination

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

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

Classification of Series A Convertible preferred shares as equity

The determination of the classification of the Series A Convertible preferred shares requires management to make judgments in assessing the substance of the contractual arrangement.

Carrying values for assets and impairment charges

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

Going concern

The preparation of these 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

2. Basis of Preparation (cont'd)

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.

d) Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries 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
Engagement Labs Inc.	Canada	100%	Provide social intelligence using proprietary data and methodology for global brands and companies
Engagement Labs Services Inc.	Canada	100%	Provide social intelligence using proprietary data and methodology for global brands and companies
Keller Fay Group, LLC	USA	100%	Provide social intelligence using proprietary data and methodology with a focus on US brands and companies
Engagement Labs Ltd.	UK	100%	Provide social intelligence using proprietary data and methodology with a focus on UK brands and companies

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, 2022 were reviewed by the audit committee and approved and authorized for issue by the Board of Directors on September 28, 2022.

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, 2022 and May 31, 2021.

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*.

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 ("Hashoff") and Keller Fay Group LLC ("Keller Fay") is the US dollar, and the functional currency of Engagement Labs Ltd ("Engagement Labs Ltd") is the British Pound.

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.

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

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.

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.

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

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.

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.

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

Taxation (cont'd)

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.

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 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.

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

g) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common 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 convertible preferred shares, convertible debentures, in the weighted average number of shares outstanding during the period.

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.
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).

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

Financial instruments (cont'd)

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.

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

Financial assets/liabilities	Classification
Cash	FVTPL
Trade receivables	Amortized cost
Other receivables	Amortized cost
Accounts payable and accrued expenses	Amortized cost
Due to related parties	Amortized cost
Loans payable	Amortized cost
Convertible debentures	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.

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

Financial instruments (cont'd)

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, 2022 and 2021.

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. The Company uses 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.

i) Revenue recognition

Revenues generated Engagement Labs Inc. is derived from the sector of intelligent data, analytics and insights. Revenue is recognized at a point in time or over time when the Company satisfies performance obligations by transferring the promised goods or services to its customers. To determine whether to recognize revenue, the Company follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations;
- Recognizing revenue when performance obligation is satisfied.

Consideration received for these services is initially deferred and recognized as revenue in the period when the service is performed generally on a straight-line basis over the term of the contract generally ranging from 1 to 36 months because the entity's efforts or inputs are expended evenly throughout the performance period. Amounts received in advance of the delivery of products or performances of services are classified as deferred revenues. To ensure that the recovery of its products is reasonably assured at the time of the execution of operations, the Company has set up the following measures: billing at the beginning of contracts or at the beginning of each quarter, the ability to block customer access to the platforms in case of default, and credit analysis of clients who may present a credit risk.

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

Revenue recognition (cont'd)

Revenues generated by Hashoff 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 provided to a customer. Customers are the global brands and companies that utilize software and services.

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. If the sourcing and production of all content occurs in one month, then all the associated revenue is recognized in that month. However, most activations span multiple months. In those cases, the account management team and the financial team determine the revenue allocation based on the two performance obligations completed in each month. In the case of contracts that span multiple months, 50% is recognized in the first month and the remainder recognized equally over the expected posting duration due to the fluidity and dynamic nature of when posts will actually go live after approval. 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.

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

j) 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.

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.

k) 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.

l) 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.

Since government assistance resulting from the Canada Emergency Wage Subsidy may be examined by the tax authorities, retroactive application clarifications were introduced after the program was announced and some rules may be interpreted differently by the tax authorities, it is possible that the amounts granted will differ from the amounts recorded.

The loan from a government body, which contains a clause exempting the Company from making repayments as long as it satisfies the terms and conditions specified at the time the loan was granted, is accounted for as other income. Any debt resulting from the obligation to repay this government assistance is accounted for in the period when the terms and conditions resulting in repayment occur.

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

m) 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 March 1, 2022, the Company acquired all the issued and outstanding shares of Engagement Labs Inc. The Company acquired Engagement Labs Inc. because it fits the Company's mission of incubating innovative and disruptive digital media and advertising technology companies, powered by artificial intelligence.

Engagement Labs Inc. is an industry-leading data and analytics firm that provides social intelligence for Fortune 500 brands and companies. Engagement Labs Inc. TotalSocial platform focuses on the entire social ecosystem by combining powerful on-line (social media) and off-line (word of mouth) data with predictive analytics. Engagement Labs Inc. has a proprietary 10-year database of unique brand, industry and competitive intelligence, matched with its cutting-edge predictive analytics that use machine learning and artificial intelligence to reveal the social metrics that increase marketing ROI (return on investment) and top-line revenue for its diverse group of clients.

The acquisition of Engagement Labs Inc. 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:

4. Business Combination (cont'd)

Consideration	
Common share consideration (5,419,173 common shares with a fair value of $0.19 per common share and options 431,434 with a nominal value)	$ 1,029,643
Total consideration value:	**$ 1,029,643**

Assets acquired and liabilities assumed	
Cash	$ 652,474
Accounts receivable	757,951
Prepaid expenses	194,859
Equipment	6,422
TotalSocial Platform (Note 6)	596,000
Goodwill (Note 6)	573,650
Other intangible assets	664,000
Accounts payable and accrued liabilities	(619,220)
Deferred revenue	(643,423)
Deferred grants	(380,229)
Loans payable	(772,841)
Net assets acquired:	**$ 1,029,643**

On April 20, 2020, the Company acquired all the issued and outstanding shares of Hashoff. On July 30, 2020, the Company entered into an amendment agreement with the shareholders of Hashoff modifying the terms of the share exchange agreement dated December 23, 2019. The share exchange agreement provided that the Company was to make post-closing payments up to $1,500,000 (U.S.) pursuant to a 30-month deferred payment schedule, payable every six months following the closing of the acquisition. Pursuant to the amendment, the effective date of the deferred cash payments was postponed to January 1, 2021, such that the first instalment was due 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.

Subsequent to May 31, 2022, the Company initiated a strategic restructuring of Hashoff (Note 19). As a result, management believes that the revenue targets will not be fully met and that contingent purchase price payments (calculated based on Hashoff revenue targets) of $177,241 (May 31, 2021 - $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 $465,185 (2021 - $967,246). Accordingly, the management has also written down goodwill and intangible assets relating to Hashoff (Note 6).

5. Trade Receivables

Trade receivables as of May 31, 2022 consist of the following:

		Number of days overdue				
	Current	1-30	31-60	61-90	91 and over	Total
Gross trade receivables	$ 514,197	$ 58,867	$ -	$ 11,114	$ 39,722	$ 623,900
Allowance for doubtful accounts	-	-	-	-	-	-
Net trade receivables	$ 514,197	$ 58,867	$ -	$ 11,114	$ 39,722	$ 623,900

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

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

6. Intangible Assets

	CaaS technology	TotalSocial platform	Software	Goodwill	Other	Total
Cost						
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
Additions	-	-	174,440	-	-	174,440
March 1, 2022 acquisition of Engagement Labs Inc.	-	596,000	-	725,650	512,000	1,833,650
Translation adjustment	-	-	18,039	-	-	18,039
Balance May 31, 2022	$ 3,150,000	$ 596,000	$ 507,379	$ 4,013,427	$ 1,942,000	$ 10,208,806
Accumulated amortization						
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
Impairment	1,965,051	-	-	339,903	786,356	3,091,310
Amortization	402,043	20,994	84,726	-	245,383	753,146
Balance May 31, 2022	$ 3,150,000	$ 20,994	$ 84,726	$ 3,627,680	$ 1,444,939	$ 8,328,339
Carrying value						
Balance May 31, 2022	$ -	$ 575,006	$ 422,653	$ 385,747	$ 497,061	$ 1,880,467
Balance May 31, 2021	$ 2,367,452	$ -	$ 314,900	$ -	$ 1,018,877	$ 3,700,871

Engagement Labs Inc.

On March 1, 2022, the Company acquired all the issued and outstanding shares of Engagement Labs Inc. The purchase price allocation included intangible assets totalling $1,833,650 comprised of $596,000 for Engagement Labs Inc. TotalSocial Platform technology, $664,000 for other intangible assets including customer relationships and TotalSocial trademark, and $573,650 allocated to goodwill. 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.

Intangible assets included in the acquisition of Engagement Labs Inc. are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which varies from 7 to 10 years. Goodwill is subject to impairment testing on an annual. 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 Engagement Labs Inc. 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 for five years, annual growth rates ranging between 2.5% and 20%, and

6. Intangible Assets (cont'd)

discount rate of 36%. The Company has written down $339,903 (2021 - $nil) of Engagement Labs Inc. related intangible assets during the year ended May 31, 2022.

Hashoff

On April 20, 2020, the Company acquired all the issued and outstanding shares of Hashoff. 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 included in the acquisition of Hashoff are stated at their historical cost and amortized on a straight-line basis over their expected useful lives, which varies from 2.5 to 10 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 Company has written down $2,751,407 (2021 - $3,691,671) of Hashoff related intangible assets for the year ended May 31, 2022.

7. Accounts Payable and Accrued Expenses

		May 31, 2022		May 31, 2021
Accounts payable	$	1,428,859	$	571,752
Accrued expenses		790,445		938,696
	$	2,219,304	$	1,510,448

8. Deferred Revenue

		Year Ended May 31, 2022		Year Ended May 31, 2021
Balance, beginning of the year	$	51,910	$	96,373
Acquisition of Engagement Labs Inc. (Note 4)		843,727		-
Invoiced during the period		2,620,813		3,575,082
Revenue recognized		(2,923,617)		(3,976,793)
Changes in earned and unbilled		(91,698)		272,468
Adjustment to fair value		(200,304)		-
Translation adjustment		3,277		84,780
Balance, end of the year	$	304,108	$	51,910

Revenue to be recognized in the future				
Within one year	$	304,108	$	51,910

9. Loans Payable

		May 31, 2022		May 31, 2021
Emergency Loan for Canadian Businesses[1]	$	36,853	$	-
Emergency Loan for Canadian Businesses[2]		18,427		-
Payroll Protection Loan Program[3]		-		-
Payroll Protection Loan Program phase 2[4]		-		-
SBA loan[5]		106,609		-
CBILS loan[6]		250,404		-
Payroll Protection Loan Program[7]		-		-
Payroll Protection Loan Program phase 2[8]		-		171,422
Total loans payable		412,293		171,422
Current portion of loans payable		-		67,189
	$	412,293	$	104,233

[1] On April 15, 2020, the Company received a loan for $40,000 under the Emergency Loan for Canadian Businesses program. The interest-free loan is for 3 years and is guaranteed by the Canadian government. Up to 25% of the loan ($10,000) is to be forgiven if repaid in full by December 31, 2023. If the Company has not repaid the loan before December 31, 2023, the loan is to be automatically renewed until December 31, 2025 at an interest rate of 5%, and the Company will not be able to benefit from the grant of $10,000.

The fair value of the loan has been established at $27,380 using discounted cash flows valuation method at a rate of 15% at the date of commencement of the loan. The difference was computed as deferred grant and is to be amortized over the period of the loan and it is to be accounted as a grant income.

[2] On December 29, 2020, the Company received a second loan for $20,000 under the Emergency Loan for Canadian Businesses program. The interest-free loan is for 3 years and is guaranteed by the Canadian government. 50% of the loan ($10,000) is to be forgiven if repaid in full by December 31, 2023. If the Company has not repaid the loan before December 31, 2023, the loan is to be automatically renewed until December 31, 2025 at an interest rate of 5%, and the Company is not to be able to benefit from the grant of $10,000.

The fair value of the loan has been established at $15,111 using discounted cash flows valuation method at a rate of 15% at the date of commencement of the loan. The difference was computed as deferred grant and will be amortized over the period of the loan and it will be accounted as a grant income.

[3] On April 16, 2020, the Company received a loan under the Paycheck Protection Program ("PPP") in the USA for $473,571 (US $336,200). The loan was guaranteed by the Small Business Administration ("SBA"), an Agency of the United States of America, bears annual interest rate of 1.00% and is due two years after its disbursement. The loan and the interest can be forgiven in whole or in part if the borrower uses all of the loan proceeds for forgiveable purposes as described in the PPP plan. On October 4, 2021, the company received a notice of PPP forgiveness payment for $439,811 (US 312,233) on this first PPP loan which was recorded as grant income.

9. Loans Payable (cont'd)

(4) On January 29, 2021, the Company received a second PPP loan for $429,664 (US $336,200). The loan bears annual interest rate of 1.00% and is due five years after its disbursement. The loan and the interest can be forgiven in whole or in part if the borrower uses all of the loan proceeds for forgivable purposes as described in the PPP plan. On April 6, 2021, the Company received a notice of PPP forgiveness payment for $433,926 (US 336,200) on this second PPP loan which was recorded as grant income for the year ended May 31, 2022

(5) On June 5, 2020, the Company received a loan under the Economic Injury Disaster Loan Program ("EIDL") in the USA for $201,435 (US $150,000). On September 9, 2021, the Company received a second loan for $62,637 (US $49,500), for a total amended loan for $264,072 (US $199,500). The amended loan is guaranteed by the SBA. Installment payments, including principal and interest, of US $1020 monthly, are to begin 24 months from the date of the original note. The balance of principal and interest is to be payable thirty years from the date of the original note. Interest is to accrue at the rate of 3.75% per annum.

The fair value of the amended loan has been established at $81,761 using discounted cash flows valuation method at a rate of 15%. The difference was computed as a deferred grant which is to be amortized over the period of the loan and accounted for as grant income. As of May 31, 2022, interest was accrued on the loan for a sum of $9,516.

(6) On November 26, 2020, the Company received a Coronavirus Business Interruption Loan in the UK ("CBILS") for $373,348 (£215,000). First repayment is to be made on the date 13 month(s) after the date the loan was received and the loan is to be repaid in 59 subsequent monthly instalments of £3,583. (exclusive of interest). Final repayment of £3,583 is to be due on the final repayment date. Interest is at a rate of 3.99% per annum over the Bank of England Base Rate payable (4,09% as at September 30, 2021) on the outstanding principal amount of the loan monthly and on the final repayment date.

The fair value of the loan has been established at $258,716 using discounted cash flows valuation method at a rate of 15%. The difference was computed as a deferred grant which will be amortized over the period of the loan and before accounted for as grant income.

The fair value of the loan has been established at $258,716 using discounted cash flows valuation method at a rate of 15%. The difference was computed as a deferred grant which is to be amortized over the period of the loan and accounted for as grant income.

(7) During fiscal 2020 the Company received PPP loan proceeds of $195,500 (US$142,000). 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 recognized a gain on forgiveness of $172,303 (US$142,000) in profit or loss.

9. Loans Payable (cont'd)

(8) On April 2, 2021, the Company received an additional PPP loan of $181,646 (US$142,000). 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. During the year ended May 31, 2022, the Company concluded there was reasonable assurance that the conditions for forgiveness of the loan had been met and recognized a gain on forgiveness of $181,677 (US$142,000) in profit or loss.

The changes in the Company's liabilities arising from financing activities are classified as follows:

Total loans payable as of March 1, 2022 (acquisition date)	$	772,840
Deferred grant revenue		(21,490)
Loan forgiven		(330,026)
Implicit interest		22,409
Accrued interest		3,547
Exchange		(34,987)
Total loans payable as of May 31, 2022	**$**	**412,293**

10. Convertible Debentures

During the year ended May 31, 2022, the Company completed the offering of convertible debentures (the "Debentures") in the principal amount of $1,068,000 as a closing condition of the Plan of Arrangement agreement between the Company and Engagement Labs Inc. dated August 11,2021.

The Debentures have a term of two years and bear interest at an annual rate of 7% payable in arrears in equal instalments semi-annually. The principal amount of the Debentures are convertible at the holder's option into common shares of the Company at any time prior to the maturity date at a conversion price of $0.30. Subject to the approval of the TSX Venture Exchange, in lieu of paying any interest accrued and payable in respect of the convertible debentures, the Company may elect to settle such interest in conversion shares.

In connection with the offering, the Company paid finder's fees of $49,000 in cash and issued 81,659 finder's warrants. Each finder's warrant entitles the holder thereof to purchase one common share of DGTL at a price of $0.40 for a period of 36 months following the date on which the escrow release conditions are satisfied. The fair value of the finder's warrants was determined to be $8,703 and recorded in financing fees expense.

Upon initial recognition, the Company allocated the net proceeds between the components based on the fair value of the debt and the residual to the equity component. The fair value of the liability component of $855,883 was determined using a market rate of 20% with $202,317 assigned to the equity component. The fair value of the debenture upon initial recognition is accreted to the repayment amount over the term.

10. Convertible Debentures (cont'd)

	May 31, 2022
Liability component of debenture	$ 816,615
Interest on debenture	18,639
Accretion	28,103
Balance, May 31, 2022	$ 863,425

11. 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) Common shares

During the year ended May 31, 2022, in connection with the acquisition of Engagement Labs Inc. (see Note 4) the Company issued 5,419,173 Common Shares to the holders of common shares of Engagement Labs Inc. The Company also issued 280,000 Common Shares to Oberon Securities LLC, which assisted Engagement Labs Inc. as its financial adviser.

During the year ended May 31, 2022, 2,130,826 Series A Convertible Preferred Shares were converted to 2,130,826 common shares. The Company received proceeds of $15,839 from the exercise of 158,385 agent's options. The Company entered into a share purchase agreement with a director of the Company to repurchase and cancel 34,091 common shares acquired on January 19, 2021 private placement.

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.

11. Shareholders' Equity (cont'd)

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.

c) Issued Series A convertible preferred shares

During the year ended May 31, 2022, 2,130,826 Series A Convertible Preferred Shares were converted to 2,130,826 common shares. As at May 31, 2022, 4,178,100 Series A Convertible Preferred Shares were outstanding.

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.

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, 2022, the Company has accrued $238,024 of cumulative dividends payable.

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 10,200,000 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. 1,020,000 of the Escrowed Shares were released subsequent to final acceptance of the QT on July 30, 2020. During the year ended May 31, 2022, an additional 3,060,000 (year ended May 31, 2021 – 1,530,000) of the Escrowed Shares were released from escrow. As at May 31, 2022, a total of 4,590,000 common shares, and 2,251,593 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.

11. Shareholders' Equity (cont'd)

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 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, 2022, is as follows:

Number outstanding May 31, 2021	Granted (Cancelled)	Exercised	Engagement Labs Acquisition	Number outstanding May 31, 2022	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
-	-	-	**37,738**	**37,738**	$2.95	Nov. 17, 2022	0.47
-	-	-	**5,767**	**5,767**	$3.41	Nov. 17, 2022	0.47
-	-	-	**1,017**	**1,017**	$9.32	Feb. 21, 2023	0.73
-	-	-	**14,012**	**14,012**	$2.27	Aug. 23, 2023	1.23
-	-	-	**56,500**	**56,500**	$2.27	Sep. 23, 2023	1.32
-	-	-	**11,865**	**11,865**	$2.27	Jan. 16, 2024	1.63
-	-	-	**203,400**	**203,400**	$2.73	Jun. 14, 2024	2.04
-	-	-	**27,120**	**27,120**	$3.41	Aug. 7, 2024	2.19
-	-	-	**74,015**	**74,015**	$2.27	May 13, 2025	2.95
291,375	-	**(158,385)**	-	**132,990**	$ 0.10	Aug. 4, 2022	0.18
780,000	-	-	-	**780,000**	$ 0.10	Aug. 21, 2024	2.23
626,000	-	-	-	**626,000**	$ 0.10	Aug. 21, 2024	2.23
1,800,000	-	-	-	**1,800,000**	$ 0.70	Jan. 25, 2026	3.66
250,000	**(250,000)**	-	-	-	$ 0.65	Apr. 13, 2026	3.87
3,747,375	**(250,000)**	**(158,385)**	**431,434**	**3,770,424**			2.80

As at May 31, 2022, all of the outstanding stock options were vested, and 3,770,424 exercisable, with a weighted average exercise price of $0.68.

11. Shareholders' Equity (cont'd)

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
291,375	-	-	**291,375**	$ 0.10	Aug. 4, 2022	0.18
780,000			**780,000**	$0.10	Aug. 21, 2024	3.23
1,376,000	-	(750,000)	**626,000**	$ 0.10	Aug. 21, 2024	3.23
-	1,800,000	-	**1,800,000**	$ 0.70	Jan. 25, 2026	4.66
-	250,000	-	**250,000**	$ 0.65	Apr. 13, 2026	4.87
2,447,375	2,050,000	(750,000)	**3,747,375**			4.09

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

	Year ended May 31, 2022	Year ended May 31, 2021
Spot rate	**-**	**$0.69**
Exercise price	**-**	**$0.69**
Risk-fee interest rate	**-**	**0.48%**
Expected life of options	**-**	**5 years**
Expected annualized volatility	**-**	**125%**
Forfeiture rate	**-**	**0.00%**
Expected dividend rate	**-**	**0.00%**

(f) Warrants outstanding

On March 1, 2022, the Company granted 261,250 and 13,750 compensation warrants to a consultant and an adviser of the Company, respectively, to purchase an aggregate of 275,000 common shares in the capital of the Company at an exercise price of $0.405 per share, which expire on March 1, 2027.

On March 1, 2022, the Company granted Finders' warrants to purchase 81,659 common shares in the capital of the Company at an exercise price of $0.41 per share, which expire on March 1, 2025.

The continuity for warrants for the year ended May 31, 2022, is as follows:

Number outstanding May 31, 2021	Granted	Exercised	Number outstanding May 31, 2022	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
-	275,000	**-**	**275,000**	$0.405	Mar 1, 2027	4.75
-	81,659	**-**	**81,659**	$0.41	Mar 1, 2025	2.75
-	356,659	**-**	**356,659**			4.03

11. Shareholders' Equity (cont'd)

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

	Year ended May 31, 2022	Year ended May 31, 2021
Spot rate	**$0.19**	-
Exercise price	**$0.40**	-
Risk-fee interest rate	**1.33%**	-
Expected life of options	**4.5 years**	-
Expected annualized volatility	**115%**	-
Forfeiture rate	**0.00%**	-
Expected dividend rate	**0.00%**	-

g) 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, 2022, the Company recognized $Nil (2021 - $1,177,895) in share-based compensation expense.

12. 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.

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.

12. Related Party Transactions (cont'd)

During the year ended May 31, 2022, the Company entered into the following transactions with related parties:

a) Paid or accrued consulting fees of $9,164 (2021 - $156,563) to Mr. Michael Racic, former CEO, President, corporate secretary and a director of the Company. At May 31, 2022, the Company advanced $nil (May 31, 2021 - $9,740) to Mr. Racic.

b) Paid or accrued consulting fees of $9,164 (2021 - $156,563) to Mr. Steven Goldberg, former COO of the Company. At May 31, 2022, the Company advanced $nil (May 31, 2021 - $9,740) to Mr. Goldberg. Paid or accrued HR consulting fees of $nil (2021 - $42,256) to a company controlled by the COO. At May 31, 2022, the Company owed $nil (May 31, 2021 - $nil) to a company controlled by the COO.

c) Paid or accrued consulting fees of $nil (2021 - $24,000) to Cross Davis & Company LLP, the accounting firm in which Mr. Scott Davis, a former CFO of the Company, is a partner. At May 31, 2022, the Company owed $nil (May 31, 2021 - $nil) to Cross Davis & Company LLP.

d) Paid or accrued consulting fees of $41,500 (2021 - $nil) to Ty Consulting Inc., the accounting firm in which Mr. Sean Ty, the former CFO of the Company, is a principal. At May 31, 2022, the Company owed $32,959 (May 31, 2021 - $nil) to Ty Consulting Inc.

e) Paid or accrued consulting fees of $5,000 (2021 - $nil) to Mr. Chris Foster, CFO. At May 31, 2022, the Company owed $nil (May 31, 2021 - $nil) to Mr. Chris Foster.

f) Paid or accrued consulting fees for CEO services of $21,249 (2021 - $Nil) and advertising and promotion expenses of $111,219 (2021 - $155,791) to Prime Wire Media Inc. ("Prime Wire"), a private company controlled by Mr. John-David A. Belfontaine, CEO and Chairman. At May 31, 2022, the Company owed $194,314 (May 31, 2021 - $68,143) to Prime Wire. At May 31, 2022, the Company advanced $nil (May 31, 2021 - $12,296) to Prime Wire for services.

g) Paid or accrued legal fees of $nil (2021 - $73,000) to Purdy Law Professional Corporation ("Purdy Law"), a private company controlled by Mr. Brendan Purdy, a director of the Company. At May 31, 2022, the Company owed $175 (May 31, 2021 - $175) to Purdy Law.

The remuneration of directors and other members of key management personnel during the years ended May 31, 2022 and 2021 are as follows:

Year ended May 31, 2022	Salaries and benefits	Fees	Share-based compensation	Total
Chief Executive Officer and Chairman, Director	$ -	$ 133,548	$ -	$ 133,548
Chief Financial Officer	-	5,000	-	5,000
Chief Revenue Officer and Chief Commercial Officer	111,449	-	-	111,449
Former Chief Executive Officer and President	-	9,164	-	9,164
Former Chief Operating Officer	-	9,164	-	9,164
Former Chief Financial Officer	-	51,808	-	51,808
Non-executive directors and other key management	-	-	-	-
	$ 111,449	$ 208,684	$ -	$ 320,133

12. Related Party Transactions (cont'd)

Year ended May 31, 2021				
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

13. 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, 2022, $50,836 (May 31, 2021 - $415,162) of trade receivables are considered past due of which $20,198 was collected by August 31, 2022.

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	$ 514,197	$ 58,867	$ -	$ 11,114	$ 39,722	$ 623,900

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, 2022 of $nil (May 31, 2021 - $nil).

13. Financial Instruments (cont'd)

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 loan payable (bears interest of 1% per annum), contingent consideration balance (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) and convertible debentures which bear interest at an annual rate of 7% payable in arrears in equal instalments semi-annually . The Company had no interest rate swaps or financial contracts in place as at or during the period ended May 31, 2022.

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 and loan payable that are denominated in US dollars. At May 31, 2022, a 10% change in the value to the US dollar and GB pound as compared to the Canadian dollar would affect profit or loss for the period by approximately $75,000.

Accounts held in USD/GBP	In USD($)	In GBP (£)	In CAD($)
Cash	521,195	79,305	786,609
Trade receivables	459,035	-	582,038
Accounts payable and accrued expenses	(1,187,916)	(3,000)	(1,510,372)
Contingent purchase price	(139,784)	-	(177,241)
Loans payable and deferred grants	(81,761)	(206,509)	(435,722)
Total	(429,231)	(130,204)	(754,688)

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, 2022, the following are the contractual maturities of financial liabilities:

13. Financial Instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount	Contractual Cash Flows	1 year	2 years	3 to 5 years
Accounts payable and accrued expenses	$ 2,219,304	$ 2,219,304	$ 2,219,304	$ -	$ -
Due to related parties	227,518	227,518	227,518	-	-
Dividends payable on preferred shares	247,108	247,108	247,108	-	-
Contingent purchase price	177,241	177,241	177,241	-	-
Loans payable	412,293	412,293	-	412,293	-
Convertible debentures	863,425	863,425	863,425	-	-
	$ 4,146,889	**$ 4,146,889**	**$ 3,734,596**	**$ 412,293**	**$ -**

14. Income Taxes

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

		Year ended May 31, 2022		**Year ended May 31, 2021**
Current tax recovery (expense)	$	-	$	-
Deferred tax recovery (expense)		438,000		439,000
Total income tax (expense) recovery	$	438,000	$	439,000

		Year ended May 31, 2022		**Year ended May 31, 2021**
Net income (loss)	$	(4,928,862)	$	(7,263,930)
- Statutory tax rate		27.0%		27.0%
- Expected income tax expense (recovery) at the statutory tax rate	$	(1,331,000)	$	(1,961,000)
Non-deductible items and other				
- Change in statutory, foreign tax, foreign exchange rates and other		220,000		141,000
- Share-based compensation		-		318,000
- Impact of share issuance costs		(13,000)		(32,000)
- Impact of impairment of goodwill		-		826,000
- Change in deferred tax benefits not recognized		686,000		269,000
Income tax (expense) recovery	$	(438,000)	$	(439,000)

14. Income Taxes (cont'd)

The approximate tax effect of each item that gives rise to the Company's deferred tax assets and liabilities as at May 31, 2022 and 2021 are as follows:

		May 31, 2022		May 31, 2021
Deferred income tax assets				
Non-capital losses	$	381,000	$	411,000
Other		-		1,000
	$	381,000	$	412,000
Deferred income tax liabilities				
Intangible assets	$	(61,000)	$	(850,000)
Property and equipment		(1,000)		-
Other		(319,000)		-
	$	(381,000)	$	(850,000)
Net deferred income tax liability	$	-	$	(438,000)

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

		Year ended May 31, 2022		Year ended May 31, 2021
At June 1	$	(438,000)	$	(877,000)
Deferred income tax (expense) recovery through statement of profit or loss		438,000		439,000
At May 31	$	-	$	(438,000)

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

		May 31, 2022	Expiry date range		May 31, 2021	Expiry date range
Financing fees	$	355,000	2043 to 2046	$	266,000	2042 to 2045
Non-capital losses	$	14,906,000	2039 to 2042	$	1,854,000	2039 to 2041
Property and equipment	$	164,000	no expiry	$	-	no expiry
Intangible assets	$	1,002,000	no expiry	$	-	no expiry

Tax attributes are subject to review, and potential adjustment, by competent authority.

15. 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.

15. Capital Management (cont'd)

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, 2022.

16. Segmented Information

At May 31, 2022, the Company has two reportable operating segments being Hashoff, an enterprise level advertising technology company located in the United States, and Engagement Labs Inc., an enterprise level social intelligence technology company located in Canada, 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.

	Hashoff, LLC (United States)	Engagement Labs Inc. (Canada)	Corporate (Canada)	Total
Revenues	$ 1,917,181	$ 598,174	$ -	$ 2,515,355
Cost of revenues	(1,458,378)	(146,781)	-	(1,605,159)
Expenses	(1,568,814)	(577,631)	(1,761,544)	(3,907,989)
Operating profit (loss)	(1,110,011)	(126,238)	(1,761,544)	(2,997,793)
Loss on foreign exchange	-	(109,283)	47,921	(61,362)
Gain on forgiveness of loan	181,677	-	-	181,677
Gain on revaluation of contingent liability	-	-	465,185	465,185
Grant income	-	574,745	-	574,745
Impairment of goodwill and intangible assets	-	-	(3,091,310)	(3,091,310)
Deferred tax recovery	438,000	-	-	438,000
Cumulative translation adjustment	(44,427)	-	-	(44,427)
Income (loss) and comprehensive income loss for the year	(972,761)	339,224	(3,901,752)	(4,535,289)
Non-current Assets	425,992	1,287,378	177,047	1,890,417
Liabilities	$ (1,654,436)	$ (1,364,357)	$ (1,687,043)	$ (4,705,836)

During the year ended May 31, 2022, the Company had 1 customer whose total sales represented 33% of total revenues (2021 – 1 customer whose total sales represented 10% of total revenues).

17. Supplemental Disclosures with Respect to Cash Flows

	May 31, 2022	May 31, 2021
Prepaid expenses in accounts payable	$ -	$ 175,000
Transfer to share capital on exercise of agent's options	$ 10,119	$ 99,601
Conversion of preferred shares to common shares	$ 1,001,488	$ 1,189,620
Dividend payable on preferred shares	$ 88,365	$ 158,743
Interest paid	$ 82,388	$ 75,483

18. Contingency and Commitment

Contingency

On December 16, 2021, the Company filed the Statement of Claim in the province of Ontario against the two former co-chief executive officers and co-founders of Hashoff ("Defendants"), alleging that the Defendants made several material misrepresentations during the due diligence stage of the Company's acquisition of Hashoff in addition to breaching several material contracts with the Company. The Company is seeking the recovery of all amounts owing as a result of the Defendants' alleged misconduct, including damages in the amount of $5,500,000 for a goodwill impairment charge, breach of contract, and fraudulent misrepresentation and otherwise negligent misrepresentation.

Commitment

During the year ended May 31, 2022, the Company signed an Indicative Financing Proposal ("Proposal") with National Bank of Canada that includes a revolving operating loan of $1,700,000 and a treasury line of $200,000 as indicative terms for consideration. As at May 31, 2022, the Company has not yet entered a credit facility, but recorded to Prepaids $10,000 paid of a $20,000 set-up fee, the remainder of which is payable upon presentation of a formal credit offer.

19. Subsequent Events

- On July 11, 2022, the two former co-chief executive officers and co-founders of Hashoff filed a Statement of Claim for damages of $3,000,000. Subsequently, on July 19, 2022, the Defendants submitted Notice of Intent to defend against the Company's Statement of Claim submitted December 16, 2021.

- The Company initiated a strategic restructuring of its wholly owned subsidiary Hashoff. The goal of restructuring its subsidiary is to apply objective third-party financial analysis to current business operations to assess long-term viability and to optimize organizational structures. On June 1, 2022, Hashoff retained the services of a strategic development and restructuring firm to assess legal and financial viability. The Hashoff restructuring team has completed a thorough and objective viability assessment. After presenting its report and reviewing the facts, the board voted unanimously to accept the recommendations of the strategic development and restructuring firm to commence a formal orderly wind-down and subsequent dissolution of Hashoff in accordance with Section 18-801 of the Delaware Limited Liability Company Act.

19. Subsequent Events (cont'd)

- The Company entered into a debt settlement agreement with respect to amounts owing to Prime Wire $75,000 and Ty Consulting Inc. $15,954 by issuing common shares of the Company.

- 300,000 and 500,000 stock options, to purchase common shares in the capital of the Company at exercise prices of $0.10 and $0.70 per share, respectively, held by Mr. Michael Racic, former CEO, President, Company, and Mr. Steve Goldberg, former COO of the Company, the former CEO, expired unexercised.