Unaudited Condensed Consolidated Interim Financial Statements
(In Canadian dollars)

EQ INC.

Three months ended March 31, 2021 and 2020

(Unaudited)

Notice of disclosure of non-audit review of unaudited consolidated interim financial statements ("interim financial statements") pursuant to National instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim financial statements of the Company for the three months ended March 31, 2021 and 2020 have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standard Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim financial statements.

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
March 31, 2021 and December 31, 2020

		2021		2020
Assets				
Current assets:				
Cash	$	**13,350**	$	3,209
Accounts receivable (note 14(a))		**2,639**		4,572
Other current assets		**213**		197
		16,202		7,978
Non-current assets:				
Property and equipment		**89**		102
Right-of-use asset (note 4)		**58**		76
Intangible asset (note 3 & 7)		**1,188**		1,096
Goodwill (note 3)		**732**		732
	$	**18,269**	$	9,984
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 8 (a))		**1,747**		2,908
Lease liability (note 4)		**156**		132
Loans and borrowings (note 8 (c))		**-**		1,989
Contract liabilities		**67**		86
Earn-out		**222**		222
		2,192		5,337
Non-current liabilities:				
Lease liability (note 4)		**-**		18
Loans and borrowings (note 8 (b))		**120**		80
		2,312		5,435
Shareholders' equity		**15,957**		4,549
	$	**18,269**	$	9,984

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)
Three months end March 31, 2021 and 2020

		2021		2020
Revenue (note 5)	$	**1,755**	$	2,198
Expenses:				
Publishing costs		**937**		1,258
Employee compensation and benefits		**1,174**		962
Other operating costs		**458**		436
Depreciation of property and equipment		**17**		16
Depreciation of right-of-use asset (note 4)		**18**		18
Amortization of intangible assets		**58**		11
		2,662		2,701
Loss from operations		**(907)**		(503)
Transaction costs of acquisition (note 3)		**-**		(23)
Finance income (note 6)		**4**		9
Finance costs (note 6)		**(63)**		(135)
Net loss		**(966)**		(652)
Total comprehensive loss	$	**(966)**	$	(652)
Loss per share:				
Basic and diluted	$	**(0.02)**	$	(0.01)
Weighted average number of shares outstanding basic and diluted		**63,873,340**		54,917,464

See accompanying notes to unaudited condensed consolidated interim financial statements

EQ INC.

Unaudited Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars, except per share amounts)
Three months ended March 31, 2021 and 2020

	Common shares							
	Number of shares (note 9)	**Amount**	**Contributed surplus**	**Warrants**	**Accumulated other comprehensive loss**	**Deficit**	**Total equity**
Balance, January 1, 2021	58,912,008	$ 81,923	$ 3,559	$ 210	$ (2,062)	$ (79,081)	$ 4,549
Net loss	-	-	-	-	-	(966)	(966)
Share-based payments (note 11)	-	-	236	-	-	-	236
Exercise of warrants (note 9)	2,108,783	1,392	-	-	-	-	1,392
Equity financing (note 9)	7,187,500	11,409	-	91	-	-	11,500
Share issuance costs (note 9)	-	(754)	-	-	-		(754)
Warrants exercised	-	210	-	(210)	-	-	-
Balance, March 31, 2021	**68,208,291**	**$ 94,180**	**$ 3,795**	**$ 91**	**$ (2,062)**	**$ (80,047)**	**$ 15,957**

	Common shares						
	Number of shares (note 9)	**Amount**	**Contributed surplus**	**Warrants**	**Accumulated other comprehensive loss**	**Deficit**	**Total equity**
Balance, January 1, 2020	54,914,426	$ 77,411	$ 2,975	$ 852	$ (2,062)	$ (75,654)	$ 3,522
Net loss	-	-	-	-	-	(652)	(652)
Share-based payments (note 11)	-	-	9	-	-	-	9
Exercise of stock options (note 9 & 11)	3,334	-	-	-	-	-	-
Balance, March 31, 2020	**54,917,760**	**$ 77,411**	**$ 2,984**	**$ 852**	**$ (2,062)**	**$ (76,306)**	**$ 2,879**

See accompanying notes to unaudited condensed consolidated interim financial statements

EO INC.

Unaudited Condensed Consolidated Interim Statements of Cash Flows
(In thousands of Canadian dollars)
Three months ended March 31, 2021 and 2020

		2021		2020
Cash flows from operating activities:				
Net loss	$	(966)	$	(652)
Adjustments to reconcile net loss to net cash flows from operating activities:				
Depreciation of property and equipment		17		16
Depreciation of right-of-use asset		18		18
Amortization intangible assets		58		11
Share-based payments (note 11)		236		9
Unrealized foreign exchange loss (gain)		11		(48)
Finance cost, net		46		134
Change in non-cash operating working capital (note 15)		737		(145)
Net cash from (used in) operating activities		157		(657)
Cash flows from financing activities:				
Repayment of obligations under property lease		(23)		(47)
Loans and borrowings (note 8 (b))		40		-
Repayment of promissory notes		(1,717)		-
Proceeds from exercise of warrants (note 9)		1,392		-
Equity financing (note 9)		11,500		-
Share issuance costs (note 9)		(754)		-
Interest paid		(293)		(1)
Net cash from (used in) financing activities		10,145		(48)
Cash flows from investing activities:				
Interest income received (note 6)		4		1
Acquisition		-		(850)
Purchases of property and equipment		(4)		(64)
Addition of intangible asset (note 7)		(150)		(125)
Net cash used in investing activities		(150)		(1,038)
Increase (decrease) in cash		10,152		(1,743)
Foreign exchange gain (loss) on cash held in foreign currency		(11)		48
Cash, beginning of the period		3,209		3,691
Cash, end of the period	$	13,350	$	1,996

See accompanying notes to unaudited condensed consolidated interim financial statements

1. Corporate information:

EQ Inc. (“EQ Works”) or (the "Company") enables businesses to better understand, predict, and influence customer behavior. Using unique data sets, advanced analytics, machine learning and artificial intelligence, the Company creates actionable intelligence for businesses to attract, retain, and grow the customers that matter most. Through its proprietary SaaS technology platforms, LOCUS and ATOM, the Company is able to ingest, enrich, analyze and action upon receipt of large quantities of data. The Company is governed by the Ontario Business Corporations Act and is domiciled in Canada. The address of the Company's registered office is 1235 Bay Street, Suite 401, Toronto, ON, M5R 3K4. The Company is a publicly listed on the TSX Venture Exchange ("TSX-V").

2. Basis of preparation:

(a) Statement of compliance and basis of presentation:

These unaudited condensed consolidated interim financial statements (“interim financial statements”) have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board ("IASB") and on a basis consistent with the accounting policies disclosed in the Company’s annual audited condensed consolidated financial statements for the year ended December 31, 2020 (the “2020 financial statements”). The accounting policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standard (“IFRS”) issued and outstanding as of the date the Board of Directors authorized the statements for issue.

The notes presented in these condensed consolidated interim financial statements include, in general, only significant changes and transactions occurring since the Company's last year ended December 31, 2020 and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These condensed consolidated interim financial statements should be read in conjunction with the 2020 financial statements, including the notes thereto.

The interim financial statements were authorized for issue by the Board of Directors on May 28, 2021.

The interim financial statements have been prepared under the historical cost basis. Other measurement bases used are described in the applicable notes to these condensed consolidated interim financial statements.

The interim financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

2. Basis of preparation (continued):

(b) Risk and uncertainties:

Since December 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in government worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown, Global equity markets have experienced with significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The extent to which COVID-19 and other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the action required to contain the COVID-19 virus or remedy its impact, among others. The duration and impact of the COVID-19 outbreak is unknown this time, as is the efficacy of the government and central bank interventions. As with most other industries, the year ended December 31, 2020 and the three months ended March 31, 2021, were challenging as our media business had campaigns paused or reduced due to COVID-19. Our response to the pandemic, in terms of investments, cost saving measures and productivity has been strong resulting in improved results throughout the second half of the year. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

(c) Functional and presentation currencies:

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

(d) Significant accounting policies:

These condensed consolidated interim financial statements have been using the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Company for the year ended December 31, 2020.

There have been no significant changes to critical accounting judgements, estimates and assumptions made since the annual financial reporting for the year ended December 31, 2020.

(In thousands of Canadian dollars, except per share amounts)

3. Acquisition:

On March 1, 2020, the Company, through its wholly owned subsidiary EQ Advertising Group Ltd., completed the acquisition and licensing of certain assets of Curate Mobile Ltd. ("Curate"), including Juice Mobile ("Juice Mobile"). Juice Mobile's platform is targeted to advertisers looking to boost user value or increase brand awareness on mobile. By leveraging existing and new clients under the EQ Works Mobile umbrella, the expanded company will offer more precise and targeted mobile programmatic ad buy solutions for agencies, brands, and publishers. The company will also use machine learning and proprietary learning algorithms to optimize bidding behaviours towards a range of campaign goals by making billions of automated decisions on a daily basis.

The total consideration was $850 and additional cash consideration to be paid out over the following 12 months based on certain performance thresholds being met.

In accordance with IFRS 3, Business Combinations, the assets acquired constitute a business for accounting purposes and was accounted for using the acquisition method of accounting. The Company incurred transaction costs of $32 (March 31, 2020 - $23) associated with the acquisition which were expensed.

The allocation of the purchase consideration was as follows:

Allocation		
Fixed assets	$	**3**
Customer relationships		**311**
Backlog		**21**
Goodwill		**732**
Contract liabilities		**(138)**
Net assets acquired		**929**

Purchase consideration:		
Consideration in cash	$	**850**
Contingent consideration ("Earn-out")		**79**
Purchase consideration		**929**

The acquisition agreement provides for contingent consideration payment up to $79, based on achievement of certain predetermined revenue and gross profits targets, in the 12-months period following the closing of the acquisition to a maximum total compensation paid to Curate up to $929. The Company has estimated the Earn-out to be $87 of the contingent consideration. The estimated Earn-out consideration was fair valued by discounting the after-tax cash flow over the life of the capital payment period of 12 months at a discount rate of 12% to be $79 and was recognized at March 31, 2020. For the year ended December 31, 2020, an accretion of $6 was recorded. Subsequent to the date of acquisition, the Company wrote off Earn-out of $85, due to not achieving predetermined revenue, which has been recognized in profit and loss for the year ended December 31, 2020.

(In thousands of Canadian dollars, except per share amounts)

3. Acquisition (continued):

As at December 31, 2020, the Company recognized goodwill of $732 arising from the acquisition of Juice Mobile, on March 1, 2020. The acquisition of Juice Mobile will provide increased scale to the Company's existing business and additional sales presence to better service the Canadian market and US Market and pursue strategic new partnership opportunities with some of North America's leading companies for location based data platforms and digital marketing solutions. The acquisition also reflects the value of the Juice's skilled and experienced workforce. The $732 recognized as goodwill is deductible for tax purposes.

The Company recorded $471 of revenue and a $33 net loss in these condensed consolidated interim statements of loss and comprehensive loss for the three months ended March 31, 2021, from Juice Mobile as a result of the acquisition. The Company recorded $297 and a $24 net loss for the three months ended March 31, 2020.

4. Right-of- use asset and lease liability:

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 7.5%.

For the three months ended March 31, 2021, an accretion of $29 (2020 - $30) in carrying amount of lease liability was recorded because of the use of present value factor at initial measurement.

For the three months ended March 31, 2021, lease payments of $23 (2020 - $47) was recorded.

The Company's lease liability and movements therein during the three months ended March 31, 2021:

		Lease liability
Lease liability at January 1, 2021	**$**	**150**
Accretion on lease liability		**29**
Lease payment		**(23)**
Lease liability at March 31, 2021		**156**

The Company's right-of-use assets and movements therein during the three months ended March 31, 2021:

		Office lease
Right-of-use assets at January 1, 2021	**$**	**76**
Depreciation on right-of-use assets		**(18)**
Right-of-use assets at March 31, 2021		**58**

(In thousands of Canadian dollars, except per share amounts)

5. Segment information:

The Company's management and chief operating decision maker reviews performance of the Company on a consolidated basis and has integrated its services as one reportable segment, which provides real-time technology and advance analytics to improve performance for all web, mobile, social and video advertising initiatives and focuses on targeted advertising and incorporates the most sophisticated advertising technologies, data analytics and programmatic media buying capabilities into a single system. The chief operating decision maker evaluates the Company's performance, makes operating decision, and allocates resources based on financial data consistent with the presentation in these condensed consolidated interim financial statements.

The Company's assets and operations are all located in Canada; however, the Company services customers in the United States and internationally.

The Company generates revenue across two geographical regions; customer revenue by region is as follows:

	Three months ended March 31, **2021**	2020
Canada	**$ 1,723**	$ 2,153
United States	**32**	45
	$ 1,755	$ 2,198

For the three months ended March 31, 2021, there were three customers that comprised 24%, 21% and 10%, respectively, of the Company's total revenue from operations. No other customers exceeded 10% of revenue. For the three months ended March 31, 2020, there were three customers that comprised 23%, 16% and 12%, respectively, of the Company's total revenue from operations.

The components of revenue are as follows:

	Three months ended March 31, **2021**	2020
Advertising Services	**$ 1,275**	$ 1,769
Data Sales	**480**	429
	$ 1,755	$ 2,198

(In thousands of Canadian dollars, except per share amounts)

6. Finance income and finance cost:

	Three months ended March 31, **2021**	2020
Finance income:		
Interest income on cash	**4**	1
Foreign exchange gain, net	**-**	8
Total finance income	**4**	9
Finance costs:		
Other interest expense	**-**	(1)
Accretion on Earn-out	**-**	(8)
Accretion on lease	**(29)**	(30)
Accretion on promissory notes (note 12 (c))	**(10)**	(45)
Interest on loans and borrowings (note 12 (c))	**(11)**	(51)
Foreign exchange loss, net	**(13)**	-
Total finance costs	**(63)**	(135)
Net finance costs recognized in profit or loss	**(59)**	(126)

(In thousands of Canadian dollars, except per share amounts)

7. Intangible assets:

	Customer relationships	Non-compete	Backlog	Software	Total
Cost					
Balance January 1, 2020	$ 190	$ 25	$ 50	$ 375	$ 640
Addition	–	–	–	575	575
Acquisition (note 3)	311	–	21	–	332
Balance, December 31, 2020	**$ 501**	**$ 25**	**$ 71**	**$ 950**	**$ 1,547**
Cost					
Balance January 1, 2021	$ 501	$ 25	$ 71	$ 950	$ 1,547
Addition	–	–	–	150	150
Balance, March 31, 20201	**$ 501**	**$ 25**	**$ 71**	**$ 1,100**	**$ 1,697**

(In thousands of Canadian dollars, except per share amounts)

7. Intangible assets (continued):

Amortization	Customer relationships	Non-compete	Backlog	Software	Total
Balance, January 1, 2020	$ 38	$ 15	$ 50	$ –	$ 103
Amortization	75	10	18	125	228
Impairment	120	–	–	–	–
Balance, December 31, 2020	**$ 233**	**$ 25**	**$ 68**	**$ 125**	**$ 451**
Amortization					
Balance January 1, 2021	$ 233	$ 25	$ 68	$ 125	$ 451
Amortization	13	–	3	42	58
Balance, March 31, 2021	**$ 246**	**$ 25**	**$ 71**	**$ 167**	**$ 509**

Carrying amounts					
Balance, December 31, 2020	$ 268	$ –	$ 3	$ 825	$ 1,096
Balance, March 31, 2021	**$ 255**	**$ –**	**$ –**	**$ 933**	**$ 1,188**

8. Loans and borrowings:

(a) Bank credit facility:

In July 2020, the Company closed a new $1,600 revolving credit facility (the “Facility”), including credit card facility of $100, with a Canadian chartered bank. Borrowing under this Facility are secured by accounts receivable, and the Facility bears interest at the bank’s prime rate plus 2.5% per annum. As at March 31, 2021, nil (2020 – nil) was outstanding under the Facility included in the loans and borrowings and $69 (2020 – nil) was outstanding under the credit card facility included in accounts payable.

(b) Canada Emergency Business Loan:

The Government of Canada launched the Canada Emergency Business Loan (“CEBA”) to provide interest-free loans to business to help cover operating costs during the period of COVID-19. As at December 31, 2020, the Company received $80 from the CEBA. For the three months ended March 31, 2021, the Company received an additional $40 CEBA loan, on top of the $80 received in 2020. The loan is interest-free until December 31, 2022. The remaining balance is converted to a 3 years term loan at an annual interest rate of 5% after December 31, 2022.

(c) Promissory notes payable:

On August 19, 2019, the Company entered into debt financing (the “2019 Notes”) in the amount of $1,717 due on January 19, 2021. The 2019 Notes, which are non-convertible, bear interest at annual rate of 12% with principal and interest payment due on maturity date. The lenders received one and half non-transferable warrants (the “2019 Bonus Warrants”) for each dollar of principal amount of 2019 Notes, with each 2019 Bonus Warrants being exercisable for a period of seventeen months from the date of issuance for one common share of the Company at an exercise price of $0.66 per common share. All 2019 bonus Warrants are subject to a four month hold period from the date of issuance in accordance with the applicable securities law.

The 2019 Notes were separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issuance was calculated as the discounted cash flows for the debentures assuming a 26.47% effective interest rate which was the estimated rate for the debentures without the warrants. The fair value of the warrants was determined at the time of issuance as the difference between the face value of the debentures and the fair value of the liability component. The value of the warrants has been classified as a component of equity.

On January 19, 2021, the 2019 Notes of $1,717 and accrued interest of $293 was fully repaid.

(In thousands of Canadian dollars, except per share amounts)

8. Loans and borrowings (continued):

(c) Promissory notes payable (continued):

The following table outlines the activity for loans and borrowings as at March 31, 2021:

		2021
Promissory notes balance, January 1, 2020	$	**1,989**
Accretion of interest		**11**
Accrued interest		**10**
Repayment of promissory notes (2019 Notes)		**(2,010)**
CEBA loan		**80**
Additional CEBA loan		**40**
Total loans and borrowings	$	**120**

9. Common shares:

The authorized share capital of the Company comprises an unlimited number of common shares without par value. The holders of common shares are entitled to receive dividends when declared and are entitled to one vote per share at annual meetings of the Company.

On January 19, 2021, the Company received proceeds of approximately $1,392 as a result of exercise of 2,108,783 warrants at an exercise price of $0.66. Each warrant was converted into one common share. The warrants were issued in connection of the 2019 Notes, with expiry dates of January 19, 2021. The Company used the proceeds from the Bonus Warrants as partial repayment for the amount owned under the 2019 Notes.

On February 19, 2021, the Company closed a bought deal offering of aggregate of 7,187,500 shares in the capital of the Company at a price of $1.60 per offered security for total proceeds of $11,500, which included the full exercise of the over-allotment option granted to the underwriters. The offering was completed by a syndicate of underwriters. In consideration for their services, the underwriters received aggregate cash compensation of $460 and broker warrants 230,160. The broker warrants are exercisable for a period of 18 months following closing of the financing at a purchase price per share equal to the common share issuance price. The Company issued 230,160 broker warrants at a fair value of $0.39 per broker warrant that was determined using the Black-Scholes option pricing model using the following assumption: risk-free interest rate of 0.15%, expected volatility of 49%, expected life of 1.5 years and expected dividends of nil. The broker warrants' value of $91 was recognized with a corresponding reduction of share capital. The Company incurred additional share issuance costs of $294 in connection with the offering.

During the three months ended March 31, 2020, 3,334 stock options were exercised into 3,334 common shares with an exercise price of $0.05 for total proceeds of less than $1 and nil during the three months ended March 31, 2021.

(In thousands of Canadian dollars, except per share amounts)

10. Warrant Capital:

The Company had the following warrants outstanding at March 31, 2021

	March 31, 2021			December 31, 2020		
	Number of warrants		**Weighted average exercise price**	Number of warrants		Weighted average exercise price
Outstanding, beginning of year	2,108,783	$	0.66	5,943,207	$	0.85
Granted	230,160		1.60	-		-
Exercised	(2,108,783)		0.66	(3,816,082)		0.96
Expired	-		-	(18,342)		1.00
Outstanding, end of period	230,160	$	1.60	2,108,783	$	0.66

11. Share-based payments:

The following table summarizes the continuity of options issued under the Company's stock option plan (the "Plan") for the period ended:

	March 31, 2021			March 31, 2020		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding, beginning of period	4,253,667	$	0.68	1,865,501	$	0.25
Granted	-		-	-		-
Exercised	-		-	(3,334)		0.05
Forfeited or cancelled	(30,000)		0.96	-		-
Outstanding, end of period	4,223,667		0.68	1,862,167		0.25
Options exercisable, end of period	1,692,664	$	0.23	1,752,832	$	0.22

(In thousands of Canadian dollars, except per share amounts)

11. Share-based payments (continued):

A summary of the status of the Company's options under the Plan is as follows:

	March 31, 2021			March 31, 2020		
Range of exercise price	**Number of options**	**Weighted average remaining contractual life (years)**	**Number of options exercisable**	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
$0.05	1,306,667	0.7	1,306,667	1,325,667	1.6	956,996
$0.60 – 0.69	14,000	2.5	9,332	31,500	3.6	-
$0.70 – 0.79	300,000	2.9	283,332	450,000	3.6	316,666
$0.80 – 0.89	55,000	3.6	18,333	55,000	4.3	-
$0.90 – 0.99	2,383,000	4.0	-	-	-	-
$1.30 – 1.39	165,000	4.6	75,000	-	-	-

The Company granted 125,000 Restricted Share Units (each unit an “RSU”) to an officer of the Company in accordance with the Company’s shareholder approved RSU plan. Each RSU is exercisable into one common share of the Company. This is a normal-course grant that comprises part of the long-term compensation and employee retention incentive provided by the Company. The RSU will vest over 3 years and will expire on August 24, 2025 and an expense of $59 was expensed.

The following table summarizes the continuity of RSUs for the period ended:

	March 31, 2021	
	Number of RSUs	Market price at the grant date
Outstanding, beginning of the period	125,000	$ 1.50
Grant	-	-
Outstanding, end of the period	125,000	1.50
RSUs exercisable, end of the period	41,667	$ 1.50

During the three months ended March 31, 2021, the Company recorded share-based payments of $236 compared to $9 during the same period in 2020.

During the three months ended March 31, 2021, nil stock options were granted and exercised. During the three months ended March 31, 2020, nil stock options were grant and 3,334 stock options were exercised.

(In thousands of Canadian dollars, except per share amounts)

12. Fair values of financial instruments:

The following table provides the allocation of financial assets and liabilities required to be measured at amortized cost or fair value and their carrying values:

March 31, 2021	**Carrying value total**	**Fair value total**
Measurement basis		
Financial assets at amortized cost:		
Cash	**$ 13,350**	**$ 13,350**
Accounts receivable	**2,639**	**2,639**
	$ 15,989	**$ 15,989**
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	**$ 1,747**	**$ 1,747**
Loans and borrowings	**120**	**120**
	1,867	**1,867**
Earn-out at fair value	**222**	**222**
	$ 2,089	**$ 2,089**

December 31, 2020	Carrying value total	Fair value total
Measurement basis		
Financial assets at amortized cost:		
Cash	$ 3,209	$ 3,208
Accounts receivable	4,572	4,572
	$ 7,781	$ 7,781
Financial liabilities at amortized cost:		
Accounts payable and accrued liabilities	$ 2,908	$ 2,908
Loans and borrowings	2,069	2,079
	4,977	4,987
Earn-out at fair value	222	222
	$ 5,199	$ 5,209

There have been no transfers of assets between levels during the three months ended March 31, 2021 and 2020.

13. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital that it manages as the aggregate of its shareholders' equity, which comprises issued capital, contributed surplus, accumulated other comprehensive income and retained earnings (deficit). The Company manages its capital structure and makes adjustments to it in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may issue shares, repurchase shares, pay dividends or raising capital and borrowings, as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. There have been no changes to the Company’s capital management approach in 2021 from 2020.

14. Financial risk management:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee reviews the Company's risk management policies on an annual basis. The finance department identifies and evaluates financial risks and is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises from the Company's accounts receivable and cash. The majority of the Company's customers are located in Canada. At March 31, 2021, two customers represented 29% and 15% of the gross accounts receivable balance of $2,799, respectively. At December 31, 2020, two customers represented 20% and 15% of the gross accounts receivable balance of $4,786, respectively. No other individual customers represented more than 10% of accounts receivable. As at March 31, 2021, the expected credit losses were $160 (December 31, 2020 - $214). The Company reviews the components of these accounts on a regular basis to evaluate and monitor this risk. The Company’s customers are generally financially established organizations, which limits the credit risk relating to the customers. In addition, credit reviews by the Company take into account the counterparty’s financial position, past experience and other factors. As at March 31, 2021, approximately 74%, $446 (December 31, 2020 – 82%, $997) of accounts receivable balances over 90 days were not impaired. The consolidated entity has a credit risk exposure with two agencies located in Canada, which as at March 31, 2021 owed the consolidated entity $681 (25% of trade receivables) (December 31, 2020: $1,652 (35% of trade receivables)). This balance was within its terms of trade and no impairment was made as at December 31, 2020. The Company’s payment terms range from 30 days to 60 days from the invoice date. There are no guarantees against this receivable, but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Management believes that the expected credit loss allowance is adequate

(In thousands of Canadian dollars, except per share amounts)

14. Financial risk management (continued):

(a) Credit risk:

The Company, from time to time, invests its excess cash with the objective of maintaining safety of the principal and providing adequate liquidity to meet current payment obligations and future planned capital expenditures and with the secondary objective of maximizing the overall yield of the portfolio. The Company's cash as at December 31, 2020 is not subject to external restrictions and is held with Schedule I banks in Canada.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages its liquidity risk by continually monitoring forecasted and actual revenue and expenditures and cash flows from operations. Management is also actively involved in the review and approval of planned expenditures. The Company's principal cash requirements are for principal and interest payments on its debt, capital expenditures and working capital needs. The Company uses its operating cash flows, operating facilities and cash balances to maintain liquidity.

The following are the undiscounted contractual maturities for the Company's obligations:

March 31, 2021	**Carrying amount**	**Contractual cash flow**	**Less than 1 year**	**1-3 years**	**>3 years**
Trade and other payables(i)	**$ 1,747**	**$ 1,747**	**$ 1,747**	**$ -**	**$ -**
Leases	**156**	**260**	**260**	**-**	**-**
Loans and borrowings	**120**	**120**	**-**	**120**	**-**
Earn-out	**222**	**222**	**222**	**-**	**-**
	$ 2,245	**$ 2,349**	**$ 2,229**	**$ 120**	**$ -**

December 31, 2020	Carrying amount	Contractual cash flow	Less than 1 year	1-3 years	>3 years
Trade and other payables(i)	$ 2,908	$ 2,908	$ 2,908	$ -	$ -
Leases	150	284	252	32	-
Loans and borrowings	2,069	2,090	2,010	80	-
Earn-out	222	222	222	-	-
	$ 5,349	$ 5,504	$ 5,392	$ 112	$ -

(i) Trade and other payables exclude other non-contractual liabilities

(In thousands of Canadian dollars, except per share amounts)

14. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and the Company's share price, will affect the Company's income or the value of its financial instruments.

(i) Interest rate risk:

The Company's interest rate risk arises primary from its loans and borrowings obligations, which bear a fixed interest rate of 12%. As the Company paid off the 2019 Notes on January 19, 2021, management believes that the Company is not significantly exposed to cash flow interest rate risk.

(ii) Currency risk:

The Company operates internationally with the Canadian dollar as its functional currency and is exposed to foreign exchange risk from purchase transactions, as well as recognized financial assets and liabilities denominated in U.S dollars. The Company's main objective in managing its foreign exchange risk is to maintain U.S. cash on hand to support international forecasted obligations and cash flows. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the nature of cash held.

If a shift in foreign currency exchange rates of 10% were to occur, the foreign exchange gain or loss on the Company's net monetary assets could change by approximately $98 (December 31, 2020 - $19) due to the fluctuation and this would be recorded in the consolidated statements of comprehensive income (loss).

Balances held in non-Canadian dollars are as follows:

	2021 March 31 US	2020 December 31 US
Cash	**$** 1,064	$ 239
Accounts receivable	68	111
Accounts payable and accrued liabilities	349	498

(In thousands of Canadian dollars, except per share amounts)

15. Consolidated statements of cash flows:

The change in non-cash operating working capital comprises the following:

	Three months ended March 31, 2021	2020
Accounts receivable	**$ 1,933**	$ (214)
Other current assets	**(16)**	(161)
Accounts payable and accrued liabilities	**(1,161)**	267
Contract liabilities	**(19)**	(37)
	$ 737	$ (145)

16. Additional information

During the three month ended March 31, 2021, the Company benefited from Canadian Employment Wage Subsidy (“CEWS”) for $132 (2020 – nil), which was used to reduce the salary on the consolidated statement of loss. The CEWS benefits reduced employee compensation and benefits by $132 (2020 – nil).