2022

# CONSOLIDATED FINANCIAL STATEMENTS

Personas Social Incorporated

For the Years Ended December 31, 2022 and December 31, 2021

(Expressed in Canadian Dollars)

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Personas Social Incorporated:

***Opinion***

We have audited the consolidated financial statements of Personas Social Incorporated and its subsidiaries (together, the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' deficiency and cash flows for the years 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 December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

***Basis for Opinion***

We conducted our audits 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 to the consolidated financial statements, which indicates that as at December 31, 2022 the Company's total liabilities exceeded its total assets by $4,046,012 and it has a working capital deficiency of $5,328,853. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

***Key Audit Matters***

Key audit matters are those that, in our professional judgement, were of most significance in our audits of the consolidated financial statements. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Goodwill impairment assessment**<br><br>*(Refer to note 4 to the consolidated financial statements)*<br><br>Goodwill arising from business combinations is allocated to each of the Company's cash-generating units ("CGU") that is expected to benefit from the synergies of the combination. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment at the same time every year. As at December 31, 2022, goodwill of $2,798,805 was assigned to the Company's CGU before the impairment test. The annual impairment test has been performed as of December 31, 2022, and as a result the goodwill amount was reduced to $2,521,845. For the purpose of the goodwill impairment test, the recoverable amount of the Company's CGU has been determined by management based on an assessment of its value in use following a discounted cash flow approach over a period of four years. The management made certain assumptions in determining the cash flow projections based on its internally approved budgets and include management's best estimate of expected market conditions. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to the key assumptions estimated by the management, revenue growth, discount rate, terminal growth rate, costs, future tax, risk premiums applicable to the CGU's operations and future capital expenditure.<br><br>We considered this a key audit matter due to the subjectivity and complexity in performing procedures to test the key assumptions used by management in determining the recoverable amount of the Company's CGU, which involved significant judgment from management. | Our procedures included, amongst others:<br><br>• We evaluated how management determined the recoverable amount of the Company's CGU, which included the following:<br><br>- Tested the appropriateness of the value in use method consistently used and the mathematical accuracy of the discounted cash flow projection prepared by management.<br><br>- Reviewed the controls and methodology used to develop information for assessing recoverable amount including the risk assessment process, and nature and extent of oversight and governance over the financial reporting.<br><br>- Analyzed, and, where applicable, tested the underlying data used in the discounted cash flow to evaluate if there was any management bias and that the data was reliable and relevant in the circumstances.<br><br>- Used management's work and calculations and assessed its reasonableness by challenging and performing procedures on significant assumptions such as future revenue growth, cost reduction, terminal value and discount factor by comparing the assumptions to historical results and published reports and comparing current year's results with previous year's forecast and other relevant information. Also, assessed whether there were any indicators of possible management bias and checked that significant assumptions were consistent with each other and those used in other estimates. We also evaluated the competence, capabilities and objectivity of management and discussed the appropriateness of underlying data and assumptions used.<br><br>- Performed sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in these key assumptions.<br><br>- Compared the Company's prior year's expected revenues and earnings and past performance to actual results to assess the Company's budgeting process.<br><br>• We verified the impairment recorded by the management in these consolidated financial statements. We also evaluated the adequacy of the Company's disclosures in the consolidated financial statements. |

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| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| **Revenue recognition of live streaming business (tipping revenue)**<br><br>*(Refer to note 3 to the consolidated financial statements)*<br><br>Tipping revenue for the year ended December 31, 2022 amounted to $3,245,177, which represented 73% of the total revenue of the Company.<br><br>Such revenue is earned when the Company's customers spend the virtual currency purchased from the Company in their e-commerce activity to purchase virtual services within its live-streaming social media platform. All customers can access the Company's platform for free and show their support for broadcasters of videos by tipping their broadcast content using virtual currency. Broadcasted content may also have minimum required tips that customers must send before they are able to view the broadcasted content. The proportion of tipped virtual currency allocated between the broadcasters and the Company is based on the broadcasters' star rating. The Company recognizes the tipping revenue on a gross basis and the proportion allocated to the broadcasters along with any processing and licensing fees are recognized in cost of revenue.<br><br>We determined tipping revenue to be a key audit matter due to the magnitude of the revenue amount and the significant volume of revenue transactions generated from the social media platform's application system. | Our procedures included, amongst others:<br><br>• We obtained an understanding of the process relating to the recognition of revenue and the design, implementation and operating effectiveness of key internal controls over the recording of revenue.<br><br>• We evaluated the social media platform's application system and tested its design, implementation and effectiveness to produce timely and reliable revenue related financial information to be recorded in the general ledger system of the Company.<br><br>• We evaluated the control environment of the information technology ("IT") system in which the virtual currency was sold and consumed. We also analyzed, tested and documented the change management controls and general IT controls around the revenue application system.<br><br>• We tested, on a sample basis, tipper, sender and recipient user-identification, and the amount and timing of collections by checking the receipts.<br><br>• We tested the allocation of tipping revenue to broadcasters as per their star rating in the Company's record and system.<br><br>• We reconciled tipping revenue with the movement in the customer wallet within the customer deposits account.<br><br>• We performed a cutoff test to ensure the revenue is recorded in the correct accounting period.<br><br>• We assessed whether the accounting policies for revenue recognition comply with IFRS 15 'Revenue from Contracts with Customers'.<br><br>• We considered the appropriateness of disclosures in the consolidated financial statements. |

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***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A") but does not include the consolidated financial statements and our auditor's report thereon.

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 audits, or otherwise appears to be misstated.

We obtained the MD&A prior to the date of this auditors' report. 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 audits. 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audits of the consolidated financial statements of the current period and are, therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

The engagement partner on the audits resulting in this independent auditor's report is Ahmad Aslam, CPA, CA.

Zeifmans LLP

Toronto, Ontario
May 1, 2023

Chartered Professional Accountants
Licensed Public Accountants

# Personas Social Incorporated
## Consolidated Statements of Financial Position
**As At December 31, 2022 and 2021**
(Expressed in Canadian Dollars)

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | $31,911 | $100,155 |
| Trade receivables, net of expected credit losses (Note 13) | 123,244 | 181,908 |
| Due from related parties (Note 11) | - | 15,048 |
| Harmonized tax recoverable | 175,551 | 112,500 |
| Prepaid expenses and deposits | 110,936 | 92,699 |
| **Total current assets** | 441,642 | 502,310 |
| **Non-current assets** | | |
| Property and equipment (Note 6) | 173,750 | 62,404 |
| Goodwill (Note 4) | 2,521,845 | 2,798,805 |
| **Total non-current assets** | 2,695,595 | 2,861,209 |
| **Total assets** | $3,137,237 | $3,363,519 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Trade payables and accrued liabilities (Notes 7) | $2,671,121 | $2,622,019 |
| Customer deposits | 1,243,314 | 1,523,212 |
| Current portion of lease liability (Note 15) | 47,370 | - |
| Current portion of government assistance (Note 8) | 66,469 | - |
| Due to related parties (Note 11) | 1,452,221 | 1,919,317 |
| Secured notes (Note 10) | 290,000 | 250,000 |
| **Total current liabilities** | 5,770,495 | 6,314,548 |
| **Non-current liabilities** | | |
| Government assistance (Note 8) | - | 63,509 |
| Lease liability (Note 15) | 88,298 | - |
| Provisions (Note 16) | 1,324,456 | 1,254,456 |
| **Total non-current liabilities** | 1,412,754 | 1,317,965 |
| **Total liabilities** | 7,183,249 | 7,632,513 |
| **Shareholders' deficiency** | | |
| Share capital (Note 9) | 32,958,725 | 32,879,525 |
| Contributed surplus | 1,908,414 | 2,137,134 |
| Warrants reserve (Note 9) | 40,800 | 81,855 |
| Deficit | (38,953,951) | (39,367,508) |
| **Total shareholders' deficiency** | (4,046,012) | (4,268,994) |
| **Total liabilities and shareholders' deficiency** | $3,137,237 | $3,363,519 |

**Nature of operations and going concern (Note 1)**
**Related party transactions and balances (Note 11)**
**Legal proceedings, contingencies and provisions (Note 16)**
**Subsequent events (Note 19)**
See accompanying notes

**Approved on behalf of the Board on May 1, 2023**

**Mark Itwaru, Director** **William Lavin, Director**

# Personas Social Incorporated

## Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

**For the Years Ended December 31, 2022 and December 31, 2021**

(Expressed in Canadian Dollars)

| | **Year Ended December 31, 2022** | Year Ended December 31, 2021 |
|---|---|---|
| **Revenue** | | |
| Tipping revenue | $3,245,177 | $2,802,023 |
| Virtual currency revenue | 1,214,291 | 1,037,041 |
| | 4,459,468 | 3,839,064 |
| Cost of revenue | 2,412,909 | 2,280,939 |
| **Gross Profit** | 2,046,559 | 1,558,125 |
| | | |
| **Expenses** | | |
| Wages and benefits | 310,285 | 724,129 |
| General and administrative | 282,868 | 455,403 |
| Advertising and promotion | 80,137 | 82,183 |
| Consulting fees (Note 11) | 354,843 | 426,471 |
| Professional fees | 321,227 | 315,088 |
| Bad debt expense | - | 66,685 |
| Insurance | 143,261 | 141,945 |
| Rent | 48,274 | 272,710 |
| Depreciation (Note 6) | 49,849 | 183,128 |
| | 1,590,744 | 2,667,742 |
| | | |
| **Net Income (Loss) before under noted items** | 455,815 | (1,109,617) |
| | | |
| Goodwill impairment (Note 4) | (276,960) | (2,969,585) |
| Derecognition of certain accounts payable | - | 1,204,568 |
| Gain on lease derecognition | - | 126,333 |
| Loss on lease contract termination | - | (1,129,456) |
| Recovery of written off receivables | - | 200,774 |
| Derecognition of customer deposits | 221,960 | - |
| Loss on well provision | (70,000) | - |
| Lease interest income | - | 70,385 |
| Lease interest expense | (11,570) | (223,507) |
| Interest expense | (37,500) | (37,500) |
| Loss on foreign currency translation | (175,803) | (26,459) |
| Accretion expense | (2,960) | (3,637) |
| | (352,833) | (2,788,084) |
| **Net income (loss) and comprehensive income (loss) for the year** | $102,982 | $(3,897,701) |
| | | |
| **Net earnings (loss) per share** | | |
| Basic | $0.0003 | $(0.012) |
| Diluted | $0.0003 | $(0.012) |
| | | |
| **Weighted average number of common shares outstanding** | | |
| Basic | 326,728,687 | 325,087,989 |
| Diluted | 327,601,414 | 325,087,989 |

See accompanying notes

# Personas Social Incorporated

## Consolidated Statements of Changes in Shareholders' Deficiency

**For the Years Ended December 31, 2022 and December 31, 2021**

(Expressed in Canadian Dollars)

| | Share Capital | | Contributed | Warrants | | Total shareholders' |
|---|---|---|---|---|---|---|
| | Number | Amount | surplus | reserve | Deficit | Deficiency |
| **Balance at December 31, 2020** | 322,589,359 | $32,591,185 | $2,603,696 | $862,245 | $(36,628,419) | **$(571,293)** |
| Net loss and comprehensive loss for the year | - | - | - | - | (3,897,701) | (3,897,701) |
| Expired options (Note 9) | - | - | (426,700) | - | 426,700 | - |
| Expired warrants (Note 9) | - | - | - | (731,912) | 731,912 | - |
| Exercise of options (Note 9) | 1,000,000 | 89,862 | (39,862) | - | - | 50,000 |
| Exercise of warrants (Note 9) | 2,000,000 | 198,478 | - | (48,478) | - | 150,000 |
| **Balance at December 31, 2021** | **325,589,359** | **$32,879,525** | **$2,137,134** | **$81,855** | **$(39,367,508)** | **$(4,268,994)** |
| Balance at December 31, 2021 | 325,589,359 | $32,879,525 | $2,137,134 | $81,855 | $(39,367,508) | ($4,268,994) |
| Net income and comprehensive income for the year | - | - | - | - | 102,982 | 102,982 |
| Issuance of units (Note 9) | 2,400,000 | 79,200 | - | 40,800 | - | 120,000 |
| Expired warrants (Note 9) | - | - | - | (81,855) | 81,855 | - |
| Expired options (Note 9) | - | - | (228,720) | - | 228,720 | - |
| **Balance at December 31, 2022** | **327,989,359** | **$32,958,725** | **$1,908,414** | **$40,800** | **$(38,953,951)** | **$(4,046,012)** |

See accompanying notes

# Personas Social Incorporated

## Consolidated Statements of Cash Flows

**For the Years Ended December 31, 2022 and December 31, 2021**

(Expressed in Canadian Dollars)

| | **Year Ended December 31, 2022** | Year Ended December 31, 2021 |
|---|---|---|
| **Cash flows generated from (used in) operating activities** | | |
| Net income (loss) for the year | $102,982 | $(3,897,701) |
| **Items not affecting cash:** | | |
| Depreciation (Note 6) | 49,849 | 183,128 |
| Goodwill impairment | 276,960 | 2,969,585 |
| Gain on write back of liabilities | - | (1,204,568) |
| Derecognition of customer deposits | (221,960) | - |
| Gain on lease derecognition | - | (126,333) |
| Loss on well provision | 70,000 | - |
| Accretion expense | 2,960 | - |
| (Loss) on lease contract termination | - | 1,129,456 |
| Interest expense | 37,750 | 261,007 |
| Interest expense on lease | (11,570) | - |
| Interest income on lease | - | (70,385) |
| Accretion of lease deposit | - | 3,637 |
| Accretion of prepaid lease deposit | - | (10,193) |
| Interest paid on lease | - | (223,507) |
| Interest received on lease | - | 70,385 |
| **Changes in non-cash working capital:** | | |
| Trade receivables | 59,301 | 64,256 |
| Harmonized tax recoverable | (63,703) | 208,404 |
| Prepaid expenses and deposits | (18,237) | 49,516 |
| Trade payables and accrued liabilities | 27,585 | (536,017) |
| Provisions | - | 1,168,256 |
| Due to/from related parties | (449,118) | (90,906) |
| Customer deposits | (57,938) | 123,543 |
| **Net cash generated from (used in) operating activities** | (195,389) | 71,563 |
| Cash generated from investing activities | | |
| Payment received on lease receivable | - | 182,810 |
| Acquisition of property and equipment | - | (75,605) |
| **Net cash from generated from investing activities** | - | 107,205 |
| Cash generated from (used in) financing activities | | |
| Proceeds from exercise of warrants and options | - | 200,000 |
| Interest paid on loans | - | (15,000) |
| Issuance of units | 120,000 | - |
| Issuance of secured loan | 40,000 | - |
| Payment of lease liabilities | (32,855) | (350,854) |
| **Net cash generated from (used in) financing activities** | 127,145 | (165,854) |
| **Net increase (decrease) in cash** | (68,244) | 12,914 |
| **Cash, beginning of year** | 100,155 | 87,241 |
| **Cash, end of year** | $31,911 | $100,155 |

Non-cash transactions
Shares issued for services and debt settlement (Note 9)

See accompanying notes

## 1. NATURE OF OPERATIONS AND GOING CONCERN

### Nature of Operations

Personas Social Incorporated (formerly, Peeks Social Ltd.) ("Personas", "Personas Social", or the "Company") was incorporated under the provisions of the Business Corporations Act in the Province of British Columbia on May 20, 2004 and on January 10, 2008, was continued under the laws of the Province of Alberta. The Company formally changed its name to "Personas Social Incorporated" on July 22, 2021 after receiving the necessary approvals on July 13, 2021. The Company is a publicly traded Company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PRSN" (formerly, "PEEK"). The Company's principal activity is the offering of social media products and services for use by consumers and businesses, with a focus on mobile (iOS and Android) products. The Company's head office is 155 University Avenue, Suite 302, Toronto, Ontario, Canada, M5H 3B7.

### Going Concern

While these consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the Company will continue in operation for the foreseeable future and that the realization of assets and discharge of liabilities and commitments will occur in the normal course of business, there is a material uncertainty related to conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's total liabilities exceeded its total assets by $4,046,012 as at December 31, 2022 (2021- $4,268,994) and it has a working capital deficiency of $5,328,853 as of that date (2021- $5,812,238). Its operating cash flows were negative $195,839 for the year ended December 31, 2022.

The Company has mainly been relying on non-operational sources of financing to fund operations except for generating a net income of $102,982 for the current year (net loss of $3,897,701 for the year ended December 31, 2021). Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and will need to continue to do so to fund operations in the future. Management is implementing cost rationalization strategies, targeted marketing and introduction of new revenue stream to achieve improved profitability in the next years and is endeavoring for continued revenue growth. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The policies applied in these financial statements are based on IFRS issued and outstanding as of May 1, 2023, which is the date on which the financial statements were authorized for issue by the Board.

### Basis of Presentation

These consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which have been measured at their fair values.

### Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keek Inc., WASD Pro and Primary Petroleum Corporation. The accounting policies of the subsidiaries align with the policies adopted by the Company. Subsidiaries include all entities controlled by the Company. Control exists when the Company has power over the investee, or is exposed, or has rights, to variable returns and the power to affect its returns. All intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

### Critical Accounting Estimates and Judgments

#### Critical accounting estimates

The preparation of consolidation financial statements in accordance with IFRS requires management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences.

## 2. BASIS OF PREPARATION (continued)

### Critical Accounting Estimates and Judgments (continued)

#### Critical accounting estimates (continued)

Estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The key sources of estimation uncertainty at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Fair value of share-based compensation and warrants*

The Company determines the fair value of options and warrants granted using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the risk-free interest rate, expected share volatility, expected dividend yield and expected life. Changes in these assumptions can materially affect the fair value estimate.

*Useful life of property and equipment*

The useful life of property and equipment has been determined by management to reflect its usage and economic life.

*Provisions*

The Company records provisions at its best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

*Lease discount rate*

Leases have been discounted using the Company's estimated incremental borrowing rate at inception of the lease.

*Recoverable amount of cash generating unit*

The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a four-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

*Critical judgments*

In the preparation of these consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

## 2. BASIS OF PREPARATION (continued)

### Critical Accounting Estimates and Judgments (continued)

#### Critical judgments (continued)

*Going concern*

These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these financial statements.

*Provisions*

Accounting for provisions including assessments of possible legal contingencies and onerous contracts requires judgement whether or not a present obligation is probable. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. Onerous contract provisions are recognized where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

*Provision for expected credit losses ("ECLs")*

The provision for expected credit losses is established based on the estimated credit risk of the Company's customers, and sub-lease tenants by examining such factors as the current economic conditions, forward-looking macroeconomic data and historical information (number of overdue days of the customer's balance outstanding as well as the customer's or tenants collection history).

*Revenue recognition*

The Company applies judgement in determining whether it is acts as the principal or agent on tipping revenue. The Company records tipping revenue on a gross basis as it is the principal in these transactions. The Company has made this conclusion on the basis that it is responsible for the delivery of the livestream or video to the customer, it controls the platform, it controls the virtual currency (coins), and it sets the price of the coins.

*Reversal of trade payables*

The Company applies judgement in determining whether historical trade payables can be reversed.

*Deferred tax assets and liabilities*

Management is required to apply judgment in determining whether it is probable that deferred income tax assets will be realized. At December 31, 2022 and 2021, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the Statements of Financial Position. In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

*Goodwill impairment testing*

The Company applies judgement in determining whether goodwill is impaired. Goodwill is reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount.

## 3. SIGNIFICANT ACCOUNTING POLICIES

*Provisions for ECLs*

The Company is exposed to credit risk associated with its trade receivables and lease receivables. Management reviews the trade receivables and lease receivables at each reporting date in accordance with IFRS 9. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, bank balances, and short-term deposits with original maturities of three months or less.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Revenue recognition*

The Company applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS15"). IFRS 15 utilizes a methodical framework for entities to follow in order to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Company has following streams of revenues:

a) Virtual Currency Revenue

The Company sells virtual currency ("coins") which can be used to tip broadcasters (of videos) on the Company's live streaming social media platform. Coins have a face value of $0.05 US which are sold at a mark-up. All users who own the Company's virtual currency (coins) can request to withdraw their coins at any time at the face value. Upon approval and payment by the Company of requested withdrawals, customer deposits are decreased.

Receipts from the sale of virtual currency are recognized immediately into virtual currency revenue based on the mark-up on the transaction with a corresponding customer deposit recorded for coins received at the face amount.

Periodically, promotional free virtual currency is provided to customers which is expensed as advertising and recorded in customer deposits when granted to users.

b) Tipping Revenue

Tipping revenue is recognized when the virtual currency is spent in e-commerce activity within its live streaming social media platform. All users can access Company's platform for free and they can show their support for broadcasters (of videos) by tipping their broadcasted content using coins. Broadcasted content may also have minimum required tips users must send before they are able to view the broadcasted content. The proportion of tipped coins that go to the broadcaster and the Company are based on the broadcaster's star rating. The proportion of coins earned by broadcasters along with any processing and licensing fees are recognized in cost of revenue.

The Company recognizes all revenues on a gross basis, given it is the principal in these transactions, being responsible for the delivery of the livestream or video to the user, controlling the platform, controlling the virtual currency, as well as setting prices of the virtual currency.

*Foreign currency transactions*

Foreign currency transactions are initially recorded in Canadian dollars, the Company's functional currency, at the transaction date exchange rate. At the statement of financial position date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign currency translation gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized in the statement of loss and comprehensive loss.

Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial instruments*

### Financial assets

*Recognition and initial measurement*

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

*Classification and subsequent measurement*

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. There are no financial assets held as FVTPL.

- Designated at fair value through profit or loss (FVTPL) – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets measured at FVTPL are comprised of cash.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial instruments (continued)*

### Financial assets (continued)

*Business model assessment*

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

*Contractual cash flow assessment*

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money

*Impairment*

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

*Derecognition of financial assets*

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

*Financial Instruments (continued)*

### Financial liabilities

*Recognition and initial measurement*

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

*Classification and subsequent measurement*

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method except for shares to be issued which are recorded at fair value through profit and loss. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

*Derecognition of financial liabilities*

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

### Property, equipment and intangibles

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. When equipment includes significant components with different useful lives, those components are accounted for as separate items of equipment and amortized separately.

Amortization is provided so as to write-off the cost less residual value of each item of equipment over its expected useful life at the following annual rates:

| | | |
|---|---|---|
| Furniture and fixtures | 2 years | Straight line |
| Leasehold improvements | Term of the lease | Straight line |
| ROU asset | Term of the lease | Straight line |
| Servers | 3 years | Straight line |
| Domain name | 2 years | Straight line |

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Impairment of long-lived assets

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company has a single cash generating unit. Long-lived assets are tested for impairment annually.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

Impairment losses for the cash-generating unit reduce first the carrying amount of any goodwill allocated to that cash-generating unit, with any remaining impairment loss charged pro rata to the other assets in the cash-generating unit. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

### Investment tax credits

The Company applies for investment tax credits in relation to Scientific Research and Experimental Development ("SR&ED") expenditures incurred. An estimate of the refundable investment tax credits is recorded in the period the expenditures are incurred provided there is reasonable assurance that the investment tax credits will be realized. The expenditures incurred are reduced by the amount of the estimated investment tax credits.

The Company claims SR&ED deductions and related investment tax credits for tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency and any adjustments that results could affect investment tax credits recorded in the consolidated financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate. For the years ended December 31, 2022 and 2021, the Company did not recognize any amount relating to investment tax credits. As at December 31, 2022, there were no investment tax credits receivable.

### Compound financial instruments

Management is required to apply judgment in determining the classification of the components of compound financial instruments between liability, embedded derivative liabilities, and equity components. Factors considered in making these judgments include but are not limited to the terms and conditions of conversion features or incentive equity instruments granted in conjunction with the financial instrument.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Convertible notes issued with warrants are evaluated whether any embedded derivatives need to be separated from the host instrument. In accordance with IAS 32.31 for compound financial instruments, because equity instruments are defined as contracts evidencing a residual interest in the assets of an entity after deducting all of its liabilities, the warrants are assigned the residual amount of the consideration after deducting the fair value of the liability components and are subsequently carried at historical cost.

### Share-based payments

The Company has a stock option plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For employees and those performing employee like services the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model (Note 9). For non-employees, the fair value of each tranche is measured based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value based on the fair value of the equity instruments granted. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately. On vesting date, the Company revises the estimate to equal the number of equity instrument that ultimately vested. After vesting date, the Company makes no subsequent adjustment to total equity for goods or services received if the share options are later forfeited or they expire at the end of the share option's life.

Consideration received upon the exercise of stock options is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

### Share capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction, net of tax, from the proceeds in share capital in the period the transaction occurs.

### Warrants

Proceeds from unit placements are allocated between common shares and warrants issued on a pro rata basis of their relative fair value within the unit, using the Black-Scholes options pricing model to determine the fair value of warrants issued. Upon expiry of the warrants the amount is transferred to deficit.

### Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

### Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Income taxes (continued)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

### Loss per share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated similar to basic loss per share except that the weighted average number of shares outstanding are increased to include additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. The number of additional shares is calculated by assuming that convertible debentures were converted and outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common shares at the average market price during the year. When a net loss is incurred, basic and diluted loss per share are the same because the conversion of convertible debentures and the exercise of options and warrants are anti-dilutive.

### Leases

IFRS 16 specifies how leases are recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's borrowing rate. The Company uses its borrowing rate as the discount rate.

## 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

### IFRS 16 Leases (continued)

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The Company assesses the lease classification of a sub-lease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the ROU asset. If this is the case, then the lease is accounted for as a net investment in lease. If not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the ROU asset.

### Government grants

Grants and government assistance are recorded as revenue in the period related expenses are incurred and when reasonable assurance exists that the Company has complied with the terms and conditions of the approved grant program and there is reasonable assurance that the proceeds will be received.

### Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and management has determined that there are no standards that are expected to have a significant impact on the consolidated financial statements of the Company.

## 4. GOODWILL

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Personas Social | $2,521,845 | $2,798,805 |
| | **$2,521,845** | $2,798,805 |

The recoverable amount of the Company's CGU was estimated based on an assessment of its value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management and the Board of Directors, covering a four-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The Company has made certain assumptions in determining the cash flow projections based on budgets approved by management and include management's best estimate of expected market conditions. The cash flow projections include certain key assumptions regarding revenue growth rates, terminal revenue growth rates and the discount rate.

The following are key assumptions on which management based its determinations of the recoverable amount for goodwill based on the CGU's value in use:

| **Assumptions** | |
|---|---|
| Budgeted sales growth rate (average of next four years) | 17% |
| Pre-tax discount rate | 32% |
| Terminal growth rate | 2.9% |

The Company analyzed the cash flow forecast and considered key drivers/variables such as active monthly broadcasters, average monthly revenue per active broadcaster, and actual results compared to projected results in the prior year forecast. The terminal value has been calculated consistently following the same basis used in previous years. The discount rate used is the weighted average cost of capital.

Based on the current year's evaluation, the Company recognized an impairment loss of $276,960 (2021 - $2,969,585).

## 5. LEASE RECEIVABLE

The Company's former office was located at 181 University Ave, Toronto. The Company received notice to terminate the lease from the landlord effective February 2022 owing to an ongoing disagreement between the parties. As a result, the Company has de-recognized all lease related assets and liabilities (also see note 15 & 16). The Company has recognized gain on lease de-recognition as follows:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Lease receivable | - | $436,551 |
| Lease liability | - | (1,372,841) |
| Prepaid rent expenses | - | 59,445 |
| ROU net balance | - | 750,512 |
| **Gain recognized, December 31** | **-** | $126,333 |

The following indicates the continuity of lease receivable for the two years ended December 31, 2022:

| | |
|---|---|
| Lease receivable, December 31, 2020 | $619,361 |
| Lease payments received | (253,195) |
| Interest income recognized | 70,385 |
| Lease derecognition | (436,551) |
| **Lease receivable, December 31, 2021and 2022** | **$-** |

## 6. PROPERTY AND EQUIPMENT

| | Furniture and fixtures | Leasehold improve--ments | Servers | Right of use assets | Domain names | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at December 31, 2020 | $41,440 | $79,277 | $- | $1,189,491 | $4,054 | $1,314,262 |
| Deletion | - | - | - | (1,189,491) | - | (1,189,491) |
| Addition | - | - | 75,605 | - | - | 75,605 |
| Balance at December 31, 2021 | 41,440 | $79,277 | 75,605 | - | 4,054 | 200,376 |
| Addition | - | - | - | 161,196 | - | 161,196 |
| **Balance at December 31, 2022** | **41,440** | **79,277** | **75,605** | **161,196** | **4,054** | **361,572** |
| **Accumulated Amortization** | | | | | | |
| Balance at December 31, 2020 | (41,440) | (79,277) | - | (269,052) | (4,054) | (393,823) |
| Depreciation expense | - | - | (13,201) | (169,927) | - | (183,128) |
| Deletion | - | - | - | 438,979 | - | 438,979 |
| Balance at December 31, 2021 | (41,440) | (79,277) | (13,201) | - | (4,054) | (137,972) |
| Depreciation expense | - | - | (22,983) | (26,866) | - | (49,849) |
| **Balance at December 31, 2022** | **$(41,440)** | **$(79,277)** | **$(36,184)** | **$(26,866)** | **$(4,054)** | **$(187,821)** |
| **Net book value as at:** | | | | | | |
| December 31, 2021 | $- | $- | $62,404 | $- | $- | $62,404 |
| **December 31, 2022** | **$-** | **$-** | **39,420** | **$134,330** | **$-** | **$173,750** |

## 7. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities are comprised of the following:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Trade payables | $2,203,830 | $2,188,556 |
| Accrued liabilities | 467,291 | 433,463 |
| Total trade payables and accrued liabilities | **$2,671,121** | $2,622,019 |

## 8. GOVERNMENT ASSISTANCE

**Canada Emergency Business Account Loan**

In 2020, the Company obtained $100,000 in revolving credit from the Government of Canada under the Canada Emergency Business Account Loan ("CEBA") COVID-19 Economic Response Plan. CEBA is granted in the form of an interest- free revolving credit line of which up to $100,000 may be drawn. On January 1, 2021, the balance remaining on the revolving credit automatically converted to a non-revolving term loan. Effective January 1, 2024, any outstanding balance on the term loan is to bear interest at a rate of 5% per annum. The term loan matures on December 31, 2025. If $70,000 of the outstanding balance of the non-revolving term loan is repaid on or before December 31, 2023, the remaining $30,000 of the balance is to be forgiven. The Company used the assumption of 5% discount rate to determine the fair value of the interest-free period. The difference between the amount received in cash and the related fair value was considered a government grant and was recognized as an item of income in the respective statement of operations.

The Company drew the full $100,000 available to it under the CEBA program and intends to repay $70,000 on or before December 31, 2023. Management estimates the Company will have appropriate liquidity and director support to be able to make the $70,000 repayment and realize the forgiveness portion.

| | **For the Year ended December 31, 2022** | For the Year ended December 31, 2021 |
|---|---|---|
| Beginning balance | $63,509 | $63,509 |
| Accretion | 2,960 | - |
| Ending Balance | **$66,469** | $63,509 |
| | | |
| Future expected repayment | 70,000 | 70,000 |
| Less: discounting of loan at 5% recognized as grant income | 3,531 | 6,491 |
| Government assistance | **$66,469** | $63,509 |

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Current portion | $66,469 | - |
| Non-current portion | - | 63,509 |
| Total | **$66,469** | $63,509 |

## 9. SHARE CAPITAL

| **Authorized** | |
|---|---|
| Unlimited | common shares, no par value |

On February 19, 2021, the Company issued an aggregate of 1,000,000 common shares at a price of $0.05 per share, upon the exercise of 1,000,000 options. In this respect, an amount of $39,862 has been allocated from the contributed surplus.

On March 9, 2021, the Company issued an aggregate of 2,000,000 shares at a price of $0.075 per share, upon the exercise of 2,000,000 warrants. In this respect, an amount of $48,478 has been allocated from warrants reserve.

On March 1, 2022, the Company completed a non-brokered private placement offering of 2,400,000 units at a price of $0.05 per unit for aggregate gross proceeds of $120,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant issued under this financing entitles the holder to acquire one additional common share at a price of $0.075 until March 1, 2023. If at any time the daily volume weighted average closing price of the Company's common shares on the TSX Venture Exchange is $0.15 or more for a period of ten (10) consecutive days, the Company is entitled to notify all holders of Warrants of its intention to force the exercise of the Warrants following which the holders of Warrants shall have thirty (30) days from the date of the press release to exercise the Warrants. All of the common shares and Warrants issued in connection with this financing are subject to a statutory four-month hold period in accordance with applicable securities laws. The proceeds raised under this financing are expected to be used to support the Company's product development, online platforms and for general working capital purposes.

**Warrants**

As at December 31, 2022, a summary of the status of the Company's warrants is presented below:

| | **Year Ended December 31, 2022** | | Year Ended December 31, 2021 | |
|---|---|---|---|---|
| | **Number of Warrants** | **Weighted Average Exercise Price** | Number of Warrants | Weighted Average Exercise Price |
| Beginning balance | 4,000,000 | $0.58 | 48,522,860 | $0.13 |
| Exercised | - | - | (2,000,000) | $0.075 |
| Granted | 1,200,000 | 0.075 | - | - |
| Expired | (4,000,000) | $0.58 | (42,522,860) | $0.13 |
| **Ending balance** | **1,200,000** | $0.075 | 4,000,000 | $0.58 |

## 9. SHARE CAPITAL (continued)

### Warrants (continued)

The Company had the following warrants outstanding at December 31, 2022:

| Number of Warrants | Exercise Price | Expiry Date |
|---|---|---|
| 1,200,000 | $0.075 | March 1, 2023 |

During the year ended December 31, 2022, 4,000,000 warrants (2021-7,796,250) expired, and the Company reclassified $81,855 (2021-731,912) from warrants reserve to deficit.

### Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the issuance of stock options to directors, officers, employees, consultants, and preferred partners with exercise prices not less than the discounted market price on the date of grant. The Plan restricts the maximum number of stock options authorized by the Board of Directors for issuance at any one time to 55,762,003 as at December 31, 2022. Options granted under the Stock Option Plan to persons who do not perform investor relations activities for the Company vest over a period as determined by the Board of Directors. Options granted to consultants performing investor relations activities vest in stages over 12 months with no more than one quarter of the options vesting in any three-month period.

## 9. SHARE CAPITAL (continued)

### Stock Option Plan (continued)

The following summarizes the stock option activities under the Plan:

| | **Year Ended December 31, 2022** | | Year Ended December 31, 2021 | |
|---|---|---|---|---|
| | **Number of Options** | **Weighted Average Exercise Price** | Number of Options | Weighted Average Exercise Price |
| Beginning balance | 40,542,800 | $0.06 | 44,587,800 | $0.13 |
| Exercised | - | - | (1,000,000) | $0.05 |
| Expired/cancelled | (575,000) | $0.60 | (3,045,000) | $1.18 |
| **Ending balance** | **39,967,800** | **$0.05** | 40,542,800 | $0.06 |
| **Exercisable** | **39,967,800** | **$0.05** | 40,542,800 | $0.06 |

The Company had the following options outstanding at December 31, 2022:

| **Exercise Price** | **Expiry** | **Options Outstanding** | **Weighted Average Remaining Contractual Life** | **Weighted Average Exercise Price** | **Options Exercisable** |
|---|---|---|---|---|---|
| $0.05 | June 30, 2024 | 39,967,800 | 1.5 years | $0.05 | 39,967,800 |
| | | **39,967,800** | **1.5 years** | **$0.05** | **39,967,800** |

For the year ended December 31, 2022, the Company recognized share-based compensation expense of $ Nil (Year ended December 31, 2021: $Nil).

## 10. SECURED NOTES

In October 2018, the Company issued $250,000 principal secured notes, which bear interest at a rate of 15% per annum payable monthly, with the principal balance being repayable on demand. These notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company. As at December 31, 2022, there is $250,000 outstanding (December 31, 2021 – $250,000). During the year ended December 31, 2022, the Company made interest payment of $16,500 (Year ended December 2021: $16,150).

In April 2022, the Company issued $40,000 principal secured notes, which bear interest at a rate of 15% per annum payable monthly, with the principal balance being repayable six month from the date of issuance. This was subsequently extended to October 2023 by mutual agreement. . This note is secured by a General Security Agreement over all present and future assets and intangibles of the Company. As at December 31, 2022, there is $40,000 outstanding (December 31, 2021 – Nil).

## 11. RELATED PARTY TRANSACTIONS AND BALANCES

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Due from Peeks.com | - | $15,048 |
| **Total** | **-** | $15,048 |

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Due to Riavera (see below) | $1,388,911 | $1,860,413 |
| Due to Sharmaine Itwaru | 4,406 | - |
| Due to Mark Itwaru (see below) | 58,904 | 58,904 |
| **Total** | **$1,452,221** | $1,919,317 |

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the year ended December 31, 2022, are as follows:

## 11. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

***Consulting fees***

The Company incurred $Nil (Year ended December 31, 2021 - $112,500) in consulting fees expense with Riavera Corp. ("Riavera"), a company owned by the controlling shareholder of the Company (CEO of Personas Social) Mark Itwaru, in relation to management consulting and technology integration services. The balance is unsecured, non-interest bearing with no set terms of repayment.

***Key management compensation***

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). The compensation expense incurred with key management, which included all directors as well as CEO and Chief Financial Officer for the year ended December 31, 2022, was $NIL (Year ended December 31, 2021: $210,000) included in consulting fees.

## 12. SEGMENTED INFORMATION

The Company has one operating segment. Management assesses performance and makes decisions about allocating resources based on this one segment. All of the Company's assets are located in Canada. The following table shows the revenue for the years ended December 31, 2022 and 2021, based on the geographic location of the customers.

| | **2022** | 2021 |
|---|---|---|
| Canada | $112,290 | $101,811 |
| United States | 2,927,600 | 2,552,214 |
| Africa, The Middle East, and India | 1,058,075 | 881,651 |
| Europe | 278,158 | 232,109 |
| Others | 83,345 | 71,279 |
| **Total** | **$4,459,468** | $3,839,064 |

## 13. TRADE RECEIVABLES, NET OF EXPECTED CREDIT LOSSES ("ECLs")

At December 31, 2022, the Company had net trade receivables of $123,244 (December 31, 2021: $181,908) with expected credit losses determined according to a past due provision matrix as follows:

**December 31, 2022**

| | 0 – 30 days | 31 – 60 days | 61+days | Total |
|---|---|---|---|---|
| Trade receivables | $124,489 | $- | $- | $124,489 |
| Default ECL rates (%) | 1.0% | 1.0% | 1.0% | |
| Expected Credit Losses | $1,245 | $- | $- | $1,245 |
| **Trade receivables (net)** | **$123,244** | **$-** | **$-** | **$123,244** |

**December 31, 2021**

| | 0 – 30 days | 31 – 60 days | 61+days | Total |
|---|---|---|---|---|
| Trade receivables | $183,745 | $- | $- | $183,745 |
| Default ECL rates (%) | 1.0% | 1.0% | 1.0% | |
| Expected Credit Losses | $1,837 | $- | $- | $1,837 |
| Trade receivables (net) | **$181,908** | **$-** | **$-** | **$181,908** |

## 14. INCOME TAXES

The Company's income tax expense (recovery) differs from the expense (recovery) calculated by applying the combined Canadian federal and provincial statutory rate of approximately 26.50% (2021 – 26.50%) to the net loss before tax as follows:

| | **For the Year ended December 31, 2022** | For the Year ended December 31, 2021 |
|---|---|---|
| Net income (loss) before income taxes | $102,982 | $(3,897,701) |
| Income tax provision (recovery) at statutory rates | 27,290 | (1,032,891) |
| Tax rate changes | - | 104,958 |
| Deductible (taxable) expenses | 26,002 | - |
| Goodwill impairment | 73,393 | 786,940 |
| Other | - | (102,302) |
| Change in unbooked tax assets | (126,685) | 243,295 |
| Income tax (recovery) expense | **$-** | $- |

## 14. INCOME TAXES (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position calculated by applying the combined Canadian federal and provincial statutory rate of approximately 26.50% (2021 – 26.50%) are as follows:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Non-capital losses carried forward | $21,675,430 | $21,802,117 |
| Temporary differences including depreciation/ CCA | 300,461 | 283,472 |
| | 21,975,891 | 22,085,589 |
| Valuation allowance | (21,975,891) | (22,085,589) |
| | **$-** | $- |

Deferred tax benefits that may arise in respect of the Company's these items because it is not probable that future taxable profit will be available against which the Company.

The Company has available non-capital losses that may be carried forward to apply against future years income for income tax purposes. The non-capital tax losses expire as follows:

| | |
|---|---|
| 2029 | $198,192 |
| 2030 | 2,827,513 |
| 2031 | 9,277,218 |
| 2032 | 17,985,336 |
| 2033 | 25,279 |
| 2034 | 13,810,693 |
| 2035 | 9,960,782 |
| 2036 | 4,234,097 |
| 2037 | 7,747,121 |
| 2038 | 835,433 |
| 2039 | 6,612,277 |
| 2040 | 5,410,771 |
| 2041 | 1,941,247 |
| 2042 | 928,117 |
| | **$81,794,076** |

## 15. LEASE LIABILITIES

Subsequent to the termination of lease with effect from February 2022 (also see note 5 & 16), the Company has de-recognized all lease assets and liabilities and recognized a gain de-recognition of lease in the financial statements for the year ended December 31, 2021.

The continuity of lease liabilities for the year ended December 31, 2021 is as follows:

| | |
|---|---|
| Lease liabilities, December 31, 2020 | $1,723,695 |
| Lease payments made | (574,361) |
| Interest expense recognized | 223,507 |
| Lease derecognition | (1,372,841) |
| Lease liabilities, December 31, 2021 | - |
| Current portion of lease liabilities | - |
| **Long term portion of lease liabilities** | **$-** |

The continuity of lease liabilities for the year ended December 31, 2022 is as follows:

| | **Total** |
|---|---|
| Lease liabilities, December 31, 2021 | - |
| Lease obtained | 156,984 |
| Lease payments made | (32,886) |
| Interest expense recognized | 11,570 |
| Lease liabilities, December 31, 2022 | 135,668 |
| Current portion of lease liabilities | (47,370) |
| **Long term portion of lease liabilities** | **$88,298** |

Minimum lease payments (principal and interest) on the leases are as follows:

| | **Total** |
|---|---|
| Less than one year | $65,280 |
| Between one and five years | 99,960 |
| More than five years | - |
| Less: Amount representing interest | (29,572) |
| **Lease liabilities** | **$135,668** |

## 15. LEASE LIABILITIES (continued)

In addition to the above minimum lease payments, estimated future payments for operating costs and realty taxes over the lease term are as follows (undiscounted):

| | Total |
|---|---|
| Less than one year | **$65,280** |
| Between one and five years | **$100,980** |
| More than five years | **-** |
| **Estimated operating costs and realty taxes** | **$166,260** |

## 16. LEGAL PROCEEDINGS, CONTINGENCIES, AND PROVISIONS

The Company, in the course of its normal operations, is subject to claims, lawsuits, and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company does not believe that the ultimate outcome of these matters would have a significant impact on its consolidated financial position.

(a) During the year ended February 28, 2017, a claim was initiated against the Company regarding finder's fees for brokering investments and business partnerships. The Plaintiff claimed damages in the amount of $15,650,000. The Company is defending the lawsuit and believes the claim is completely without merit. Although the outcome of the claim is not determinable, Management strongly believes the financial impact is insignificant. The claim remains outstanding as at December 31, 2022.

(b) The Company has recorded a provision for expected decommissioning costs for an oil/gas well owned by one of the Company's subsidiaries amounting to $195,000 as of December 31, 2022, (December 31, 2021: $125,000)

(c) A Statement of Claim was filed in the Ontario Superior Court of Justice on September 18, 2021 by the landlord of a leased property (the Company's former office at 181 University Ave, Toronto). In February 2022, the lease arrangement was terminated. The lease expense was approximately $42,620 per month net of sales tax. The Company is currently in litigation with the landlord regarding the office lease.

(i) The plaintiff seeking (among other relief) an order requiring Personas to pay arrears of rent in the amount of approx. $385,000 as of September 2, 2021 and to pay future monthly lease payments until the expiry of the lease on May 31, 2026 with damages in excess of $3,600,000.

(ii) The plaintiff terminated the lease with Personas on February 14, 2022. In management's view, doing so significantly reduces the total damages which the plaintiff may seek by more than $2,200,000.

(iii) The Company is defending the lawsuit and is currently in very early stage of proceedings. Management has made an estimated provision of $1,129,456 in these consolidated financial statements for the year ended December 31, 2022.

(iv) The Company has also de-recognized all associated lease receivable and associate liabilities (Note 15).

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Lawsuit provision | $1,129,456 | $1,129,456 |
| Well restoration provision | 195,000 | 125,000 |
| | **$1,324,456** | $1,254,456 |

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has classified its financial instruments as under:

| As at | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Financial assets, measured at fair value: | | |
| Cash | 31,911 | 100,155 |
| Financial assets, measured at amortized cost: | | |
| Trade receivables, net of expected credit losses | 123,244 | 183,908 |
| Due from related parties | - | 15,048 |
| Harmonized tax receivable | 175,551 | 112,500 |
| Lease receivable | - | - |
| Financial liabilities, measured at amortized cost: | | |
| Trade payables and accrued liabilities | 2,671,121 | 2,622,019 |
| Customer deposits | 1,243,314 | 1,523,212 |
| Due to related parties | 1,452,221 | 1,919,317 |
| Secured notes | 290,000 | 250,000 |
| Lease liabilities | - | - |
| Government assistance | 66,469 | 63,509 |
| Provisions | 1,324,456 | 1,254,456 |

### a. Fair Values

The Company follows a three-tier categorization for its financial instruments carried at fair values. The hierarchy is summarized as:

i. Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;

ii. Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data; and

iii. Level 3 – inputs for assets and liabilities not based upon observable market data.

As at December 31, 2022, and December 31, 2021, cash was carried at Level 1 in the fair value hierarchy. The Company does not have financial instruments categorized in Level 2 or Level 3 of the fair value hierarchy.

The carrying amounts of financial instruments carried at amortized cost i.e. trade receivables, trade payables and accrued liabilities, customer deposits and due to related parties approximate their fair values due to the short-term maturities of these instruments. The fair values of the secured notes approximate their carrying amounts as they bear terms similar to that of comparable instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

### b. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's primary market exposures are to foreign exchange risk and interest rate risk.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest-bearing debts on its consolidated statements of financial position. The secured notes bear interest at fixed rates of 15%, thereby minimizing the Company's exposure to cash flow interest rate risk. The Company considers interest rate risk to be immaterial.

### d. Foreign Currency Risk

The Company is subject to foreign currency rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the Statement of Financial Position date. As at the reporting date the Company's trade receivables of USD $108,585 and customer deposits of USD $955,584 had exposure to currency risk. Based on this exposure as at December 31, 2022, and assuming that all other variables remain constant, a 10% change of the USD against the CAD would impact net loss by approximately by $106,417.

### e. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 18 to the consolidated financial statements. The Company has revenue from operations however continues to rely on equity and debt funding to support its growth and corporate activities. Should the need for further equity or debt funding arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price or debt instruments at an acceptable interest rate level.

The Company has sustained losses over the last number of periods and has financed these losses mainly through a combination of equity and debt offerings. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and believes that it has the ability to raise sufficient cash to meet all of its contractual debt that is coming due in 2023 and to fund any operating losses that may occur in the upcoming periods.

With the exception on of the contractual obligations for lease liabilities disclosed in Note 15, all contractual obligations were due within one year.

## 17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### f. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, trade receivables, and lease receivables. The Company's cash is on deposit with Canadian Tier 1 chartered banks therefore the associated credit risk is low. Trade receivable, and lease receivables are in the normal course of business. The Company's maximum exposure to credit loss is the carrying amount of financial assets at the reporting date, as summarized below:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Cash | $31,911 | $100,155 |
| Trade receivables | 123,244 | 181,908 |
| **Total** | **$155,155** | $282,063 |

The Company reviews the banks and financial institutions it deals with to ensure that standards of credit worthiness are maintained. Trade receivables are with large credit card processing companies with stable financial conditions thereby mitigating Company's credit risk. Historically, the Company has not suffered any material losses related to credit risk. The Company believes it is not exposed to significant credit risk.

## 18. CAPITAL MANAGEMENT

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, contributed surplus, warrants reserve, and deficit, which as at December 31, 2022, amounted to a deficiency of $4,046,012 (December 31, 2021 - $4,268,994).

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the growth and operations of its social media products and technologies for the benefit of its shareholders.

There were no changes in the Company's management of its capital during the year ended December 31, 2022. The Company is not subject to any externally imposed capital requirements.

In order to maintain its capital structure, the Company is dependent on equity and/or debt funding and, when necessary, raises capital through the issuance of equity instruments, comprised of common shares, warrants, and incentive stock options, and through the issuance of debt instruments. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

## 19. SUBSEQUENT EVENTS

### Expiry of warrants

1,200,000 share purchase warrants expired unexercised on March 1, 2023.