Unaudited Condensed Interim Consolidated Financial Statements

iLOOKABOUT Corp.

For the three and six months ended June 30, 2020 and 2019

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at	Note	June 30, 2020	December 31, 2019
Assets			
Current Assets:			
Cash		$ 2,018	$ 3,560
Trade and other receivables, net	*20*	2,261	2,269
Contract assets	*4*	118	70
Prepaid expenses and other current assets		573	640
		4,970	6,539
Non-current Assets:			
Other non-current assets		236	165
Contract assets	*4*	101	157
Derivative asset	*21*	166	-
Investment	*21*	2,085	1,994
Right-of-use assets	*7*	1,581	1,719
Property and equipment		443	505
Deferred tax asset		-	145
Intangible assets	*5*	10,599	11,054
Goodwill	*6*	7,803	7,455
		23,014	23,194
Total Assets		$ 27,984	$ 29,733
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities		$ 3,463	$ 3,737
Unearned revenue	*8*	1,027	1,389
Lease obligations	*9*	348	330
Current portion of long-term debt	*10*	863	188
		5,701	5,644
Non-current Liabilities:			
Unearned revenue	*8*	852	840
Lease obligations	*9*	1,302	1,439
Long-term debt	*10*	1,142	1,115
Convertible debentures	*11*	7,409	6,959
Deferred tax liability		200	170
		10,905	10,523
Shareholders' Equity		11,378	13,566
Going concern	*2(a)*		
Total Liabilities and Shareholders' Equity		$ 27,984	$ 29,733

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)

	Note	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Revenue	*13,14,15*	$ 4,498	$ 2,512	$ 9,608	$ 5,145
Direct operating expenses		2,413	783	5,100	1,492
Gross margin		2,085	1,729	4,508	3,653
Other operating expenses:					
Technology and operations		1,435	512	2,933	1,193
Selling and business development		350	239	856	436
General and administration		1,644	1,297	3,454	2,332
		3,429	2,048	7,243	3,961
Loss from operations		(1,344)	(319)	(2,735)	(308)
Other income	*19*	253	-	253	-
Change in fair value of financial derivative	*21*	166	-	166	-
Finance costs, net	*17*	(289)	(10)	(573)	(20)
Foreign exchange gain (loss)		(590)	(30)	799	(57)
Loss for the period before income tax expense		$ (1,804)	$ (359)	$ (2,090)	$ (385)
Income tax expense		(200)	-	(175)	-
Loss for the period		$ (2,004)	$ (359)	$ (2,265)	$ (385)
Other comprehensive income (loss):					
Items that will not be reclassified to loss for the period:					
Change in fair value of investment	*21*	(69)	(26)	91	(54)
Foreign exchange gain (loss) on the translation of foreign operations		76	41	(44)	74
		7	15	47	20
Comprehensive loss for the period		**$ (1,997)**	**$ (344)**	**$ (2,218)**	**$ (365)**
Weighted average number of common shares					
Basic and diluted	*18*	108,651,784	85,011,784	108,651,784	85,011,784
Loss per share					
Basic and diluted	*18*	$ (0.02)	$ -	$ (0.02)	$ -

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iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

Six months ended June 30, 2020

	Note	Common share capital	Warrant capital	Contributed surplus	Other reserve	Deficit	AOCI[1]	Total Equity
Balance at December 31, 2019		$ 22,881	$ 1,147	$ 6,647	$ 1,332	$ (18,850)	$ 409	$ 13,566
Loss for the period		-	-	-	-	(2,265)	-	(2,265)
Other comprehensive income (loss):								
Change in fair value of investment		-	-	-	-	-	91	91
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	(44)	(44)
Comprehensive loss for the period		-	-	-	-	(2,265)	47	(2,218)
Share-based compensation		-	-	30	-	-	-	30
Balance at June 30, 2020		$ 22,881	$ 1,147	$ 6,677	$ 1,332	$ (21,115)	$ 456	$ 11,378

Six months ended June 30, 2019

	Note	Common share capital	Warrant capital	Contributed surplus	Other reserve	Deficit	AOCI[1]	Total Equity
Balance at December 31, 2018		$ 18,352	$ 230	$ 6,287	$ -	$ (16,967)	$ (305)	$ 7,597
Loss for the period		-	-	-	-	(385)	-	(385)
Other comprehensive loss:								
Change in fair value of investment		-	-	-	-	-	(54)	(54)
Foreign exchange gain on the translation of foreign operations		-	-	-	-	-	74	74
Comprehensive loss for the period		-	-	-	-	(385)	20	(365)
Warrants expired		-	(133)	133	-	-	-	-
Options exercised		175	-	(82)	-	-	-	93
Share-based compensation		-	-	171	-	-	-	171
Balance at June 30, 2019		$ 18,527	$ 97	$ 6,509	$ -	$ (17,352)	$ (285)	$ 7,496

[1] *AOCI is defined as Accumulated other comprehensive income.*

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Six months ended	Note	June 30, 2020	June 30, 2019
Cash flows from operating activities			
Loss for the period		$ (2,265)	$ (385)
Adjustments for:			
Amortization of equipment		78	53
Amortization of intangible assets	*5*	914	118
Amortization of right-of-use assets	*7*	188	92
Bad debt expense		129	-
Unrealized foreign exchange (gain) loss		(1,001)	80
Gain on derivative asset		(166)	-
Finance costs, net	*17*	573	20
Income tax expense		175	-
Share-based compensation expense		30	171
		(1,345)	149
Changes in non-cash operating assets and liabilities	*19*	(865)	(494)
Interest paid		(55)	(26)
Interest received		4	6
Tax credits and government assistance received	*19*	253	-
Cash used in operating activities		(2,008)	(365)
Cash flows from financing activities			
Repayment of lease obligations		(209)	(80)
Repayment of debt financing of vehicles		-	(5)
Proceeds from term loan, net	*10*	685	-
Proceeds from options exercised		-	93
Cash provided by financing activities		476	8
Cash flows from investing activities			
Advances of note receivable		-	(1,056)
Purchase of equipment and leasehold improvements		(10)	(21)
Purchase of intangible asset		-	(14)
Cash used in investing activities		(10)	(1,091)
Decrease in cash for the period		(1,542)	(1,448)
Effect of exchange rate fluctuations on cash		-	(5)
Cash - beginning of period		3,560	4,253
Cash - end of period		$ 2,018	$ 2,800

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

1. Corporate Information

iLOOKABOUT Corp. and its subsidiaries (the ñCompanyò or ñILAò) is a transformational data analytics organization that provides transparency to the valuation of real estate assets. ILA provides software and data licenses and technology managed services to the real estate industry, serving primarily the property lending and property tax sectors, both public and private, in the United States (ñUSò) and Canada.

The Companyôs registered office is located at 383 Richmond Street, Suite 408, London, Ontario, Canada.

The Companyôs shares are traded in Canada on the TSX Venture Exchange (ñTSX-Vò) under the symbol ILA and in the US on the OTCQB under the symbol ILATF.

2. Basis of Presentation

(a) Going Concern Uncertainty

The global COVID-19 pandemic has had a material impact on the Companyôs operations. Specifically, the current US moratorium on certain foreclosures, currently expected to be imposed until August 31, 2020, has negatively impacted the Company as a significant portion of the Companyôs US-based revenue is derived from the facilitation of real property valuations related to properties in default. General economic uncertainty due to the pandemic has also negatively impacted previously expected growth stemming from new initiatives. Management expects that the Company will be generating net losses and negative cash flows from operations until such time as the US moratorium on foreclosures is lifted and growth initiatives can re-commence, however there is no certainty as to when this will occur. Given the expected negative impact on operating results and cash flow from operations, the Company has obtained additional financial resources by way of government-based programs to partially compensate for this temporary downturn.

As a result, the Company is projecting to be offside on certain financial covenants on its term loan with the Bank of Montreal. The Company has obtained a waiver from the bank for the violation for the period ended June 30, 2020.

Management is actively working towards addressing the matters noted above, which includes the following:

i. The Company has obtained a Term Sheet and is currently negotiating with the bank to obtain additional financing.
ii. The Company is currently working with the bank to renegotiate the financial covenants of their current term loan.
iii. The Company has received funding from government based programs and will continue to apply for programs that are available in both Canada and the US.
iv. The Company is currently taking measures to manage cash outflows.

There can be no assurance as to when the Company will begin to generate positive cash flows, whether any of these required measures may be completed, or whether they will provide the Company with sufficient liquidity. In order to continue as a going concern, the Company is required to attain its projected cash flows, which assumes a continuance of current operations and the commencement of planned growth initiatives that have been slowed due to COVID-19. Furthermore, the Company must be successful in renegotiating the terms of its lending covenants with the bank and obtaining additional financing to provide the Company with sufficient liquidity to fund its cash flow deficits. As a result of these facts, there exists a material uncertainty that casts substantial doubt about the Companyôs ability to continue as a going concern and, therefore, realize its assets and discharge its liabilities in the normal course of business.

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

The Condensed Interim Consolidated Financial Statements (the ñInterim Financial Statementsò) have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. The consolidated financial statements do not include any adjustments to the carrying values and classification of assets and liabilities and reported expenses that may be necessary if the going concern basis was not appropriate for these consolidated financial statements. If the Company was unable to continue as a going concern, material write-downs to the carrying values of the Companyôs assets, including the intangible assets, could be required.

(b) Statement of compliance

These Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (ñIASBò). The notes presented in these Interim Financial Statements include only significant changes and transactions occurring since the Companyôs last year end and are not fully inclusive of all disclosures required by International Financial Reporting Standards (ñIFRSò) for annual financial statements. These Interim Financial Statements should be read in conjunction with the Companyôs annual audited consolidated financial statements as at and for the year ended December 31, 2019, which are available on SEDAR.

These Interim Financial Statements for the three and six months ended June 30, 2020 and 2019 were authorized for issuance by the Board of Directors of the Company on August 25, 2020.

(c) Consolidation

The consolidated financial statements comprise the subsidiaries presented below.

Subsidiary[1]	Voting Securities	Jurisdiction of Incorporation	Year End
iLOOKABOUT Inc.	100%	Ontario	December 31
iLOOKABOUT (US) Inc.	100%	Delaware	December 31
Municipal Tax Advisory Group Inc.	100%	Ontario	December 31
MTAG Paralegal Professional Corporation[2]	0%	Ontario	December 31
Clarocity Inc.[3]	100%	Delaware	December 31

Notes:

1. Subsidiaries are legal entities controlled by the Company. Control exists when the Company has power to direct the relevant activities of an entity and is exposed to or has rights to variable returns from its involvement with the entity. In certain circumstances, the Company may have control over an entity in which it does not own more than 50% voting interest. In making this determination, the Company considers all relevant facts and circumstances in assessing whether it has power over the entity including rights arising from contractual arrangements that allow the Company to direct the relevant activities and be exposed to variable returns of the entity, among other considerations.

2. As required under the Law Society Act (Ontario) and applicable regulations, MTAG Paralegal Professional Corporation is a separate professional corporation. While the Company does not have any voting rights in this entity, the Company controls the entity through contractual arrangements.
3. Clarocity Inc. owns 100% of the voting securities of each of Clarocity Valuation Servicess, LLC, a Kansas limited liability company, and Valuation Vision Inc., a California corporation (together, ñClarocity Groupò).

(d) Basis of measurement

These Interim Financial Statements are prepared mainly on the historical cost basis, except for the investment and derivative financial instruments which are measured at fair value.

The Interim Consolidated Statements of Comprehensive Income and Loss are presented using the functional classification for expenses.

(e) Functional and presentation currency

These Interim Financial Statements are presented in Canadian dollars (ñCADò), which is the Companyôs functional currency. Functional currency is also determined for each of the Companyôs subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

3. Significant Accounting Policies

These Interim Financial Statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended December 31, 2019 except for the following.

New standards and interpretations adopted:

Amendments to Hedge Accounting Requirements - IBOR Reform and its Effects on Financial Reporting (Phase 1)

On September 26, 2019, the IASB issued amendments for some of its requirements for hedge accounting in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, as well as the related Standard on disclosures, IFRS 7 Financial Instruments: Disclosures in relation to Phase 1 of IBOR Reform and its Effects on Financial Reporting project. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption did not have a material impact on our financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework. Both documents are effective from January 1, 2020. The adoption did not have a material impact on our financial statements.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. The adoption did not have a material impact on our statements.

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

Definition of Material (Amendments to IAS 1 and IAS 8)

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8. The following amendments were to be applied prospectively for annual periods beginning on or after January 1, 2016, however, on December 17, 2015 the IASB decided to defer the effective date for these amendments indefinitely. The amendments are effective for annual periods beginning on or after January 1, 2020. The adoption did not have a material impact on our financial statements.

The accounting policies have been consistently applied by the Companyȏs subsidiaries.

4. Contract assets

The components of contract assets are as follows:

		June 30, 2020		December 31, 2019
Acquisition costs	$	72	$	57
Fulfillment costs		147		170
Contract assets, total	**$**	**219**	**$**	**227**
To be amortized within 1 year		118		70
Thereafter		101		157
Contract assets, total	**$**	**219**	**$**	**227**

Acquisition costs consist of commissions and royalty payments incurred upon initiation of a contract with a customer:

		Six months ended June 30, 2020		Year ended December 31, 2019
Balance, beginning of period	$	57	$	98
Additions from new contracts with customers		64		75
Amortization of contract assets to direct operating expenses		(51)		(116)
Effect of movement in exchange rates		2		-
Balance, end of year	**$**	**72**	**$**	**57**
To be amortized within 1 year		52		23
Thereafter		20		34
Contract assets, acquisition costs	**$**	**72**	**$**	**57**

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

Fulfillment costs are comprised of image capture costs and sub-contractor fees:

	Six months ended June 30, 2020	Year ended December 31, 2019
Balance, beginning of period	$ 170	$ 178
Additions from new contracts with customers	21	126
Amortization of contract assets to direct operating expenses	(51)	(134)
Effect of movement in exchange rates	7	-
Balance, end of year	**$ 147**	**$ 170**
To be amortized within 1 year	66	47
Thereafter	81	123
Contract assets, fulfillment costs	**$ 147**	**$ 170**

5. Intangible assets

Cost	Computer Software	Customer Relationships	Tradenames	Licenses	Total
At December 31, 2019	$ 8,720	$ 2,390	$ 1,570	$ 320	$ 13,000
Additions	1	-	-	-	1
Effect of movement in exchange rates	253	96	63	13	425
At June 30, 2020	$ 8,974	$ 2,486	$ 1,633	$ 333	$ 13,426

Amortization	Computer Software	Customer Relationships	Tradenames	Licenses	Total
At December 31, 2019	$ 1,690	$ 154	$ 102	$ -	$ 1,946
Amortization	618	179	117	-	914
Effect of movement in exchange rates	(21)	(7)	(5)	-	(33)
At June 30, 2020	$ 2,287	$ 326	$ 214	$ -	$ 2,827

Carrying amounts					
At June 30, 2020	$ 6,687	$ 2,160	$ 1,419	$ 333	$ 10,599
At December 31, 2019	$ 7,030	$ 2,236	$ 1,468	$ 320	$ 11,054

6. Goodwill

At December 31, 2019	$ 7,455
Effect of movement in exchange rates	348
At June 30, 2020	$ 7,803

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

7. Right-of-use assets

The following table presents the right-of-use assets for the Company:

	Offices	Vehicles	Total right-of-use assets
Balance, December 31, 2019	$ 1,700	$ 19	$ 1,719
Amortization	(185)	(3)	(188)
Effect of movement in exchange rates	50	-	50
Balance, June 30, 2020	$ 1,565	$ 16	$ 1,581

8. Unearned revenue and remaining performance obligations

The following table presents changes in the unearned revenue balance:

Balance, December 31, 2019	$ 2,229
Amounts invoiced and revenue unearned as at June 30, 2020	562
Recognition of unearned revenue that was included in the adjusted balance at the beginning of the period	(912)
Balance, June 30, 2020	$ 1,879

Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (ñcontracted unrecognized revenueò) and includes both unearned revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted unrecognized revenue does not include future expected revenue that is transactional in nature. As at June 30, 2020, contracted unrecognized revenue was approximately $9 million, of which we expect to recognize an estimated 59% over the next 12 months and the remainder thereafter.

9. Lease obligations

The Companyôs leases are for office space and vehicles. Certain of these leases contain renewal options. The Company has included renewal options in the measurement of lease obligations when it is reasonably certain that the Company will exercise the renewal option.

Lease obligations, December 31, 2019	$ 1,769
Interest on lease obligation	39
Lease payments	(209)
Effect of movement in exchange rates	51
Lease obligations, June 30, 2020	$ 1,650

Current	$ 348
Non-current	1,302
Total lease obligations	$ 1,650

The expense relating to variable lease payments not included in the measurement of lease obligations for the three and six months ended June 30, 2020 was $23 and $47 (three and six months ended June 30, 2019 - $2 and $2). This consists of variable lease payments for operating costs, property taxes and insurance.

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

10. Long-term debt

		June 30, 2020		December 31, 2019
(a) Term loan and revolving credit facility	$	1,338	$	1,303
(b) Paycheck Protection Program loan		667		-
	$	**2,005**	**$**	**1,303**
Due within 1 year	$	863	$	188
Due between 1 and 5 years		1,142		1,115
	$	**2,005**	**$**	**1,303**

(a) Term loan and revolving credit facility

In October 2019, the Company completed a financing arrangement with Bank of Montrealôs Technology &Innovation Banking Group ("BMO"). The facility consists of a $1,500 three-year term loan (the ñTerm Loanò) and a $1,500 revolving credit facility (the ñOperating Facilityò) which together are referred to herein as, the "Facilities". The Facilities mature on October 11, 2022.

Pursuant to the agreed upon conditions of the Facilities, the Company drew down the full amount of the Term Loan on closing and can draw down additional funds as required on the Operating Facility. At June 30, 2020, the Company had not drawn on the Operating Facility.

With respect to the Term Loan, the Company is required to pay interest only for the first twelve months of the term, and thereafter pay equal monthly instalments of principal in the amount of $63 plus interest over the final two years of the loan.

The Company may, at its discretion, repay the balance of the Term Loan in whole or in part at any time after twenty-four (24) months following the closing date without penalty or obligation for future interest payments otherwise payable had the Term Loan not been repaid. The Term Loan is secured by a general security agreement on all assets of the Company up to the value of the loan amount.

With respect to the Operating Facility, availability of funds are subject to certain limitations based on accounts receivable and certain accounts payable.

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

Interest is set at Bank of Montrealôs Prime Rate plus 2.5% per annum for the Operating Facility, and at Bank of Montrealôs Prime Rate plus 4.0% per annum for the Term Loan. The Facilities contain customary financial and restrictive covenants. The Company was not in compliance with the restrictive covenants as at June 30, 2020 and has obtained a waiver from the lender.

Balance, December 31, 2019	$	1,303
Amortization of financing costs		35
Balance, June 30, 2020	**$**	**1,338**

Due within 1 year	$	563
Due between 1 and 5 years		775
	$	**1,338**

Interest paid during the three and six months ended June 30, 2020 was $24 and $53 (three and six months ended June 30, 2019- $nil and $nil).

(b) Paycheck Protection Program loan

In April 2020, the Company completed a financing arrangement with BMO Harris under the U.S. based Paycheck Protection Program (ñPPPò) under the Coronavirus Aid, Relief, and Economic Security Act (the ñCARES Actò). The PPP funding is in the form of forgivable loans, with forgiveness to be granted provided that the Company uses the funds for approved uses, staff levels based on prescribed calculations are maintained and wage levels are not reduced beyond 25% for the prescribed measurement period. Based on current interpretations of the legislation, the Company currently expects that the majority, if not all, of amounts received under the PPP loans will be forgiven.

The loans bear interest at 1% and mature in April 2022. If the loan is not forgiven, the Company is required to pay equal monthly instalments of principal and interest in the amount of $27 USD beginning in November 2020.

Balance, December 31, 2019	$	-
Proceeds from loan		685
Effect of movement in exchange rates		(18)
Balance, June 30, 2020	**$**	**667**

Due within 1 year	$	300
Due between 1 and 5 years		367
	$	**667**

11. Convertible debentures

As part of the consideration transferred for the acquisition of Clarocity Group in 2019, the Company issued convertible debentures in an aggregate principal amount of $8,700, which have a three year maturity date (extendable for an additional one year term at the same rate of interest as the year three interest rate at the option of the Company and subject to regulatory approvals) and are payable at the election of the Company, in either cash or common shares of the Company (ñCommon Sharesò) to be issued at the greater of (a) a 10% discount to the 20-day volume weighted average price at such time; and (b) the lowest price per share permitted by the TSXV.

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

The Company has the option to redeem up to $4,000 of the convertible debentures in cash at any time. The holders of convertible debentures will have the right to convert the debentures at any time into Common Shares at a conversion price of $0.30 per Common Share. Non-compounding interest will accrue, but only be payable in fiscal years during which Clarocity Group is generating positive operating cash flow and net profit. Interest will accrue at the following rates: 0% per annum during the period between July 18, 2019 (the ñIssuance Dateò) and the one (1) year anniversary of the Issuance Date; at a rate of 3% per annum during the period between the first year anniversary of the Issuance Date and the second year anniversary of the Issuance Date, and; at a rate of 6% per annum during the period between the second year anniversary of the Issuance Date and the third year anniversary of the Issuance Date.

As these debentures are compound financial instruments, the gross proceeds, net of financing costs, were allocated between the liability and equity components on initial recognition using the residual method. The liability was initially recorded at managementôs estimate of the fair value of the debt without the conversion feature and reflects an interest rate of 12.45%, with the difference between the face value of the convertible debentures and fair value of the liability component recorded as equity. The equity component is recorded as an other reserve within shareholdersô equity. Issuance costs were allocated to the liability and equity components in proportion to the allocation of proceeds. The portion of issuance costs allocated to the liability component will be amortized using the effective interest method over the life of the convertible debenture.

A summary of convertible debentures is as follows:

		Face Amount		Liability Carrying Amount
Balance, December 31, 2019	**$**	**8,700**	**$**	**6,959**
Accretion of equity discount		-		446
Amortization of financing costs		-		4
Balance, June 30, 2020	**$**	**8,700**	**$**	**7,409**

12. Common share and warrant capital

			June 30, 2020			December 31, 2019		
	Expiry date	Exercise price	Issued		Amount	Issued		Amount
Issued and outstanding:								
Common shares			108,651,784	$	22,881	108,651,784	$	22,881
Share purchase warrants:								
Series L warrants	October 24, 2021	0.40	1,000,000		97	1,000,000		97
Series M warrants	January 17, 2021	0.25	5,000,000		179	5,000,000		179
Series N warrants	July 17, 2022	0.30	4,000,000		183	4,000,000		183
Series O warrants	July 17, 2022	0.20	10,000,000		688	10,000,000		688
Share capital and warrant capital			128,651,784	$	24,028	128,651,784	$	24,028

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value and are each entitled to one vote. All issued common shares are fully paid.

13. Related party transactions

Consulting services:

To provide for ongoing support and development of certain software purchased from Yeoman & Company Paralegal Professional Corporation (ñYCPò), the Company entered into a consulting agreement with YCP (ñConsulting Agreementò) that expires in December 2034. The Consulting Agreement provides for an annual base fee of $265, with annual increases in line with any increases in the Consumer Price Index, plus 15% of consideration received by the Company from end customers (the ñYCP Feesò) for use of this software. Effective May 2020, YCP has temporarily reduced its base fee by 15% in response to the impact of COVID-19 on the Company. For the three and six months ended June 30, 2020, the Company paid $99 and $222 (three and six months ended June 30, 2019 ï $92 and $230) to YCP under the Consulting Agreement, which was included in direct operating expense and technology expense. Two of the principals of YCP are the sons of the Chair and Chief Executive Officer of the Company.

Real Property Rental:

One of the premises occupied by the Company is rented on a month to month basis from a related company owned, in part, by a director of the Company. For the three and six months ended June 30, 2020, the Company paid rent to the related company of $3 and $6 (three and six months ended June 30, 2019 - $3 and $6, respectively), which is included in general and administration expense.

Consolidated Entity:

As required under the Law Society Act (Ontario) and applicable regulations, MTAG Paralegal Professional Corporation is a separate professional corporation. The Chair and Chief Executive Officer of the Company, a paralegal licensed in the Province of Ontario, is the sole shareholder of this professional corporation; however, the Company controls the entity through contractual arrangements, which also provide that all economic benefit or loss resulting from the entity will be received by the Company.

These transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

14. Non-monetary transactions

The Company licenses real property related data from a third party for use in one of the Companyõs applications. Compensation to the licensor for this data is made by the Company through a combination of cash payments, access to one of the Companyõs applications and the provision of custom development services. The data licensing expense is recognized evenly over the period of access to the data, and the revenue related to the provision of services by the Company is recognized as those services are delivered. As the timing of access to the data and delivery of services by the Company may not align, the related revenue and expense may not match in a reporting period. For the three and six months ended June 30, 2020, visual and data services revenue of $103 and $256 (three and six months ended June 30, 2019 - $148 and $356, respectively) and direct operating expense of $97 and $194 (three and six months ended June 30, 2019 - $97 and $194, respectively) related to this transaction were recognized.

At December 31, 2017, the Company had an accrued liability of $250 with respect to real property related data licensed from a third party (the ñDebtorò) for use in one of the Companyõs applications. During 2018, in order to settle this obligation, it was mutually agreed that the Company would develop an application and maintain such application for a period of one year for the benefit of the Debtor. Upon the commencement of the provision of access to the application in the fourth quarter of fiscal 2018, the Company drew down the accrued liability and recognized the full amount as unearned revenue. The Company drew down unearned revenue and recognized revenue evenly over the course of one year, corresponding to the period over which access and maintenance was provided. For the three and six months ended June 30, 2020, the Company recognized $nil as earned (three and six months ended June 30, 2019 ï $62 and $125) with respect to access to this application.

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

15. Revenue

Nature of services and geographic information:

The Company generates revenue from the provision of software and data licensing and technology managed services. Geographically, the Company operates primarily in the United States and Canada. Information regarding revenue by geographic area and by nature of service is presented below.

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	$ 318	$ 1,538	$ 1,856	$ 407	$ 1,708	$ 2,115
Technology managed services	2,332	310	2,642	100	297	397
Total	$ 2,650	$ 1,848	$ 4,498	$ 507	$ 2,005	$ 2,512

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	United States	Canada	Total	United States	Canada	Total
Software and data licenses	$ 696	$ 3,148	$ 3,844	$ 768	$ 3,528	$ 4,296
Technology managed services	5,038	726	5,764	203	646	849
Total	$ 5,734	$ 3,874	$ 9,608	$ 971	$ 4,174	$ 5,145

Significant customers:

Customers representing more than 10% of revenue are classified as significant customers.

For the three months ended June 30, 2020, the Company had two significant customers; one represented 27%, of total revenue and the other represented 14% of total revenue. For the three months ended June 30, 2019, the company had one significant customer, representing 53% of total revenue.

For the six months ended June 30, 2020, the Company had two significant customers; one represented 26% of total revenue and the other represented 13% of total revenue. For the six months ended June 30, 2019, the Company had two significant customers; one represented 52% of total revenue and the other represented 10% of total revenue.

At June 30, 2020, two customers each accounted for more than 10% of trade accounts receivable, net. These customers accounted for approximately 49% of trade accounts receivable at that time, of which 85% was collected subsequent to June 30, 2020.

At December 31, 2019, two customers accounted for more than 10% of trade accounts receivable, net, totalling approximately 30% of trade accounts receivable at December 31, 2019, of which 99% was collected subsequent to December 31, 2019.

Operating Segments:

To date, the Company has operated and reported its results as one operating segment.

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

16. Share-based compensation

Stock Options

The number and weighted average exercise prices of outstanding stock options are as follows:

	Number of Options		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding December 31, 2019	6,648,000	$	0.27	2.2
Expired	(2,573,000)	$	0.33	
Outstanding June 30, 2020	4,075,000	$	0.22	3.0

17. Finance costs

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Finance income	$ 1	$ 3	$ 4	$ 6
Finance costs:				
Amortization of debt issuance costs	(20)	-	(39)	-
Long-term debt - interest costs	(24)	-	(53)	-
Lease obligations - interest costs	(20)	(13)	(39)	(26)
Convertible debenture - accretion of equity discount	(226)	-	(446)	-
Net finance income (costs)	**$ (289)**	**$ (10)**	**$ (573)**	**$ (20)**

18. Loss per share

Basic earnings per share (ñEPSò) is calculated using the weighted average number of common shares outstanding during the period.

For the three and six months ended June 30, 2020, diluted loss per share does not take into account any outstanding warrants, options, deferred share units or convertible debentures as their effect would be anti-dilutive for the period. As at June 30, 2020, there were a total of:

- 20,000,000 warrants outstanding (June 30, 2019 ï 1,000,000);
- 4,075,000 options outstanding (June 30, 2019 ï 6,832,100);
- 4,877,278 deferred share units outstanding (June 30, 2019 ï 4,397,124);
- $8,700 debentures outstanding convertible to 29,000,000 Common Shares (June 30, 2019 ï nil)

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

19. Supplementary cash flow information

		June 30, 2020		June 30, 2019
Changes in non-cash operating assets and liabilities:				
Trade and other receivables	$	(245)	$	(147)
Contract assets		8		71
Prepaid expenses and other assets		(4)		(157)
Accounts payable and accrued liabilities		(274)		215
Unearned revenue		(350)		(476)
	$	**(865)**	**$**	**(494)**

Excluded in the changes in trade and other receivables in 2020 is government assistance received of $253 related to funding received from the Canada Emergency Wage Subsidy program (ñCEWSò). This amount is included in tax credits and government assistance received in the Consolidated Statement of Cash Flows.

20. Financial risk management

The Company is exposed to credit risk, liquidity risk, foreign exchange risk, and interest rate risk from its financial assets and liabilities. Financial risk management strategies are designed to ensure the Companyõs risks and related exposures are consistent with its business objectives and risk tolerance. There have been no significant changes to the Companyõs key financial risks or risk management strategies since December 31, 2019.

The aging of trade and other receivables at the reporting date was:

As at		June 30, 2020		December 31, 2019
Current	$	1,988	$	1,607
Past due under 90 days		237		516
Past due over 90 days		36		146
	$	2,261	$	2,269

Specific provisions are made against trade receivables for any customer that is known to be impaired due to poor financial condition or for any other reason it is considered doubtful that the customerõs balance outstanding will be settled in full. As a percentage of revenue, the Companyõs actual credit loss experience to date has not been material. The Company has recorded a cumulative impairment allowance of $333 with respect to trade and other receivables as at June 30, 2020 (December 31, 2019 - $196).

21. Financial instruments

Financial instruments carried at cost:

Cash, trade and other receivables and accounts payable and accrued liabilities and convertible debentures approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

Financial instruments carried at fair value:

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements.

Classification of inputs for purposes of valuation:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 inputs are inputs other than quoted prices in level 1 that are observable for the assets or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- Level 3 inputs are inputs for assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

Private equity investment:

In October 2018, the Company made an equity investment of $1,000,000 USD in a private New York based software company. On initial recognition, the financial asset was recorded at fair value. An election was made to classify the equity instrument as FVOCI. Under this classification, any changes in fair value are recorded in other comprehensive income with no subsequent reclassification to profit or loss. The Company made this election because the investment is not held with the intent of short-term trading.

The fair value of the equity investment at June 30, 2020 was estimated using a market-based approach. An equity transaction was completed by the entity in which the Company holds an investment in September 2019. This transaction was used as a predominant factor in the determination of the fair value as at June 30, 2020. Key unobservable inputs of the market value included progress towards operational milestones, proximity of the transaction to the measurement date, and any events occurring between the transaction and the measurement date.

The following table shows a reconciliation, in both USD and CAD for fair value measurements in Level 3 of the fair value hierarchy:

		USD		CAD
Balance at December 31, 2019	$	1,526	$	1,994
Changes in fair value through OCI		-		-
Foreign exchange and other movements		-		91
Balance at June 30, 2020	$	1,526	$	2,085

Derivative Asset - Extension Option:

The convertible debentures described in Note 11 herein provide the Company with the option to extend the maturity date by one additional year at an annual interest rate of 6%. The extension option is considered an embedded derivative and is recorded separately from the host contract. The extension option is measured at fair value with changes in fair value recorded through profit and loss.

The fair value of the extension option was estimated to be $nil at the acquisition date using a swaption model to estimate the present value of the interest benefit during the extension period, and a Black-Scholes option pricing model to estimate the value of the conversion feature for the extension period.

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

The following table shows a reconciliation of the the fair value of the extension option:

		Derivative Asset
Balance at December 31, 2019	$	-
Changes in fair value through profit and loss		166
Balance, June 30, 2020	**$**	**166**

The following table shows the key assumptions used to value the extension option:

		June 30, 2020		December 31, 2019
Share price at valuation date	$	0.14	$	0.21
Exercise price	$	0.30	$	0.30
Risk free interest rate		0.52%		1.71%
Expected dividend yield		0%		0%
Expected share volatility		75%		62%
Expected life of conversion feature (years)		1		1
Credit spread		10%		11%
Interest rate for extension period		6%		6%
Time to maturity if extended (years)		3.05		3.55

The following table presents the changes in level 3 items for the period ended June 30, 2020:

		Private equity investment		Derivative asset		Total
Balance at December 31, 2019	$	1,994	$	-	$	1,994
Changes in fair value through P&L		-		166		166
Changes in fair value through OCI		-		-		-
Foreign exchange movements		91		-		91
Balance at June 30, 2020	**$**	**2,085**	**$**	**166**	**$**	**2,251**

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

The tables below present financial instruments carried at fair value, by valuation method:

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Private equity investment	$ -	$ -	$ 2,085	$ 2,085
Derivative asset	$ -	$ -	$ 166	$ 166
	$ -	$ -	$ 2,251	$ 2,251

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Private equity investment	$ -	$ -	$ 1,994	$ 1,994
	$ -	$ -	$ 1,994	$ 1,994

There were no transfers of fair value measurements between level 1, 2, and level 3 of the fair value hierarchy in the three and six months ended June 30, 2020 (December 31, 2019 - $nil).