



**Condensed Interim Consolidated Financial  
Statements of  
POPReach INCORPORATED  
(Unaudited)**

**For the three months ended March 31, 2021 and 2020**

**POPREACH INCORPORATED**

**Condensed Interim Consolidated Statements of Financial Position**

As at March 31, 2021 and December 31, 2020 (unaudited - in US dollars, unless otherwise stated)

	March 31 2021	December 31 2020
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 14,736,180	\$ 18,097,649
Trade and other receivables (note 4)	1,691,493	1,167,123
Investment tax credits receivable	356,337	466,619
Investment in lease receivable (note 10)	52,859	50,552
Prepaid assets	392,193	297,258
	<u>17,229,062</u>	<u>20,079,201</u>
Property and equipment (note 5)	183,487	184,220
Intangible assets (notes 6 and 7)	8,436,260	5,116,926
Goodwill (notes 6 and 7)	2,605,933	6,084
Investment tax credits receivable	325,409	242,015
Right-of-use asset (note 9)	69,290	138,581
Deferred cost of sales (note 2)	35,973	-
Investment in lease receivable (note 10)	87,554	100,164
Deferred tax asset	60,740	67,340
	<u>29,033,708</u>	<u>25,934,531</u>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Trade and other payables	1,040,078	869,081
Taxes payable	43,142	43,062
Deferred revenue	2,076,250	912,475
Lease liabilities (note 9)	136,868	208,302
Borrowings (note 11)	1,201,963	1,200,418
Game acquisition payable (note 12)	2,000,000	-
Provisions (note 12)	-	100,000
Derivative financial instruments (note 13)	2,239,583	4,546,471
	<u>8,737,884</u>	<u>7,879,809</u>
Non-current liabilities:		
Deferred revenue	111,589	-
Lease liabilities (note 9)	96,854	113,264
Borrowings (note 11)	4,751,078	4,832,445
Employee benefit obligations (note 15)	504,259	588,855
	<u>14,201,664</u>	<u>13,414,373</u>
Shareholders' equity:		
Share capital (note 17)	24,630,314	24,575,987
Warrant reserve (note 18)	49,312	50,176
Share-based payment reserve (note 19)	1,244,438	1,170,499
Accumulated other comprehensive loss	(30,574)	(53,759)
Deficit	(11,061,446)	(13,222,745)
	<u>14,832,044</u>	<u>12,520,158</u>
	<u>29,033,708</u>	<u>25,934,531</u>

See accompanying notes to the condensed interim consolidated financial statements.

On behalf of the Board:

/s/ Chris Schnarr Director

/s/ Christopher Locke Director

**POPREACH INCORPORATED**

**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

	Three months ended	
	2021	2020
Revenue (notes 2 and 24):		
In-App purchases	\$ 3,938,807	\$ 4,451,628
Advertising and other	139,093	224,916
	4,077,900	4,676,544
Cost of sales (notes 2, 25 and 26)	1,549,340	2,396,349
Gross profit	2,528,560	2,280,195
Operating expenses:		
Research and development (note 25)	814,749	690,434
General and administrative (notes 25 and 26)	1,141,035	665,130
Marketing (notes 25 and 26)	132,500	135,048
Interest and accretion expenses	138,140	376,698
Amortization	400,576	734,794
	2,627,000	2,602,104
Non-operating expenses (income):		
Fair value loss (gain) on financial liabilities (note 14)	(2,289,933)	238,020
Reverse takeover listing expense (note 27)	-	93,722
	(2,289,933)	331,742
Income (loss) before income taxes	2,191,493	(653,651)
Current taxes (recovery)	31,392	24,091
Deferred tax recovery	(1,198)	-
Net income (loss)	2,161,299	(677,742)
Other comprehensive income:		
Employee benefit obligations actuarial earnings, net of income tax (note 15)	23,185	41,104
Comprehensive income (loss)	2,184,484	(636,638)
Basic earnings (loss) per share (note 17)	0.03	(0.02)
Diluted earnings (loss) per share (note 17)	0.03	(0.02)

See accompanying notes to the condensed interim consolidated financial statements.

**POPREACH INCORPORATED**

**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

	Number of shares	Share capital (note 17)	Warrant reserve (note 18)	Share-based payment reserve (note 19)	Accumulated other comprehensive income (loss)	Deficit	Total
January 1, 2021	73,048,686	24,575,987	50,176	1,170,499	(53,759)	(13,222,745)	12,520,158
Share-based compensation	-	-	-	73,939	-	-	73,939
Exercise of warrants – derivative liability	44,568	47,103	-	-	-	-	47,103
Exercise of warrants – equity	10,000	7,224	(864)	-	-	-	6,360
Comprehensive income (loss)	-	-	-	-	23,185	2,161,299	2,184,484
March 31, 2021	73,103,254	24,630,314	49,312	1,244,438	(30,574)	(11,061,446)	14,832,044
January 1, 2020	38,930,665	3,141,880	382,155	694,309	(30,404)	(6,921,521)	(2,733,581)
Share-based compensation	-	-	-	32,141	-	-	32,141
Warrants issued during the period	-	-	6,466	-	-	-	6,466
Comprehensive income (loss)	-	-	-	-	41,104	(677,742)	(636,638)
March 31, 2020	38,930,665	3,141,880	388,621	726,450	10,700	(7,599,263)	(3,331,612)

See accompanying notes to the condensed interim consolidated financial statements.

**POPREACH INCORPORATED**
**Condensed Interim Consolidated Statements of Cash Flows**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

	Three months ended	
	2021	2020
Cash flows from (used in) operating activities:		
Net income (loss)	\$ 2,161,299	\$ (677,742)
Items not affecting cash:		
Deferred tax recovery	(1,198)	-
Amortization	400,576	734,794
Amortization on deferred financing fees	-	31,207
Fair value loss (gain) on financial liabilities (note 14)	(2,289,933)	238,020
Share-based compensation expense	73,939	32,141
Finance income on investment in lease receivable	(4,898)	(6,261)
Unrealized foreign exchange losses (gains)	5,952	(39,201)
Accretion expense	38,706	127,302
Employee benefit obligations expensed	4,181	43,106
Changes in working capital (note 20)	(386,230)	(502,008)
Employee benefit obligations paid	(63,703)	-
Interest expense paid in financing activities	111,969	179,676
<b>Cash generated from operating activities</b>	<b>50,660</b>	<b>161,034</b>
Cash flows used in investing activities:		
Additions to property and equipment	(12,896)	(45,954)
Payments for game acquisitions	-	(824,361)
Payments for business acquisition (note 6)	(3,033,068)	-
Proceeds from lessee	16,776	16,173
<b>Cash used in investing activities</b>	<b>(3,029,188)</b>	<b>(854,142)</b>
Cash flows from (used in) financing activities:		
Repayments of borrowings	(108,803)	(389,794)
Payment for provisions (note 12)	(100,000)	-
Payments of interest on borrowings	(111,969)	(179,676)
Payments for lease liabilities	(99,089)	(100,028)
Cash proceeds from exercise of warrants (note 18)	36,508	-
Cash proceeds from convertible debentures (note 13)	-	1,173,530
<b>Cash generated from (used in) financing activities</b>	<b>(383,353)</b>	<b>504,032</b>
<b>Net cash outflow</b>	<b>(3,361,881)</b>	<b>(189,076)</b>
Cash and cash equivalents, beginning of the period	18,097,649	1,126,160
Effects of foreign currency exchange rate on cash	412	(49,613)
<b>Cash and cash equivalents, end of the period</b>	<b>14,736,180</b>	<b>887,471</b>

Income taxes paid	31,312	24,091
Acquisition of business by assumption of game acquisition payable (note 6)	2,000,000	-

See accompanying notes to the condensed interim consolidated financial statements.

## 1. Nature of operations

PopReach Corporation (formerly Mithrandir Capital Corp.) (“the **Company**”), was incorporated September 25, 2018 pursuant to the provisions of the Business Corporations Act (Ontario).

The Company was carrying on business as a Capital Pool Corporation (“CPC”), as such term is defined in TSX Venture Exchange Inc. (the “**Exchange**”) Policy 2.4 – Capital Pool Companies. The Company’s principal purpose was the identification and evaluation of assets, properties or businesses with a view to acquisition or participation (the “**Qualifying Transaction**”) therein subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company completed its initial public offering on October 11, 2019. Upon completion, the Company’s shares were listed for trading on the Exchange under the symbol “GMER.P”.

On June 30, 2020, the Company incorporated a wholly owned subsidiary under the *Business Corporations Act* (Ontario), 2759344 Ontario Inc. (“**Subco**”), for the sole purpose of completing the proposed Qualifying Transaction.

The Qualifying Transaction was completed on June 30, 2020 by way of a three-corned amalgamation, pursuant to which Subco amalgamated with PopReach Incorporated (“**PopReach**”) and the Company, which now holds the assets of PopReach Incorporated as a wholly-owned subsidiary, changed its name to PopReach Corporation. Immediately prior to the close of the Qualifying Transaction, the Company consolidated its common shares on an 8 to 1 basis (the “**Share Consolidation**”). The Share Consolidation has been applied retrospectively in the consolidated financial statements, including a share exchange in connection with the Qualifying transaction of 7.62 post-consolidation shares of the Company for every one share of PopReach, and as a result, the common shares (the “**Common Shares**”), broker warrants and option amounts of the Company presented herein are stated in an adjusted post-share consolidation basis. Upon the close of the Qualifying Transaction, the Company successfully became listed on Tier 1 of the TSX Venture Exchange (see note 27) under the symbol “POPR”.

The Company is a free-to-play game publisher focused on acquiring and optimizing proven franchises. With 14 franchises acquired to date, the Company drives growth through a combination of investment in existing franchises and new acquisitions. The head office of the Company is located at 1 University Avenue, 3rd Floor, Toronto, ON, M5J 2P1.

The Company has a wholly owned subsidiary, PopReach, incorporated under the laws of the Province of Ontario, and PopReach’s accounts are consolidated into the Company’s condensed interim consolidated financial statements. As at March 31, 2021, PopReach employs 24 employees on a full-time basis between its offices in Toronto, Ontario and Vancouver, British Columbia. In addition, PopReach operates two wholly owned subsidiaries, PopReach Technologies Private Limited (“**PR Tech**”), in Bangalore, India, and PopReach UK Limited (“**PopReach UK**”), in London, UK. PR Tech is incorporated pursuant to the laws of India, and its accounts are consolidated into the Company’s condensed interim consolidated financial statements. PR Tech is a management company in charge of operating the Company’s developed technology, and employs 93 employees on a full-time basis. PopReach UK was incorporated on February 18, 2021, and its accounts are also consolidated into the Company’s condensed interim consolidated financial statements. PopReach UK was established in order to fund operating costs and payroll for the acquisition of the “Peak – Brain Training” app from Brainbow Limited (“**Peak**”) as discussed in Note 6, and employs 7 employees on a full-time basis.

## 2. Significant accounting policies

### Statements of compliance

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). These statements are condensed and prepared in accordance with IAS 34 – “Interim Financial Reporting” and should be read in conjunction with the annual audited financial statements.

These condensed interim consolidated financial statements were authorized for issue by the Company’s Board of Directors on May 30, 2021.

As a result of the acquisition of Peak, the Company updated the following accounting policies since the annual audited financial statements for the years ended December 31, 2020 and December 31, 2019 as follows:

### In-app purchases

In-app purchases include both player purchases for items or services in the Company’s games, and recurring periodic as well as lifetime subscriptions which provide periodic and perpetual rights to access features of certain of the Company’s games and apps. For the three months ended March 31, 2021, the Company earned subscription revenue related to games on the digital platforms acquired in the business combination described in Note 6. For subscription periods with a definite expiration, the Company recognizes revenues evenly throughout the subscription period. Lifetime subscription revenues are recognized rateably over the estimated average playing period of payers for the applicable game.

### Deferred cost of sales and cost of sales

For the three months ended March 31, 2021, the Company earned subscription revenue related to games on the digital platforms acquired in the business combination described in Note 6. As the related platform and payment processing fees are considered incremental costs in obtaining a contract, these fees are recognized as a contract cost on the condensed interim consolidated statements of financial position. For subscription periods with a definite expiration, the Company recognizes cost of sales evenly throughout the subscription period. Platform and processing fees related to incurring lifetime subscription revenues are recognized rateably over the estimated average playing period of payers for the applicable game. However, the Company has also chosen to elect to expense any contract costs if the amortization period is less than one year, and is recognized as cost of sales on the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

## 3. Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the following:

### Identification of CGUs

The Company has allocated its tangible assets, intangible assets and goodwill to the smallest identifiable group of assets that generate cash inflows and that are largely independent of the cash inflows from other assets. The determination of CGUs for the purpose of annual impairment testing requires judgment.

**Impairment of goodwill and long-lived assets**

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property and equipment and intangible assets is reviewed each reporting period to determine whether indicators of impairment exist. The recoverable amounts attributed to CGUs reflect the higher of fair value less costs to sell (FVLCS) or value in use. The Company's determination of a CGU's recoverable amount, which could include an estimate of FVLCS, uses market information to estimate the amount the Company could obtain from disposing of the asset in an arm's length transaction, less the estimated cost of disposal. The Company estimates value in use by discounted estimated future cash flows for the CGU or asset to its present value using a pre-tax discount rate reflecting a current market assessment of the time value of money and certain risks specific to the CGU or asset. Estimated cash flows are based on management's assumptions and business plans which are supported by internal strategies, plans and external information. The estimate of the recoverable amount for an asset or CGU requires significant estimates such as future cash flows, growth rates, and terminal and discount rates. The Company has concluded that goodwill is tested at the interim consolidated level, since that represents the smallest identifiable group of assets that can generate cash inflows.

**Business combinations and asset acquisitions**

The Company uses the acquisition method to account for business combinations. This requires an entity to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The purchase price allocation involves judgment with respect to the identification of intangible assets acquired and estimates of fair value for assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any of the assumptions or estimates used to identify intangible assets acquired, determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

The Company makes estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, in addition to evaluating the recoverability of goodwill and other intangible assets on an ongoing basis. These estimates are based on a number of factors, including historical experience, market conditions, and information obtained from the management of acquired portfolios of games. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth/decline from acquired customers, acquired technology, expected changes in player life and the expected use of the acquired assets. These factors are also considered in determining the useful life of acquired intangible assets. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense. Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates or actual results.

The Company considers certain acquisition of games to be asset acquisitions, on the assumption that there are no identifiable businesses acquired in the transaction. There is judgment involved in the determination of whether the acquisition involves assets or entire businesses.

**Amortization of property and equipment and intangible assets**

Judgment is applied to determine an asset's useful life, and where applicable, estimated residual value, used in the computation of amortization. Accordingly, an asset's actual useful life and estimated residual value may differ significantly from these estimates.

**Fair value of derivative financial instruments**

The Company uses a Monte Carlo simulation to estimate the fair value of the conversion feature of the convertible debt and associated warrants both of which convert the instrument into one Common Share and one warrant. Upon



completion of the reverse takeover transaction (note 27), the convertible debentures were converted into Common Shares. The Company subsequently switched to a Black-Scholes model in order to estimate the value of the warrant liabilities. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information of a comparable companies), weighted average expected life of the instruments, expected dividends, the risk-free interest rate (based on government bonds) and probabilities of certain events occurring. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of derivative liabilities.

**Share-based payments and warrant reserves**

The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation and warrant reserves which require the use of several input variables. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information of a comparable companies), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of warrant liabilities.

**Provisions**

Due to the nature of these provisions related to contingent consideration payable for the acquisition of certain games or businesses, there is a degree of uncertainty inherent in their measurement. Inputs used to arrive at the fair value of these provisions, such as discount rates and future revenues, are subject to estimate and changes in these inputs can materially impact the estimated fair value of the contingent consideration.

**Deferred revenue and revenue**

The Company uses judgment and estimates to determine the amount of revenue to defer for each reporting period. The Company expects that in future periods, there will be changes in estimates of the average playing period of payers and/or changes in the ability to make such estimates. In particular, if the estimated average playing period of payers increases on average, the amount of revenue recognized in a current or future period may be reduced, perhaps materially. Conversely, if the estimated average playing period of payers decreases on average, the amount of revenue that is recognized in a current or future period may be accelerated, perhaps materially.

**Deferred cost of sales and cost of sales**

The Company uses judgment and estimates to determine the amount of cost of sales to defer for each reporting period. The Company expects that in future periods, there will be changes in estimates of the average playing period of payers and/or changes in the ability to make such estimates. In particular, if the estimated average playing period of payers increases on average, the amount of cost of sales recognized in a current or future period may be reduced, perhaps materially. Conversely, if the estimated average playing period of payers decreases on average, the amount of cost of sales that is recognized in a current or future period may be accelerated, perhaps materially.

**Leases and investment in lease receivable**

The Company uses judgment to determine whether the expected period would be the contract term or a longer period such as the estimated life of the relationship, where renewal periods would be considered. The Company also uses judgment in estimating the incremental borrowing rate based on borrowing rates of similar companies. Changes in these inputs can materially impact the estimated fair value of the lease liability and the investment in lease receivable.

**Employee benefit obligations**

The Company uses judgment to determine the fair value of employee benefit obligations at the end of each reporting period, including regulatory requirements, an evaluation of relevant discount rates, expected long-term returns on plan liabilities, mortality, expected changes in wages and retirement benefits, analysis of current market conditions, and input from actuaries and other consultants. Changes in these inputs can materially impact the estimated fair value of the employee benefit obligations.

**Deferred taxes**

Significant estimates are required in determining the Company's income tax provision. Some estimates are based on interpretations of existing laws or regulations. Various internal and external factors may have favourable or unfavourable effects on the Company's future effective tax rate. These include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, results of tax audits by tax authorities, changes in estimates of prior years' items and changes in overall levels of pre-tax earnings.

**Going concern**

Management has applied significant judgment in the assessment of the Company's ability to continue as a going concern when preparing its condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020. Management prepares the condensed interim consolidated financial statements on a going concern basis which assumes that the Company will be able to realize its assets, meet its obligations and continue its operations in the normal course of business.

**Expected credit losses**

The Company employs judgment and estimates include the determination of expected credit loss as described in Note 4.

**Seasonality of interim operations**

The operations of the Company are seasonal, and the results of operations for any interim period are not necessarily indicative of operations for the full fiscal year or any future period. Due to the COVID-19 pandemic, changes in player activity, quarter over quarter, may not be indicative of the financial and operating results in future periods. Given the level of continued volatility and uncertainty around the COVID-19 pandemic, there is the potential for a wider range of outcomes – both positive and negative – as it relates to our ultimate business results.

**COVID-19 pandemic**

Following the outbreak of the COVID-19 pandemic, the Company has modified its business practices to help minimize the risk of the virus to employees, business partners, and the communities in which the Company participates, which could negatively impact the business of the Company. To date, the COVID-19 crisis has not materially impacted the Company's financial condition, cash flows and financial performance. In response to the outbreak, the Company has instituted operational and monitoring protocols to ensure the health and safety of its employees and stakeholders, which follow the advice of local governments and health authorities where it operates. The Company is closely monitoring the COVID-19 pandemic in India and, in particular, its impact on its employees in Bangalore, India. Management continues to see disruptions and delays to the live operations of its games as a result of the situation in India, but it does not currently expect growth game development to suffer materially as a result. The Company has adopted a work from home policy where possible. The Company will continue to monitor developments of the COVID-19 pandemic and continuously assess the COVID-19 pandemic's potential further impact on the Company's operations and business.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

**4. Trade and other receivables**

	March 31 2021	December 31 2020
Trade receivables	\$ 1,580,851	\$ 1,086,617
Less expected credit losses	-	-
Trade receivables, net	1,580,851	1,086,617
Other receivables	74,825	52,649
Government remittances receivables	35,817	27,857
	1,691,493	1,167,123

**Classification as trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The maximum credit risk exposure associated with the trade receivables is the carrying value of \$1,691,493 (December 31, 2020 - \$1,167,123).

As at March 31, 2021 and December 31, 2020, the Company concludes there to be nil credit losses. Historically, there have been no bad debts, and the majority of trade receivables are related to the platform partners that remit within 30 to 60 days.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

## 5. Property and equipment

The following represents property and equipment, net by class:

	Computer Equipment	Furniture and Fixtures	Computer Software	Leasehold Improvements	Total Value
<b>Cost</b>					
<b>Balance at January 1, 2021</b>	\$ 233,588	\$ 74,232	\$ 10,205	\$ 19,321	\$ 337,346
Additions	11,412	1,484	-	-	12,896
Additions due to business combination (note 6)	9,500	-	-	-	9,500
Disposals	-	(964)	(510)	-	(1,474)
<b>Balance at March 31, 2021</b>	<b>254,500</b>	<b>74,752</b>	<b>9,695</b>	<b>19,321</b>	<b>358,268</b>

### Accumulated amortization and impairment

<b>Balance at January 1, 2021</b>	\$ 85,053	\$ 56,676	\$ 6,265	\$ 5,132	\$ 153,126
Amortization	17,656	4,232	758	483	23,129
Disposals	-	(964)	(510)	-	(1,474)
<b>Balance at March 31, 2021</b>	<b>102,709</b>	<b>59,944</b>	<b>6,513</b>	<b>5,615</b>	<b>174,781</b>

### Carrying amounts

<b>Balance at December 31, 2020</b>	148,535	17,556	3,940	14,189	184,220
<b>Balance at March 31, 2021</b>	<b>151,791</b>	<b>14,808</b>	<b>3,182</b>	<b>13,706</b>	<b>183,487</b>

The property and equipment broken down by geographic location is as follows:

	March 31 2021	December 31 2020
Canada	\$ 102,514	\$ 104,650
India	71,784	79,570
United Kingdom	9,189	-
<b>Total property and equipment, net</b>	<b>183,487</b>	<b>184,220</b>

For the three-month periods ending March 31, 2021 and 2020, there were no indicators of impairment noted for property and equipment.

## 6. Business combinations

On March 18, 2021, the Company acquired substantially all of the assets relating to Peak from Brainbow Limited. On March 18, 2021, the Company made a \$3,000,000 cash payment to Brainbow Limited, with an additional \$2,000,000 paid on May 18, 2021 upon successful completion of certain post-closing transitional matters. In connection with the acquisition, the Company incorporated PopReach UK Limited, a wholly-owned subsidiary of PopReach Incorporated.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

On May 18, 2021, the Company paid the additional \$2,000,000 mentioned above in connection with closing the post-closing transitional matters.

The following table summarizes the preliminary purchase price allocation and estimated fair value of the assets acquired and liabilities assumed at the date of the acquisition:

<b>Assets</b>		
Prepaid expenses	\$	49,407
Intangible assets – Subscriber base		344,000
Intangible assets – Technology		2,325,000
Intangible assets – Brand		959,000
Property and equipment		9,500
Goodwill		2,599,849
<b>Total enterprise value</b>		<b>6,286,756</b>
Less: Deferred revenue assumed		(1,237,349)
Less: Other liabilities assumed		(16,339)
<b>Aggregate purchase price</b>		<b>5,033,068</b>

The total consideration is broken down as follows:

Cash	\$	3,033,068
Game acquisition payable		2,000,000
<b>Aggregate purchase price</b>		<b>5,033,068</b>

The useful lives of the intangible assets are listed below:

Subscriber base	4 years
Technology	6 years
Brand	7 years

The goodwill acquired is associated with the workforce and expected synergies associated with the acquisition and is expected to be deductible for tax purposes.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

The allocation of the purchase price to the intangible assets and goodwill is preliminary and subject to adjustment. Management will finalize the accounting for the acquisition no later than one year from the date of the acquisition. Differences from these provisional estimates and the final accounting may be material.

## 7. Goodwill and intangible assets

### Intangible assets

Intangible assets include costs to acquire certain portfolios of games. The movements of the Company's intangibles are summarized as follows:

	Subscriber base	Technology Based	Brand/ License Based	Total Value
<b>Cost</b>				
<b>Balance at January 1, 2021</b>	\$ -	\$ 9,083,124	\$ 3,069,902	\$ 12,153,026
Additions due to business combination (note 6)	344,000	2,325,000	959,000	3,628,000
<b>Balance at March 31, 2021</b>	344,000	11,408,124	4,028,902	15,781,026
<b>Accumulated amortization</b>				
<b>Balance at January 1, 2021</b>	-	5,580,947	1,455,153	7,036,100
Amortization	3,240	214,954	90,472	308,666
<b>Balance at March 31, 2021</b>	3,240	5,795,901	1,545,625	7,344,766
Carrying amounts				
<b>Balance at December 31, 2020</b>	-	3,502,177	1,614,749	5,116,926
<b>Balance at March 31, 2021</b>	340,760	5,612,223	2,483,277	8,436,260

### Goodwill

Goodwill includes costs to acquire certain portfolios of games and represents acquired workforce and other synergies. The movements of the Company's goodwill is summarized as follows:

<b>Goodwill at January 1, 2021</b>	\$ 6,084
Goodwill arising from business combination (note 6)	2,599,849
<b>Goodwill at March 31, 2021</b>	2,605,933

For the three-month periods ending March 31, 2021 and 2020, there were no indicators of impairment noted for goodwill and intangible assets.

## 8. Commitments

The Company and its subsidiaries are subject to routine legal proceedings and tax audits. The Company does not believe that the outcome of any of these matters, individually or in aggregate, would have a material adverse effect on its condensed interim consolidated statements of income and comprehensive income (loss), cash flows or financial position.

## 9. Leases

### Short Term Leases

The Company and its subsidiaries are parties to various rent and software license costs. For leases in which the lease has a term less than 12 months on the commencement date, all commitments are on a month-to-month basis and can be cancelled at any time within a 30 to 60 day notice period.

In December 2019, the Company signed a short-term lease for an office space in Toronto, Ontario, with the intention to utilize the office space for less than 12 months. This lease was renewed in August 2020, and again in January 2021, for additional periods of less than 12 months. In September 2020, the Company signed a short-term lease for an office space in Vancouver, British Columbia, with the intention to utilize the office space for less than 12 months. This lease was renewed in January 2021 for an additional period of 12 months. The amount of rent expensed during the three months ended March 31, 2021 was \$17,593 (2020 – \$41,208) and was recorded as a general and administrative expense in the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

The following is a summary of the right-of-use asset and lease liabilities as reported on the condensed interim consolidated statements of financial position:

	March 31 2021	December 31 2020
<b>Right-of-use assets</b>		
Buildings – Cost	\$ 554,327	\$ 554,327
Buildings – Accumulated Amortization	(485,037)	(415,746)
	69,290	138,581
<b>Lease liabilities</b>		
Current	136,868	208,302
Non-current	96,854	113,264
	233,722	321,566

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

During the three months ended March 31, 2021, the Company recognized \$69,291 of depreciation expense related to right-of-use assets (three months ended March 31, 2020 - \$69,291) and \$9,725 of interest expense related to lease liabilities (three months ended March 31, 2020 - \$24,218).

Below is a summary of the maturity of the lease liabilities as at March 31, 2021:

Year	Payments	Finance income	Total
2021	\$ 142,974	\$ 21,017	\$ 121,957
2022	72,698	10,058	62,640
2023	51,116	1,991	49,125
	266,788	33,066	233,722

The weighted average incremental borrowing rate for the lease liabilities was estimated to be 15%.

Right-of-use assets for PR Tech are amortized over the expected lease term of 2 years.

**10. Investment in lease receivable**

On December 1, 2019, the Company entered into a sublease agreement for the existing Toronto office with a lessee, expiring on August 1, 2023.

The following is a summary of lease receivable as recorded in the condensed interim consolidated statements of financial position:

	March 31 2021	December 31 2020
Current	\$ 52,859	\$ 50,552
Non-current	87,554	100,164
	140,413	150,716

Below is a summary of the maturity of the investment in lease receivable as at March 31, 2021:

Year	Payments	Finance income	Total
2021	\$ 56,648	\$ 17,649	\$ 38,999
2022	67,978	9,758	58,220
2023	45,318	2,124	43,194
	169,944	29,531	140,413

The incremental borrowing rate for the investment in lease receivable was estimated to be 13%.



## 11. Borrowings

### Bank credit facility

On October 2, 2020, PopReach entered into a new non-revolving term facility of \$6,500,000 with the Bank of Nova Scotia in order to refinance its prior credit facility and entered into an operating line of credit of \$1,000,000 with the same lender (collectively, the “New Facility”). The interest rate charged on the non-revolving term facility is equal to the US Base Lending Rate plus 3.50% per annum, and the interest rate charged on the operating line of credit is equal to the US Base Lending Rate plus 2.00% per annum. The New Facility matures 24 months from the closing date. PopReach, as borrower, and the Company, as guarantor, have agreed to secure all of PopReach’s obligations under the New Facility by granting the lender a first ranking security interest on all of their respective assets.

On October 2, 2020, in conjunction with the closing of the New Facility, the Company retired its prior bank credit facility by paying down the entire outstanding principal of \$6,134,832 plus applicable interest, premium and legal expenses, and all remaining deferred financing fees related to the prior bank credit facility were expensed to interest and accretion expenses.

The Company is in full compliance with the financial covenants at March 31, 2021.

Below is a summary of the borrowings owing by the Company:

	March 31 2021	December 31 2020
Bank credit facility	\$ 5,953,041	\$ 6,032,863
<b>Total borrowings</b>	<b>5,953,041</b>	<b>6,032,863</b>
Current	1,201,963	1,200,418
Non-current	4,751,078	4,832,445
<b>Total borrowings</b>	<b>5,953,041</b>	<b>6,032,863</b>

## 12. Provisions and game acquisition payable

Provisions are related to the present value of contingent consideration payable to entities for the purchase of certain portfolios of games or businesses. As there is judgment involved in estimating the discount rate of the contingent consideration and the future cash flows of which the consideration is calculated based on, it is separated out from the fixed portion of consideration classified as “Game acquisition payable” in the condensed interim consolidated statements of financial position.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

**Game acquisition payable**

	Total Value
<b>Game acquisition payable at January 1, 2021</b>	\$ -
Game acquisition payable arising from business combination (note 6)	2,000,000
<b>Game acquisition payable at March 31, 2021</b>	2,000,000

**Provisions**

For the asset acquisition of the Smurfs portfolio of games, the discount rate used to estimate the fair value of the provision as at March 31, 2021 and December 31, 2020 was 25%.

Below is a summary of the contingent consideration provisions as at the end of each period:

	Total Value
<b>Balance at January 1, 2021</b>	\$ 100,000
Cash consideration paid	(100,000)
Accretion expense	-
Change in fair value of contingent consideration	-
<b>Balance at March 31, 2021</b>	-

**13. Derivative financial instruments and convertible debentures**

Derivative financial instruments consist of warrant liabilities arising from the conversion of convertible debentures and accrued interest to common shares and warrants during the three months ended March 31, 2021. During the three months ended March 31, 2020, derivative financial instruments consisted of the conversion feature of the convertible debentures before the reverse takeover transaction discussed on June 30, 2020 in Note 27.

The March 31, 2021 and December 31, 2020 warrant value balances are related to the warrants which do not meet the fixed-for-fixed condition, and therefore are classified as a current liability on the statement of financial position until the exercise or expiration of the warrants. As at March 31, 2021, there are 7,699,705 warrants outstanding which are classified as a current liability. Changes in the inputs to the Black Scholes model can materially change the fair value of the warrants. A 10% increase in the volatility would increase the fair value of the liability by \$163,178, while a 10% decrease in the volatility would decrease the fair value of the liability by \$147,869.

**Inputs for measurement of issuance date fair values**

As there is uncertainty in the dollar amount of conversion, these do not meet the fixed-for-fixed condition. The fair value of the warrants were estimated using the Black-Scholes option pricing model and the assumptions at the revaluation were as follows:

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

*Revaluation date – March 31, 2021*

Risk-free interest rate: 0.74%

Expected volatility: 41.04%

Stock price (expressed in Canadian \$): \$1.00

Expected life: 1.25 years

Expected dividends: \$nil

The summary of the warrant liabilities are as follows:

	Total Value
<b>Balance at January 1, 2021</b>	\$ 4,546,471
Effect of foreign exchange rates	56,461
Change in fair value of warrants	(2,346,394)
Conversion to common shares	(16,955)
<b>Balance at March 31, 2021</b>	<b>2,239,583</b>

**14. Fair value (gain) loss on financial liabilities**

The summary of the fair value (gain) loss on financial liabilities is as follows:

	Three months ended	
	2021	2020
Change in fair value of contingent consideration (note 12)	\$ -	\$ 83,322
Change in fair value of conversion feature and warrant liability (note 13)	(2,346,394)	154,698
Foreign exchange (gains) losses on warrant liability (note 13)	56,461	-
	(2,289,933)	238,020

## 15. Employee benefit obligations

The Company has a statutory defined benefit obligation related to payment of gratuity and leave encashment pursuant to regulations in India. This obligation covers only the employees based in India. The liability recognized in the condensed interim consolidated statements of financial position in respect of the defined benefit gratuity plan and the leave encashment plan is the present value of defined benefit obligations at the end of the reporting period. The defined benefit obligation is calculated through an actuarial valuation using the projected unit credit method. The benefits are based on years of service and last drawn salary.

The most recent actuarial valuation of the benefit plans for accounting purposes was as of March 31, 2021.

Below is a summary of the change in employee benefit obligations from January 1, 2021 to March 31, 2021:

	Three months ended March 31 2021	Year ended December 31 2020 (annual)
<b>Change in benefit obligations</b>		
Beginning benefit obligation	\$ 588,855	\$ 538,217
Service cost	21,828	100,281
Interest cost	6,321	33,579
Actuarial losses (gains) to profit and loss	(16,170)	(33,127)
Actuarial losses (gains) to other comprehensive income	(30,983)	31,211
Benefits paid	(63,703)	(70,143)
Foreign currency translation adjustments	(1,889)	(11,163)
<b>Ending benefit obligation</b>	<b>504,259</b>	<b>588,855</b>

The actuarial losses to other comprehensive income during the three months ended March 31, 2021 were shown on the condensed interim consolidated statement of income (loss) and comprehensive income (loss) net of income taxes of \$7,798 (year ended December 31, 2020 – income taxes of \$7,856).

The key assumptions for the gratuity and leave encashment plans at March 31, 2021 are as follows:

Discount rate: 6.45%

Salary escalation: 10%

Attrition rate: 2-16%

Indian Assured Lives mortality rate (ages 20-60): 0.0698% – 2.4058%

## 16. Financial risks

### Currency risk

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Company has revenue and purchases that are denominated in a currency other than the functional currency of the Company, being the US dollar. These transactions are primarily

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

denominated in Canadian dollars (CAD), Indian rupees (INR), and British pound sterling (GBP). The Company does not currently enter into forward contracts to mitigate this risk. Other than transactions denominated in GBP due to the Peak acquisition discussed in Note 6, there have been no other changes in the risk exposure from the year ended December 31, 2020.

**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 ongoing review of accounts receivable balances; following up on amounts past due, if any; and management of cash including the ability to raise additional debt and equity capital as and when required.

The Company continues to take advantage of government assistance programs which promote interactive digital media development in the Canadian economy as investment tax credits available from qualifying research and development expenditures.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business. The following tables outline the Company's remaining contractual maturities for its non-derivative financial liabilities, at their undiscounted value, based on the earliest date the Company is required to make payment on these amounts:

	March 31, 2021			
	Total	Less than 1 year	Payments due	
			1-3 years	After 3 years
Trade payables and accrued liabilities	\$ 1,040,078	\$ 1,040,078	\$ -	\$ -
Game acquisition payable	2,000,000	2,000,000	-	-
Borrowings – principal	6,092,970	1,305,636	4,787,334	-
Borrowings – interest	694,163	394,411	299,752	-
Lease payments – principal	233,722	131,844	101,878	-
Lease payments – interest	33,066	23,246	9,820	-

**Credit risk**

Credit risk is that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily from cash and trade and other receivables as amounts are owing primarily from three customers. As at March 31, 2021 and December 31, 2020, the trade and other receivables were within normal repayment terms and the Company had recorded no expected credit losses.

**Interest rate risk**

The Company's New Facility has a variable interest rate based on US Base Lending Rate plus 3.50% for the term loan, and US Base Lending Rate plus 2.00% for the operating line of credit. As a result, the Company is exposed

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

to interest rate risk due to fluctuations in the US Base Lending Rate. Interest expense has been recorded in the condensed interim consolidated statement of income (loss) and comprehensive income (loss).

**17. Share capital****Authorized and issued**

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

Below is a summary of the movement in share capital during the three months ended March 31, 2021:

	Number of Shares	Total Value
<b>Balance at January 1, 2021</b>	73,048,686	\$ 24,575,987
Exercise of warrants (note 18)	54,568	54,327
<b>Balance at March 31, 2021</b>	73,103,254	24,630,314

Below is the calculation of the diluted earnings per share and diluted weighted average number of shares for the three months ended 2021:

	Three months ended 2021
Weighted average number of ordinary shares outstanding	73,074,164
Dilutive effect of share-based payments	4,572,952
Dilutive effect of warrants - equity	119,344
<b>Fully diluted weighted average number of shares outstanding</b>	77,766,460
<b>Diluted earnings per share</b>	\$ 0.03

For the three months ended March 31, 2021, the warrants classified as a liability were determined to be anti-dilutive owing to the numerator adjustment required to remove the fair value gain on those securities which would then result in the net earnings for the period to be a loss. As such, they were excluded from the calculation above. For the three months ended March 31, 2020, the Company incurred a net loss, with anti-dilutive securities including convertible debentures and associated derivatives described in Note 13, warrants in Note 18 and share-based payments in Note 19.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

**18. Warrant reserve**

No warrants expired during the three months ended March 31, 2021. Below is a summary of the outstanding warrants classified as equity instruments.

	Number of Warrants	Weighted average exercise price (in Canadian dollars)	Remaining contractual life (years)	Total Value (equity)
<b>Balance at January 1, 2021</b>	307,084	\$ 0.74	0.84	\$ 50,176
Warrants exercised during the period	(10,000)	0.80	-	(864)
<b>Balance at March 31, 2021</b>	297,084	0.72	0.72	49,312

Below is a summary of the outstanding warrants classified as current liabilities:

	Number of Warrants	Weighted average exercise price (in Canadian dollars)	Remaining contractual life (years)	Total Value (liability)
<b>Balance at January 1, 2021</b>	7,744,273	\$ 0.71	1.50	\$ 4,546,471
Effect of foreign exchange rates	-	-	-	56,461
Change in fair value of warrant liability	-	-	-	(2,346,394)
Conversion of warrants (note 13)	(44,568)	0.86	-	(16,955)
<b>Balance at March 31, 2021</b>	7,699,705	0.71	1.25	2,239,583

In February 2021, certain warrants classified as current liabilities were exercised by investors for aggregate cash proceeds of \$30,148.

In March 2021, certain warrants classified as equity instruments were exercised by investors for aggregate cash proceeds of \$6,360.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

The total number of warrants issued and their classification are as follows:

	Number of warrants
Warrants – equity	297,084
Warrants – liability (note 13)	7,699,705
	<b>7,996,789</b>

**19. Share-based payments****Description of the share-based payment arrangements with employees**

The Company has a share option plan with the objective of attracting, retaining and motivating key employees, officers and directors in long-term success of the Company. In accordance with this plan, options are exercisable at the exercise price of each option, as determined on the grant date. Each share option expires on the date that is the earlier of 5 years from the date of grant or such earlier date as may be set out in the participant's award agreement.

The following is a summary of the share options for three months ended March 31, 2021 and 2020:

	Three months ended			
	2021			2020
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
<b>As at January 1</b>	C\$0.39	6,845,414	C\$0.22	5,351,115
Granted during the period	-	-	-	-
Share options forfeited	C\$0.85	(100,000)	-	-
Share options exercised	-	-	-	-
As at March 31	C\$0.39	6,745,414	C\$0.22	5,351,115
<b>Vested and exercisable at March 31</b>	C\$0.26	4,302,370	C\$0.20	4,197,698

No options expired during the periods covered by the above tables. 100,000 share options were forfeited due to employee departures.



**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	Share options March 31, 2021	Share options March 31, 2020
Jan 2017 – Oct 2017	Jan 2022 – Oct 2022	C\$0.16	3,369,914	3,465,165
Jan 2018	Jan 2023	C\$0.31	190,500	438,150
Jan 2019 – Oct 2019	Jan 2024 – Oct 2024	C\$0.31	1,447,800	1,447,800
Apr 2020	Apr 2025	C\$0.72	457,200	-
From Qualifying Transaction	Oct 2024	C\$0.80	375,000	-
Jul 2020 – Aug 2020	Jul 2025 – Aug 2025	C\$0.85 – C\$1.00	825,000	-
Nov 2020	Nov 2022 – Nov 2025	C\$1.40	80,000	-
<b>Total</b>			<b>6,745,414</b>	<b>5,351,115</b>
Weighted average remaining contractual life of options outstanding at end of period (in years)			2.49	2.91

During the three months ended March 31, 2021, the Company incurred share-based payment expenses to employees and directors of the Company in the amount of \$73,939 (three months ended March 31, 2020 - \$32,141) in relation to its share option programs. These costs are included in research and development and general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (loss).

**Inputs for measurement of grant date fair values**

The grant date fair value of stock options was estimated using the Black-Scholes option pricing model and the assumptions at grant dates.

The Company observed similar public companies in order to estimate volatility over the estimated life of the option. Changes in these variables can materially impact the estimated fair value of share-based compensation and consequently, the related amount recognized to general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (loss).

## 20. Supplementary cash flow information

### Change in working capital

	Three months ended	
	2021	2020
Trade and other receivables	\$ (524,370)	\$ (233,952)
Prepaid assets	(45,528)	(64,789)
Investment tax credits receivable	26,888	(53,731)
Deferred cost of sales	(35,973)	-
Trade payables and accrued liabilities	154,658	(187,877)
Taxes payable	80	-
Deferred revenue	38,015	38,341
<b>Total change in working capital</b>	<b>(386,230)</b>	<b>(502,008)</b>

## 21. Related party transactions

### Convertible debentures

There were no related party transactions identified in the first quarter of 2021. In the first quarter of 2020, of the C\$1,600,500 of convertible debentures issued (US\$1,173,530), C\$275,000 (US\$201,637) was issued to existing shareholders and key management personnel.

## 22. Key management compensation

Compensation for key management personnel, including the Company's officers and Board of Directors, and private companies controlled by the Company's Officers and Board of Directors, was as follows:

	Three months ended	
	2021	2020
Management salaries, bonuses and other benefits	\$ 260,646	\$ 166,705
Director fees	26,300	-
Share-based payments - management	10,020	24,348
Share-based payments - directors	44,545	1,673
<b>Total key management compensation</b>	<b>341,511</b>	<b>192,726</b>

## 23. Management of capital

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to preserve its capital through adapting its strategic efforts and working to optimize revenues from its game production and operations. The Company also attempts to raise additional funds through the issuance of debt or equity.

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In the management of capital, the Company's definition of capital includes shareholders' (deficit) equity and interest bearing debt, which as at March 31, 2021, totalled \$20,785,085 (December 31, 2020 - \$18,553,021), which was comprised of shareholders' equity of \$14,832,044 (December 31, 2020 - \$12,520,158) and interest-bearing debt of \$5,953,041 (December 31, 2020 - \$6,032,863).

**24. Revenue from contracts with customers**

The following table presents our revenue disaggregated based on the geographic location of our paying players. All of the geographic locations presented below represent at least 10% of total revenues in either the three months ended March 31, 2021 or March 31, 2020:

	Three months ended	
	2021	2020
North America	\$ 2,930,387	\$ 3,589,371
Europe	763,454	599,213
Other	384,059	487,960
<b>Total revenue</b>	<b>4,077,900</b>	<b>4,676,544</b>

The following table presents our in-app purchases disaggregated based on each platform partner:

	Three months ended	
	2021	2020
Apple	\$ 1,779,882	\$ 2,005,458
Facebook	1,110,453	1,517,493
Google	970,001	854,970
Amazon	65,655	73,707
Other mobile	12,816	-
<b>Total in-app purchases</b>	<b>3,938,807</b>	<b>4,451,628</b>

During the three months ended March 31, 2021 and March 31, 2020, there was no significant impact from discontinued games or from changes in our estimated average playing period of payers that required adjusting the recognition period of deferred revenue generated in prior periods.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the three months ended March 31, 2021 and 2020 (unaudited - in US dollars, unless otherwise stated)

**25. Breakdown of employee compensation**

	Three months ended	
	2021	2020
Salaries and benefits	\$ 1,264,733	\$ 932,100
Employee benefits expenses	11,979	43,106
Share-based compensation expense	73,939	32,141
	1,350,651	1,007,347

Presented as follows:

Cost of sales	54,798	34,878
Research and development	811,932	690,434
General and administrative	483,921	282,035
	1,350,651	1,007,347

**26. Change in comparative information**

Certain figures in the condensed interim consolidated statements of income and comprehensive income (loss) have been reclassified from cost of sales and general and administrative expenses to marketing expenses. Below is the summary of the reclassification during the prior reporting periods:

For the three months ended March 31, 2020	As previously reported	Reclassification	As adjusted
Marketing	\$ -	\$ 135,048	\$ 135,048
Cost of sales	2,531,397	(135,048)	2,396,349
	2,531,397	-	2,531,397
For the year ended December 31, 2020	As previously reported	Reclassification	As adjusted
Marketing	\$ 609,573	\$ 101,164	\$ 710,737
General and administrative	2,874,601	(101,164)	2,773,437
	3,484,174	-	3,484,174

The reclassification changes had no impact to the condensed interim consolidated statements of financial position, net income and comprehensive income (loss), earnings per share and the condensed interim consolidated statements of cash flows.

## **27. Reverse takeover transaction**

On November 11, 2019, the Company signed a letter of intent with PopReach, where the Company would acquire PopReach, by way of a three-corner amalgamation, share exchange, plan of arrangement or other similar form of transaction as agreed by the parties. On June 26, 2020, the Company and PopReach entered into the Definitive Agreement, which supersedes the prior binding letter of intent, pursuant to which the parties agreed to complete the Qualifying Transaction (the "Transaction") on the terms set out therein. The Transaction was completed on June 30, 2020 and resulted in a reverse take-over of the Company by PopReach and constitutes the Qualifying Transaction of the Company in compliance with the CPC Policy. Pursuant to the terms of the Definitive Agreement, the Company acquired 100% of PopReach and the Company changed its name to PopReach Corporation.

Pursuant to the Transaction, each PopReach shareholder received 7.62 post-Consolidation Common Shares in the capital of the Company for each PopReach common share held by them, for a total issuance by the Company from treasury of 48,233,937 post-Share Consolidation Common Shares. In addition, each convertible, exchangeable, or exercisable security of PopReach was exchanged for a convertible, exchangeable or exercisable security, as applicable, of the Company on substantially the same economic terms and conditions as the original convertible, exchangeable, or exercisable security of PopReach (with their exercise prices being divided by 7.62) resulting in the issuance of 7,744,273 warrants in respect of outstanding PopReach warrants, 5,808,314 options in respect of outstanding PopReach options and 99,584 broker warrants in respect of outstanding PopReach broker warrants, all of which have been retroactively adjusted in the Consolidated Financial Statements (see Note 1).

Following completion of the Transaction as at June 30, 2020, the Company had 51,983,937 Common Shares issued and outstanding. Assuming the conversion of all outstanding options, warrants and stock options, 66,288,882 Common Shares would be outstanding on a fully diluted basis. Common shares of the Company began trading on the TSX Venture Exchange under the symbol "POPR" on July 8, 2020. The fair value of consideration for the Transaction is \$2,091,433. After deducting net assets of the Company before the closing of the Transaction of \$1,409,995, the non-cash listing expense of \$681,438 was expensed in the post acquisition year as a cost associated with obtaining a public stock listing. Based on the Company's consolidated statements of financial position immediately prior to the closing of the Transaction as at June 30, 2020, the net assets at fair value that were acquired by PopReach are as follows:

**Notes to the Condensed Interim Consolidated Financial Statements**

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	Total Value
<b>Purchase consideration</b>	
Share capital	\$ 1,981,215
Share-based payment reserve	75,915
Warrant reserve	34,303
<b>Fair value of consideration</b>	<b>2,091,433</b>
<b>Total Value</b>	
<b>Identifiable assets acquired</b>	
Cash and cash equivalents	\$ 1,484,114
Accounts payable and accrued liabilities	74,119
Net assets acquired	1,409,995
Non-cash listing expense	681,438
Add: Professional fees associated with reverse takeover	327,396
<b>Reverse takeover listing expense</b>	<b>1,008,834</b>

**28. Subsequent events**

On April 13, 2021, the Company signed an asset purchase agreement and licensing agreement with Starbreeze Studios AB (“**Starbreeze**”) for the re-launch of mobile title PAYDAY Crime War. Under the terms of the asset purchase agreement, the Company will pay Starbreeze \$250,000 in exchange for all rights and title to the existing PAYDAY Crime War source code and game assets. Concurrently, the parties entered into a five year licensing agreement granting the Company the right to publish PAYDAY Crime War worldwide, and access to assets from the PAYDAY 2 PC game for use in PAYDAY Crime War. PopReach will be responsible for completing development, marketing, live operations and user acquisition for PAYDAY Crime War, which it expects to soft launch in Q4 2021. Starbreeze will receive tiered royalties on PAYDAY Crime War net sales, and retains all IP rights to the PAYDAY franchise. The transition of these assets was successfully completed in Q2 2021.