

SIYATA MOBILE INC.

Consolidated Financial Statements
(Expressed in US Dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Siyata Mobile Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Siyata Mobile Inc. (the "Company") as of December 31, 2020, 2019, and January 1, 2019 and the related consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2020, 2019 and 2018, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, 2019, and January 1, 2019 and the results of its operations and its cash flows for the years ended December 31, 2020, 2019 and 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change of Presentation Currency

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its presentation currency from the Canadian dollar to the United States dollar in the year ended December 31, 2020 on a retrospective basis.

Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1, The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.



Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2016.

/s/ DAVIDSON & COMPANY LLP

Vancouver, Canada

Chartered Professional Accountants

June 30, 2021

Siyata Mobile Inc.

Consolidated Statements of Financial Position

(Expressed in US dollars)

	December 31 2020	December 31 2019 Restated note 31	January 1, 2019 Restated note 31
ASSETS			
Current			
Cash	\$ 5,468,766	\$ 2,661,575	\$ 1,776,949
Restricted cash (Note 4)	10,995,500	-	-
Trade and other receivables (Note 5)	2,737,096	1,492,955	679,409
Prepaid expenses	749,000	252,868	303,314
Inventory (Note 6)	2,409,733	3,379,895	3,657,465
Advance to suppliers	734,550	650,690	351,334
	23,094,645	8,437,983	6,768,471
Right of Use Assets (Note 7)	377,035	204,939	-
Loan to Director (Note 8)	214,456	200,000	-
Equipment	55,454	39,747	39,935
Intangible assets (Note 9)	6,549,118	6,469,504	5,498,548
Goodwill (Note 10)	801,780	785,153	750,565
Total assets	\$ 31,092,488	\$ 16,137,326	\$ 13,057,519
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank Loan (Note 11)	\$ 437,848	32,435	-
Accounts payable and accrued liabilities	2,622,118	1,970,663	2,930,310
Due to Related Party (Note 12)	-	76,866	145,640
Lease Obligations (Note 13)	127,776	116,311	-
Convertible debenture (Note 14)	6,160,769	1,047,661	-
Current portion of long term debt (Note 15)	56,471	44,547	24,963
Future Purchase Consideration (Note 16)	-	-	315,712
	9,404,982	3,288,483	3,416,625
Lease Obligation (Note 13)	213,816	78,020	-
Other payables	142,870	132,906	-
Long Term Convertible Debenture (Note 14)	-	4,049,349	2,866,983
Long Term Debt (Note 15)	51,765	105,991	143,906
	408,451	4,366,266	3,010,889
Total Liabilities	9,813,433	7,654,749	6,427,514
Shareholders' equity			
Share capital (Note 17)	50,088,369	28,592,662	21,246,401
Reserves (Note 17)	9,984,531	5,095,530	2,923,511
Accumulated other comprehensive loss (income)	100,025	97,138	105,638
Deficit	(38,893,870)	(25,302,753)	(17,645,545)
	21,279,055	8,482,577	6,630,005
Total liabilities and shareholders' equity	\$ 31,092,488	\$ 16,137,326	\$ 13,057,519

Nature of operations and going concern (Note 1)

Subsequent Events (Note 30)

Approved on June 29, 2021 on behalf of the Board:

"Michael Kron"

Michael Kron – Director

"Marc Seelenfreund"

Marc Seelenfreund - Director

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

Siyata Mobile Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in US dollars)

For the years ended December 31, 2020, 2019 and 2018

	2020	2019 as restated Note 31	2018 as restated Note 31
Revenue (Note 27)	5,989,772	9,812,188	10,981,114
Cost of Sales (Note 18)	(4,409,655)	(7,122,823)	(9,390,768)
Gross profit	1,580,117	2,689,365	1,590,346
EXPENSES			
Amortization and Depreciation (Note 7, 9)	1,280,122	1,168,594	544,208
Development expenses	560,236	757,404	-
Selling and marketing (Note 19)	3,691,844	3,559,602	4,207,746
General and administrative (Note 20)	2,857,550	2,322,681	2,261,990
Bad Debts expense (Note 5)	1,530,667	-	-
Inventory impairment (Note 6)	1,571,649	212,000	-
Intangible asset impairment (Note 9)	293,000	111,521	1,508,880
Share-based payments (Note 17)	517,678	1,123,154	850,747
Total Operating Expenses	12,302,746	9,254,956	9,373,571
Net operating income (loss)	(10,722,629)	(6,565,591)	(7,783,225)
OTHER EXPENSES	-	-	
Finance expense (income) (Note 21)	1,744,273	962,263	753,257
Foreign exchange loss (income)	(290,401)	106,745	(40,261)
Transaction costs (Note 22)	1,414,616	-	-
Accretion and change in value of future purchase consideration (Note 16)	-	22,609	400,886
Total other expenses	2,868,488	1,091,617	1,113,882
Net Income (loss) for the year	(13,591,117)	(7,657,208)	(8,897,107)
Other comprehensive income			
Translation Adjustment	2,887	(8,500)	32,671
Comprehensive loss for the year	\$ (13,588,230)	\$ (7,665,708)	\$ (8,864,436)
Weighted Average Shares	1,484,898	807,956	657,764
Basic and diluted loss per share	(\$9.15)	(\$9.48)	(\$13.53)

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

Siyata Mobile Inc.

Consolidated Statement of Changes in Shareholders' Equity (Expressed in US dollars)

For the years ended December 31, 2020, 2019 and 2018

	Number of Common Shares	Share Capital Amount	Reserves	Accumulated other comprehensive Income (loss)	Deficit	Total Shareholders' Equity
Balance, December 31, 2017	646,517	\$17,937,968	\$2,341,490	\$ 138,309	(\$ 8,748,438)	\$11,669,329
Exercise of Warrants	18,268	1,022,200				1,022,200
Exercise of stock options	8,966	526,698	(210,266)			316,432
Shares issued on acquisition of Signifi	6,897	285,560				285,560
Exercise of agents' options	2,733	169,261	(58,460)			110,801
Non-brokered private placement	31,888	1,591,950				1,591,950
Share Issuance costs on capital raise		(287,236)				(287,236)
Share based payments			850,747			850,747
Translation adjustment				(32,671)		(32,671)
Loss for the period					(8,897,107)	(8,897,107)
Balance, December 31, 2018	\$715,269	\$21,246,401	\$2,923,511	\$105,638	(\$ 17,645,545)	\$6,630,005
Exercise of Warrants	80,865	4,418,377	-	-	-	4,418,377
Shares issued on acquisition of Signifi	6,897	346,673	-	-	-	346,673
Exercise of agents' options	5,668	345,832	(98,068)	-	-	247,764
Non-brokered private placement	51,724	2,290,916	-	-	-	2,290,916
Share Issuance costs on capital raise		(186,854)				(186,854)
Shares issued as agent compensation for debenture	3,324	118,560	-	-	-	118,560
Expiry of agent's options	-	12,757	(12,757)	-	-	-
Equity portion of the debenture bifurcated	-	-	446,053	-	-	446,053
Issuance of agents' warrants	-	-	47,209	-	-	47,209
Issuance of warrants to debentureholders	-	-	666,428	-	-	666,428
Share based payments	-	-	1,123,154	-	-	1,123,154
Translation adjustment	-	-	-	(8,500)	-	(8,500)
Loss for the period	-	-	-	-	(7,657,208)	(7,657,208)
Balance, December 31, 2019	863,747	\$28,592,662	\$5,095,530	\$97,138	(\$ 25,302,753)	\$8,482,577
Equity portion of the debenture bifurcated			62,986			62,986
Share based payments			517,678			517,678
Share issuance on capital raise	3,712,776	25,501,529	3,327,829			28,829,358
Share issuance costs on capital raise		(4,774,484)	980,508			(3,793,976)
Shares issued for debt	85,659	710,970				710,970
Share issuance on conversion of convertible debt	1,149	57,692				57,692
Translation adjustment				2,887		2,887
Loss for the period					(13,591,117)	(13,591,117)
Balance, December 31, 2020	4,663,331	\$50,088,369	\$9,984,531	\$100,025	(\$ 38,893,870)	\$21,279,055

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

Siyata Mobile Inc.

Consolidated Statements of Cash Flows

(Expressed in US dollars)

For the years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
Cash provided by / (used for):			
Operating activities:			
Net loss for the period	(\$ 13,591,117)	(\$ 7,657,208)	(\$ 8,897,107)
Items not affecting cash:			
Amortization and depreciation	1,280,122	1,168,594	544,208
Bad debt expense (Note 5)	1,530,667	-	-
Inventory impairments (Note 6)	1,571,649	212,000	-
Intangible impairments (Note 9)	293,000	111,521	1,508,880
Interest expense, net of repayments (Note 21)	926,962	341,112	270,988
Interest income	(14,456)	-	-
Foreign exchange	138,691	-	-
Accretion of future purchase consideration	-	-	400,886
Share-based payments	517,678	1,123,154	850,747
Loss on debt conversion	16,712	-	-
Net change in non-cash working capital items:			
Trade and other receivables, prepaids, and advances to suppliers	(3,353,800)	(1,134,535)	1,768,193
Inventory	(601,487)	65,570	(338,959)
Accounts payable and accrued liabilities	1,372,389	(887,569)	853,282
Due to/from related party	(76,866)	(68,774)	764,460
Net cash and restricted cash used in operating activities	(9,989,856)	(6,726,135)	(2,274,422)
Investing activities:			
Intangible additions	(1,513,570)	(2,380,196)	(1,598,660)
Future purchase consideration			(621,567)
Equipment additions	(21,136)	-	(3,293)
Net cash and restricted cash used in investing activities	(1,534,706)	(2,380,196)	(2,223,520)
Financing activities:			
Lease payments	(146,146)	(135,612)	-
Bank loan	405,413	(32,435)	-
Repayment of long term debt	(45,490)	(26,114)	-
Convertible debt issued, net of repayments	99,490	1,685,908	-
Shares issued for cash	28,168,529	2,290,916	1,591,950
Share issue costs (cash)	(3,133,147)	(20,085)	(287,236)
Loan to Director	-	(200,000)	-
Exercise of stock options	-	-	316,432
Exercise of agents' options	-	247,764	110,801
Exercise of warrants	-	5,529,858	1,022,200
Loan received	-	165,341	168,869
Net cash and restricted cash from financing activities	25,348,649	9,505,541	2,923,016
Effect of foreign exchange on cash	(20,396)	485,416	(144,613)
Change in cash and restricted for the year	13,803,691	884,626	(1,719,539)
Cash, beginning of year	2,661,575	1,776,949	3,496,488
Cash and restricted cash, end of year	\$ 16,465,266	\$ 2,661,575	\$ 1,776,949

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

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

1. NATURE OF OPERATIONS AND GOING CONCERN

Siyata Mobile Inc. ("Siyata" or the "Company") was incorporated under the Business Corporations Act, British Columbia on October 15, 1986. The Company's shares are listed on NASDAQ under the symbol SYTA and warrants issued on September 29, 2020 are traded under the symbol SYTAW. As at December 31, 2020, the Company's principal activity is the sale of vehicle mounted, cellular based communications platforms over advanced 4G mobile networks and cellular booster systems. The registered and records office is located at 2200 - 885 West Georgia Street, Vancouver, BC V6C 3E8.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The Company incurred a net loss of \$13,591,117 during the year ended December 31, 2020 (2019- net loss of \$7,657,208), (2018-net loss \$8,897,107) and, as of that date, the Company's total deficit was \$38,893,870. The Company's continuation as a going concern is dependent upon the success of the Company's sale of inventory, the existing cash flows, and the ability of the Company to obtain additional debt or equity financing, all of which are uncertain. The Company face risks related to (COVID-19) which could significantly disrupt research and development, operations, sales, and financial results. Our products are commonly used in industries which have been subject to disruption due to global lockdowns, and therefore demand and credit quality of our customers has been negatively impacted. It is not possible to predict the ultimate impact or duration of COVID-19 on our business.

These material uncertainties, along with those discussed in Note 25, may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Change of functional currency

Effective October 1, 2020, management determined that the Company's functional currency changed from Canadian dollars to United States dollars ("USD"). The change in the functional currency has been accounted for on a prospective basis and is primarily based on the fact that the Company's securities are listed on the Nasdaq exchange and as a result the future financing of the Company and cash flows of the entities will be in USD.

In accordance with Company's existing policy, the Company did not reassess the classification of financial instruments as liabilities or equity as a result of the change in functional currency. As a result, warrants remain classified as equity and are not revalued at fair value. For the same reason, the change in functional currency did not give rise to an embedded derivative related to the Company's previously outstanding convertible debt with a conversion price denominated in Canadian dollars.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

2. BASIS OF PREPARATION (cont'd)

Change of presentation currency

As a result of the USD financing and the majority of cash flows denominated in US dollars, the Company changed its presentation currency from Canadian dollars to "USD" effective October 1, 2020. The change in the financial statement presentation currency is an accounting policy change and has been accounted for retrospectively. The balance sheets for each period presented have been translated from the related subsidiary's functional currency to the new "USD" presentation currency at the rate of exchange prevailing at the respective balance sheet date except for equity items, which have been translated at accumulated historical rates from the related subsidiary's date of incorporation. The statements of loss and comprehensive loss were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising in 2018 on translation from the related subsidiary's functional currency to the "USD" presentation currency have been recognized in other comprehensive income and accumulated as a separate component of equity.

With the retrospective application of the change in presentation currency from the Canadian dollar to the US dollar, the Accumulated Other Comprehensive Income ("AOCI") related to the translation of "USD" functional currency subsidiaries was eliminated except for the wholly-owned subsidiary, Signifi Mobile Inc. whose functional currency is in Canadian dollars. However, with the retrospective application of the change in presentation currency to the "USD", the Company's corporate office, which had a Canadian dollar functional currency, resulted in an AOCI balance. The AOCI balance generated by the Canadian dollar entities has been adjusted since it now reflects the translation into the new "USD" presentation currency.

Basis of consolidation and presentation

These consolidated financial statements of the Company have been prepared on the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for the statement of cash flows.

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. These consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries:

Name of Subsidiary	Place of Incorporation	Ownership
Queensgate Resources Corp.	British Columbia, Canada	100%
Queensgate Resources US Corp.	Nevada, USA	100%
Siyata Mobile (Canada) Inc.	British Columbia, Canada	100%
Siyata Mobile Israel Ltd.	Israel	100%
Signifi Mobile Inc.	Quebec, Canada	100%

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

2 BASIS OF PREPARATION (cont'd)

Foreign currency translation

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") and has been determined for each entity within the Company. The functional currency of Siyata Mobile Inc. is the USD which is also the functional currency of all its subsidiaries except Signifi Mobile Inc. whose functional currency is Canadian dollars. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates*.

Assets and liabilities of entities with a functional currency other than the USD are translated into USD at period end exchange rates. Income and expenses, and cash flows are translated into USD using the average exchange rate.

Transactions in currencies other than the entity's functional currency are translated at the exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect as at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities. Foreign currency differences arising on translation are recognized in the statement of loss and comprehensive loss.

Restatement of previously reported financial information due to change in presentation currency

For comparative purposes, the consolidated balance sheets as at December 31, 2019 and January 1, 2019 include adjustments to reflect the change in the presentation currency to the USD, which is a change in accounting policy. The balance sheet as at January 1, 2019 has been derived from the balance sheet at December 31, 2018 (not presented herein). The exchange rates used to translate the amounts previously reported into Canadian dollars at December 31, 2019 were 1.302 CAD to \$1USD, and at January 1, 2019 were 1.362 CAD to \$1USD.

For comparative purposes, the consolidated statement of loss and comprehensive loss for the years ended December 31, 2019 and 2018 includes adjustments to reflect the change in the presentation currency to the USD, which is a change in accounting policy. The exchange rates used to translate the amounts previously reported into USD for the year ended December 31, 2019 and 2018 were 1.3269 CAD to \$1USD and 1.362 CAD to \$1USD, respectively, which were the average exchange rates for the period.

. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i) Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but not limited to the following:

- Income taxes - Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and future periods. Deferred tax assets, if any, are recognized to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

2 BASIS OF PREPARATION (cont'd)

Use of estimates and judgements (cont'd)

- Fair value of stock options and warrants - Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.
- Capitalization of development costs and their amortization rate – Development costs are capitalized in accordance with the accounting policy. To determine the amounts earmarked for capitalization, management estimates the cash flows which are expected to be derived from the asset for which the development is carried out and the expected benefit period.
- Inventory - Inventory is valued at the lower of cost and net realizable value. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.
- Estimated product returns - Revenue from product sales is recognized net of estimated sales discounts, credits, returns, rebates and allowances. The return allowance is determined based on an analysis of the historical rate of returns, industry return data, and current market conditions, which is applied directly against sales.
- Impairment of non-financial assets - The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to asset impairment. The recoverable amount of an asset or a cash-generating unit ("CGU") is determined using the greater of fair value less costs to sell and value in use which requires the use of various judgments, estimates, and assumptions. The Company identifies CGUs as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets. Value in use calculations require estimations of discount rates and future cash flows derived from revenue growth, gross margin and operating costs. Fair value less costs to sell calculations require the Company to estimate fair value of an asset or a CGU using market values of similar assets as well as estimations of the related costs to sell.
- Useful life of intangible assets – The Company estimates the useful life used to amortize intangible assets which relates to the expected future performance of the assets acquired based on management estimate of the sales forecast.
- Collectability of trade receivables – In order for management to determine expected credit losses in accordance with IFRS 9, we are required to make estimates based on historical information related to collections, in addition to taking the current condition of our customers credit quality into account.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

2. BASIS OF PREPARATION (cont'd)

Use of estimates and judgements (cont'd)

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

- Deferred income taxes – judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.
- Functional currency - The functional currency for the Company and each of its subsidiaries is the currency of the primary economic environment in which the respective entity operates. The Company has determined the functional currency of each entity to be the USD as of October 1, 2020, except for Signifi Mobile Inc. whose functional currency is Canadian dollars. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.
- Going concern – As disclosed in Note 1 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Impairment of long lived assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Intangible assets

i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and Siyata has the intention and sufficient resources to complete development and to use or sell the asset. The expenditure capitalized in respect of development activities includes the cost of materials, direct labor and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

In subsequent periods, capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii) Amortization

Amortization is a systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset less its estimated residual value.

Amortization is recognized in profit or loss on a straight line basis over the estimated useful lives of the intangible assets from the date they are available for use. See Note 9 for amortization rates and methods applied to each class of intangible assets. An annual review of the useful life of the intangibles asset are made by management and any changes in useful life are reflected prospectively.

Internally generated intangible assets are not systematically amortized as long as they are not available for use (i.e. they have not completed certifications and/or are in working condition for their intended use). Accordingly, these intangible assets, such as development costs, are tested for impairment at least once a year, until such date as they are available for use.

(c) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of acquisition, of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company. The acquiree's identifiable assets and liabilities assumed are recognized at their fair value at the acquisition date. The excess of the consideration over the fair value of the net identifiable assets and liabilities acquired is recorded as goodwill. Any gain on a bargain purchase is recorded in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. Any goodwill that arises is tested annually for impairment.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortization but is tested for impairment annually.

(e) Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out (FIFO) principle, and includes expenditure incurred in acquiring the inventories and the costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completing and selling expenses.

(f) Revenues

Revenue from the sale of goods, in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. When the credit period is short and constitutes the accepted credit in the industry, the future consideration is not discounted.

Revenue is recognized when persuasive evidence exists (usually in the form of an executed sales agreement), that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales on products in Israel, transfer usually occurs when the product is received at the customer's warehouse, but for some international shipments transfer occurs upon loading the goods onto the relevant carrier.

(g) Financial Instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. The Company has classified its cash, restricted cash, loan to director and trade and other receivables at amortized cost.

Changes to financial assets measured at fair value, are recognized in profit and loss as they arise ("FVPL").

Changes in financial assets recorded at amortized cost are recognized in profit and loss when the asset is derecognized or reclassified.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Financial Instruments (cont'd)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL.

The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. The Company has classified its bank loan, accounts payable and accrued liabilities, due to related party, convertible debentures and long term debt as other financial liabilities and carried on the balance sheet at amortized cost. Future purchase consideration is classified as FVTPL.

As at December 31, 2020, the Company did not have any derivative financial liabilities since the change in functional currency did not give rise to an embedded derivative related to the Company's previously outstanding convertible debt with a conversion price denominated in Canadian dollars.

(h) Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is calculated by dividing the loss by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case diluted loss per share is the same as basic loss per share, as the effect of outstanding share options and warrants on loss per share would be anti-dilutive. The weighted average number of shares is retroactively changed to reflect the 1-to-145 reverse stock split that occurred on September 25, 2020,

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Share-based payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the option is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all of the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment, otherwise, share-based payments are measured at the fair value of the services received.

The fair value is measured at grant date at each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in profit or loss as interest expense from discounting obligations.

(j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

3, SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Leases

The Company accounts for lease contracts in accordance with IFRS 16, Leases. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use assets are adjusted for impairment losses, if any. The estimated useful lives and recoverable amounts of right-of-use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases for which the underlying asset is of low value. The Company recognizes the lease payments associated with these leases as an expense: on a straight-line basis over the lease term. During the year ended December 31, 2020, the Company did not recognize any lease payments as expenses for short-term leases and leases for which the underlying assets are of low value.

(l) Equipment

Property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

The depreciable amount of an asset is determined after deducting its residual value. Depreciation of property, plant and equipment is based on the straight line method over the useful life of the asset. The depreciation charge for each period shall be recognised in profit or loss.

(m) New accounting pronouncements

There are no upcoming account pronouncements expected to have a material impact on the Company's consolidated financial statements.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

4. RESTRICTED CASH

On December 31, 2020, as outlined in more detail in Note 17, the Company issued capital through a private placement. At the year end date, the restricted cash of \$10,995,500 (2019-\$0, 2018-\$0) represented the portion of the capital raise that remained in a trust account with the underwriter. These funds were released by the underwriters, net of any underwriter fees previously accrued), to the Company's bank account on January 6, 2021.

5. TRADE AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019	December 31, 2018
Trade receivables	\$3,501,223	1,160,457	351,803
Allowance for doubtful accounts	(1,530,667)	-	-
Taxes receivable	766,540	110,714	231,312
Other receivables	-	221,784	96,294
Total	2,737,096	1,492,955	679,409

Provisions on Trade Receivables

In accordance with policy to use the expected credit loss model, we utilize the expedited method where trade receivables are provided for based on their aging, as well as providing for specified balances deemed non-collectible. In the year ended December 31, 2020 we concluded that a bad debt provision of \$1,530,667 was to be recognized (2019, 2018 - \$Nil).

Factoring Arrangements and Liens

Siyata Mobile Israel ("SMI") has a factoring agreement on its trade receivables, whereby invoices are fully assigned to a funding entity in return for 80%-85% of the total sale to be paid to SMI by the funding entity in advance. The remaining 15-20% is paid to SMI when the funding entity receives payment from the customer.

SMI incurs a financing charge of 3.1% on advances received and is subject to certain covenants.

The 80-85% received upfront remains a liability from SMI to the funding entity until final settlement, however all such balances are fully insured in case of non-payment. As SMI has both the legally enforceable right and the intention to settle the receivable and liability on a net basis in accordance with IAS 32, Financial Instruments, trade receivables are presented net of the liability for amounts advanced. As at December 31, 2020 the total amounts extended by the funding entity was \$65,000 (December 31, 2019 - \$1,885,561).

Signifi Mobile Inc. has a credit facility as outlined in Note 11. As part of its financing facility, the lender has a lien on certain assets including trade and other receivables of Signifi Mobile Inc. in the amount of up to \$4,000,000 CAD (\$3,137,255 USD).

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

6. INVENTORY

	December 31, 2020	December 31, 2019	December 31, 2018
Finished products	3,349,383	2,964,890	3,028,617
Impairment of finished products	(1,255,649)	(212,000)	-
Accessories and spare parts	632,000	627,005	628,847
Impairment of accessories and spare parts	(316,000)	-	-
Total	2,409,733	3,379,895	3,657,465

Provision on inventory

On an annual basis, management reviews the inventory for impairment. For the year ended 2020, it was determined that \$1,571,649 of the inventory was impaired (2019-\$212,000) due to slow movement. The accessories and spare parts related to these products amounted to \$316,000 (2019 - \$Nil), which was also impaired.

Liens

As discussed in Note 11, the lender has a lien on all of the assets of Signifi Mobile Inc. which includes their inventory of finished goods which comprises \$1,289,133 at December 31, 2020.

7. RIGHT OF USE ASSETS

	Total
Balance Jan 1, 2019	-
Addition in the year	319,747
Translation adjustment	(601)
Amortization in the year	(114,207)
Balance December 31, 2019	204,939
Addition in the year	306,086
Foreign exchange	10,677
Amortization in the year	(144,667)
Balance December 31, 2020	377,035

Right of Use Assets net book value at December 31, 2020, consists of \$273,644 (2019-\$32,036) related to an office lease and \$103,391 (2019- 172,903) related to car leases.

Due to the implementation of IFRS16 as of January 1, 2019, there were no right of use assets recorded as of December 31, 2018.

8. Loan TO DIRECTOR

The loan to our director and Chief Executive Officer was advanced on April 1, 2019 in the amount of \$200,000 with a 5 year term. Interest on the loan accrued and was payable at the rate of 7%. As of January 1, 2020, the rate on the loan was increased to 12%. Subsequent to the year end, on May 23,2021, this loan was repaid to the Company in full including principal and interest.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

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9. INTANGIBLE ASSETS

	Development Costs	Uniden License	E-Wave License	Total
Cost:				
Balance at December 31, 2017	\$ 5,396,776	\$ 118,447	\$ 1,340,741	\$ 6,855,964
Additions	1,597,303	0	0	1,597,303
Translation adjustment	(379,427)	(9,349)	(105,822)	(494,598)
Balance at December 31, 2018	6,614,652	109,098	1,234,919	7,958,669
Additions	2,380,196	-	-	2,380,196
Translation adjustment	11,401	5,028	56,908	73,337
Balance at December 31, 2019	9,006,249	114,126	1,291,827	10,412,202
Additions	1,513,570	-	-	1,513,570
Foreign Exchange	20,658	2,417	27,356	50,431
Balance at December 31, 2020	\$ 10,540,477	\$ 116,543	\$ 1,319,183	\$ 11,976,203
Accumulated Amortization:				
Balance at December 31, 2017	\$ 781,188	\$ 34,178	-	\$ 815,366
Additions	198,485	15,947	335,185	549,617
Impairment	1,508,880	-	-	1,508,880
Translation Adjustment	(388,279)	992	(26,455)	(413,742)
Balance at December 31, 2018	2,100,274	51,117	308,730	2,460,121
Additions	716,712	20,589	316,898	1,054,199
Impairment	-	-	111,521	111,521
Translation Adjustment	293,820	2,749	20,288	316,857
Balance at December 31, 2019	3,110,806	74,455	757,437	3,942,698
Additions	872,717	20,365	257,175	1,150,257
Impairment	293,000	-	-	293,000
Foreign Exchange	6,859	2,640	31,631	41,130
Balance at December 31, 2020	\$ 4,283,382	\$ 97,460	\$ 1,046,243	\$ 5,427,085
Net Book Value:				
Balance at December 31, 2018	\$4,514,378	\$57,981	\$926,189	\$5,498,548
Balance at December 31, 2019	\$5,895,443	\$39,671	\$534,390	\$6,469,504
Balance at December 31, 2020	\$6,257,095	\$19,083	\$272,940	\$ 6,549,118

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

As at and for the years ended December 31, 2020, 2019 and 2018

9. INTANGIBLE ASSETS (Cont'd)

Development Costs

Development costs are internally generated and are capitalized in accordance with the IAS 38, Intangible Assets. On an annual basis, the Company assesses capitalized development costs for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed its recoverable amount.

The Company engaged a third-party valuator to determine the recoverable amount of the intangible assets. Based on the results of their analysis using the Value In Use ("VIU") model using a discounted value of 14.5% in 2020 and 16% in 2019, management determined that the recoverable amount was not equal to, or in excess to the carrying amount on two 4G products and therefore an impairment was taken on development costs in 2020 in the amount of \$293,000 (2019 - \$111,521 impairment on the E-Wave license), (2018-\$1,557,593 full impairment of the 3G devices).

As part of the 2019 annual valuation process, the Company reduced the estimated useful lives of its 4G products from 7 years to 5-6 years and reduced the useful life of its 3G products from 11 years to five year. In 2020, the Company reduced the estimated useful lives of its 4G products from 5-6 year to 4 years. its 3G products were fully amortized at the end of 2020 and therefore no change in estimated useful life was required. The change in the estimated useful lives of these development costs is considered to be a change in estimate and applied prospectively. As follows:

Intangible Asset	Useful Economic Life 2020	Useful Economic Life 2019	Useful Economic Life 2018	Amortization Method
4G Devices	4 years	5 - 6 years	7 years	Straight line
3G Devices	5 years	5 years	11 years	Straight line

During the year ended December 31, 2020 the Company incurred \$580,236 (2019 - \$757,404) in product development costs which did not satisfy the criteria for capitalization and were recorded in profit and loss. The product development costs which did not satisfy the criteria for capitalization and were recorded in profit and loss were for the following product in 2020- UR5 \$580,236 (2019- UR-7 \$215,000, CP-100 \$76,000 and UR-5 \$466,000), 2018-\$0.

Uniden License

During 2016, the Company acquired a license agreement from Uniden America Corporation ("Uniden"). The agreement provides for the Company to use the trademark "Uniden", along with associated designs and trade dress to distribute, market and sell its cellular signal booster and accessories during its term. The agreement has been renewed up to December 31, 2022 and is subject to certain minimum royalties. The license agreement is amortized on a straight-line basis over its five-year term and will be fully amortized by December 31, 2021. Based on the valuation report, the Company has determined that there is no impairment in the year ended December 31, 2020.

E-Wave License

On October 1, 2017, the Company acquired a license from E-Wave mobile Ltd. (the "E-Wave License"). The license agreement is recoded at cost and is amortized on a straight-line basis over its estimated useful life of four-year term and will be fully amortized by December 31, 2021.

On an annual basis, the Company assesses its E-Wave License for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed its recoverable amount. Indicators of impairment relating to the E-Wave License included a decline in demand for the products in the exclusive license agreement. In 2019, an impairment loss of \$111,521 was recorded and none was recorded in 2020.

The Company engaged a third-party valuator to determine the recoverable amount of the E-Wave License, which was completed using VIU.

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

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9. INTANGIBLE ASSETS (Cont'd)

Development Costs (Cont'd)

VIU is an estimate that involves (a) estimating the future cash inflows and the outflows to be derived from continuing use of the asset and from its ultimate disposal and (b) applying the appropriate pre-tax discount rate to those future cash flows after considering and reflecting elements outlined in IAS 36.30, Calculation of VIU.

The key assumptions used in the calculation of the recoverable amount include forecasting the next twelve months:

- i) Revenues; and
- ii) Normalized Operating Expenses;

VIU is determined with reference to risk adjusted cash flows and a discount rate of 35% based on individual characteristics of the Company's CGU, the risk-free rate of return and other economic and operating factors.

The result is that the carrying amount of intangible assets relating to the E-Wave License exceeded their recoverable amount and as a result the Company recorded an impairment charge in 2019 in the amount of \$111,521 and \$NIL in 2020.

10. GOODWILL

As at December 31, 2020 and December 31, 2019 the full goodwill balance was allocated to the company's Canadian wholly owned subsidiary, Signifi Mobile Inc. ("CGU"). The Company assesses whether there are, events, changes in circumstances, and/or changes in key assumptions which management has based its determination of the CGU, that would, more likely than not, reduce the fair value of the CGU to below its carrying value and therefore, require goodwill to be tested for impairment at the end of each reporting period.

As at December 31, 2020, the Company performed its annual impairment test on the goodwill using the Fair value less cost of disposal method. The key assumptions used in the calculation of the recoverable amount relate to five-year future cash flows, weighted average cost of capital, and five years' average annual growth rate. These key assumptions were based on historical data from internal sources as well as industry and market trends. The discount rate used was 14.5% representing the weighted average cost of capital (after tax) determined based on mid-year discounting and the five-year growth rate in gross revenues estimated as 37%. As the recoverable amount was above the carrying value at December 31, 2020, management has determined that the goodwill does not have an impairment loss in the year.

11. BANK LOAN

During the year ended December 31, 2020 The Company entered into a line of credit for up to a maximum of \$750,000 Canadian dollars. The loan is secured by a floating charge on the receivables, inventory, trademarks and a universal lien on all the assets of Signifi Mobile Inc. to a maximum of \$4,000,000 Canadian. The Export Development Corporation of Canada guarantees 50% of this debt. As of December 31, 2020 the loan balance was \$372,848 USD (Nil at December 31, 2019). The loan bears interest at the bank's prime lending rate plus 1.25% and is repayable on demand. Subsequent to the year-end, the Company provided additional collateral in the form of a collateralized term deposit in the amount of \$375,000 Canadian dollars.

Siyata Mobile Israel ("SMI") has a factoring agreement on its trade receivables, whereby invoices are fully assigned to a funding entity in return for 80%-85% of the total sale to be paid to SMI by the funding entity in advance. The remaining 15-20% is paid to SMI when the funding entity receives payment from the customers. As at December 31, 2020 the total amount borrowed by the Company extended by this funding entity and included in the bank loan was \$65,000 (December 31, 2019 and 2018 was \$1,802,496 and \$NIL respectively).

Siyata Mobile Inc.

Notes to the Consolidated Financial Statements

(Expressed in US dollars)

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12. DUE TO RELATED PARTY

The related party, Accel Telecom Inc. owned more than 15% of the total share capital of the Company on a fully diluted basis until September 29, 2020, after the 145/1 reverse stock split and its initial public offering pursuant to which 1,260,000 shares and 1,260,000 warrants were issued. Therefore, the related party transaction note only includes transactions that took place until September 30, 2020. Therefore at December 31, 2020, the due to related party amount was zero.

13. LEASE OBLIGATIONS

Lease Obligations	<u>2020</u>	<u>2019</u>
Balance Jan 1, 2019	194,331	-
Addition in the year	306,086	301,747
interest expense	14,045	11,406
Translation adjustment	(26,724)	(1,210)
lease payments	(146,146)	(117,612)
Balance December 31, 2019	341,592	194,331
Due within one year	(127,776)	(116,311)
Balance December 31, 2020	213,816	78,020
<u>Future Minimum Lease Payments</u>		
2020	-	116,311
2021	127,776	63,197
2022	104,897	14,823
2023	103,458	
2024	5,461	
Total lease obligations	341,592	194,331

Siyata Mobile Inc.

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14.CONVERTIBLE DEBENTURES

	2020	2019	2018
Balance, Beginning of Period	\$5,097,010	\$2,866,983	\$2,834,052
Interest and accretion expense	1,744,119	693,712	643,961
Interest paid or accrued	(831,203)	(364,006)	(372,973)
Rollover to the 10% convertible debenture	(186,359)	-	-
Issuance of the 10% convertible debenture	1,177,786	-	-
Repayment of 10.5% convertible debenture	(921,641)	-	-
Convert \$75,000 debentures into share capital	(40,980)	-	-
Rollover of the 12% convertible debenture	-	(2,287,452)	-
Issuance of the 12% convertible debenture	-	4,049,349	-
Foreign exchange adjustment	122,037	138,424	(238,057)
	\$6,160,769	\$5,097,010	\$2,866,983
Due within one year	(6,160,769)	(1,047,661)	-
Balance, End of Year	-	\$4,049,349	\$2,866,983

- (a) On December 28, 2017 the Company issued 4,600 unsecured convertible debentures at a price of \$1,000 CAD per unit. Each debenture was convertible into 11.5 common shares of the Company at \$87.00 CAD per common share with a maturity date of June 28, 2020.

Each Convertible Debenture unit bore an interest rate of 10.5% per annum from the date of issue, payable in cash quarterly in arrears. Any unpaid interest payments was to accrue and be added to the principal amount of this Convertible Debenture. From January 1, 2020 until its maturity on June 28, 2020 the Company paid \$56,550 (year ended December 31, 2019-\$364,006, year ended December 31, 2018-\$372,973) in interest related to the convertible debentures, included within finance expense in profit and loss.

On December 22, 2019, a portion of the 10.5% debentureholders rolled over the net present value of their holdings totaling \$2,287,452 with a maturity value of \$2,423,656 (\$3,155,00 CAD) into \$2,549,155 (\$3,319,000 CAD) of face value 12% convertibles debentures as more fully described below.

The exchange of debt instruments between the debenture holders and the Company satisfied the criteria under IFRS 9, Financial Instruments, as a substantial modification, and therefore was treated as an extinguishment of the previous debt and a recognition of a new financial liability. In connection, a loss of \$136,204 was recorded within finance expense (income) in profit or loss, as the difference between the carrying amount of the financial liability extinguished and the consideration paid, which is comprised of the newly issued debentures.

Siyata Mobile Inc.

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14. CONVERTIBLE DEBENTURES (CONT'D)

The remaining portion of the 10.5% Convertible Debentures matured on June 28, 2020 and were repaid at their face value of 1,108,000 (\$1,445,000 CAD) except for \$186,359 (\$250,000 CAD) that were rolled over, for a net repayment of \$921,641 (\$1,195,000 CAD) as more fully described in 14(d).

- (b) On December 23, 2019, the Company issued 7,866,000 unsecured 12% convertible debentures at a price of \$0.77 per unit (\$1.00 CAD), convertible into 0.0153 common shares of the Company at \$65.25 CAD (the "Conversion Price") per common share. The discounted liability for this convertible debenture at December 23, 2019 is \$4,049,349. The amount allocated to contributed surplus was \$445,053 and the balance of \$1,547,500 was the transaction costs incurred.

Each of these Convertible Debenture unit bears an interest rate of 12% per annum from the date of issue, payable in cash quarterly in arrears. Any unpaid interest payments will accrue and be added to the principal amount of the Convertible Debenture. From January 1, 2020 until December 31, 2020 the Company paid \$715,763 (2019-\$0) in interest related to these 12% convertible debentures, included within finance expense in profit and loss.

The 12% Convertible Debentures will mature on December 23, 2021 (the "Maturity Date") and are convertible into common shares at the Conversion Price, at the option of the holder, at any time prior to the close of business on the earlier of: (i) the last business day immediately preceding the Maturity Date, and (ii) the date fixed for redemption in the event of a change of control. The Company has the right to repay the convertible debenture at 101% of face value anytime after December 23, 2020.

On June 24, 2020, \$57,692 (\$75,000 CAD) of face value of the 12% convertible debentures were converted into common shares of the Company. The discounted value of these debenture at the date of conversion was \$40,980 (\$54,975 CAD). This gain on conversion of \$16,712 was recorded as a finance income in the year.

- (c) On June 23, 2020, the Company entered into a non-brokered private placement financing agreement with Accel Telecom Inc. Accel Telecom subscribed for 1,330 senior unsecured 10% convertible debentures maturing one year from the issue date at an issue price of \$745 (CDN\$1,000) per 10% Convertible Debenture for aggregate gross proceeds of \$991,427 (\$1,330,000 CAD). Each Convertible Debenture can be convertible, at the option of the holder, into 23 common shares in the capital of the Company at a price of \$34.11 (CDN\$43.50) per Common Share and are redeemable at 101% of the face value at any time after the closing date. On the closing date, Accel will also receive 0.0069 non-transferrable common share purchase warrant for each \$0.784 (CDN\$1.00) principal amount of the Convertible Debentures purchased. Each warrant entitles the holder to acquire one common share at an exercise price of \$34.11 (CDN\$43.50) per warrant share for a period of twelve (12) months after the date of issue.

On January 6, 2021, the Company redeemed in full this senior unsecured 10% convertible debenture (Note 30).

- (d) On June 28, 2020, one of the 10.5% convertible debentureholders, see 10 (a), elected to participate on the exact same terms and conditions in the 10% convertible debenture described in 11 (c) for their \$186,359 (\$250,000 CAD) face value that would otherwise have matured on June 28, 2020.

Subsequent to the year end, the Company redeemed in full this senior unsecured 10% convertible debenture (Note 30(d)).

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15. LONG TERM DEBT

On June 28, 2018, Signifi borrowed \$192,886 CAD from the Business Development Bank of Canada ("BDC") for a term of four years, payable in monthly instalments of principal and interest. This loan bears interest at the bank's base rate + 3.2%. The loan must be fully repaid by July 23, 2022. The loan is secured by the assets of Signifi and a guarantee by the Company and its Canadian subsidiaries.

	2020	2019	2018
Balance, Beginning of Year	\$ 150,538	\$ 168,869	-
Loan proceeds	-	-	192,886
Foreign Exchange adjustments	3,188	7,783	(8,586)
Capital repayments in the year	(45,490)	(26,114)	-15,431
	108,236	150,538	168,869
Current portion	(56,471)	(44,547)	(24,963)
Long Term Debt, End of Year	\$51,765	\$105,991	\$143,906

16. FUTURE PURCHASE CONSIDERATION

	2020	2019	2018
Balance, beginning of the year	-	\$315,712	\$865,854
E-Wave future purchase consideration accrued	-	-	-
E-wave future purchase consideration paid	-	-	(621,567)
Signifi future purchase consideration paid	-	(315,712)	(285,714)
Accretion and change in value of future purchase consideration	-	-	519,148
Foreign exchange	-	-	(162,009)
Balance, end of the year	-	-	\$315,712

Classification:

Short-term (payable within one year)	-	-	\$315,712
Long-term	\$-	\$-	\$-

At each reporting period, management updates estimates with respect to probability of payment form and recognizes changes in the estimated value of future purchase consideration in profit or loss.

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17. SHARE CAPITAL

- (a) **Authorized** Unlimited number of common shares without par value
 Unlimited number of preferred shares without par value

As at December 31, 2020, the Company had 4,663,331 common shares issued and outstanding (2019-863,747) (2018-715,300) and 40,000 shares to be issued to a consultant for service rendered as part of the share issue costs that were accrued in 2020 and only issued in 2021.

On September 24, 2020, the Company consolidated (each a "Share") its common shares on the basis of 145 pre-consolidation Shares for one(1) post-consolidation Share. Share amounts have been retrospectively restated to reflect the post consolidation number of shares.

(b) Common share transactions

Transactions for the year ended December 31, 2020 are as follows:

- (i) On June 22, 2020, the Company issued 1,149 shares as a result of a conversion of the convertible debt (referred to in Note 14(b)) at \$48.71— (\$65.25 CAD) per share for proceeds of \$57,692 (\$75,000 CAD).
- (ii) On August 4, 2020, the Company completed a two part private placement raising aggregate gross proceeds of \$1,604,729 (\$2,150,000 CAD) through the issuance of 148,276 units at a price of \$10.82 per unit (\$14.50 CAD). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$20.47 (\$26.10 CAD) for a period of two years. The Company paid a cash commission of \$19,358 (\$24,682 CAD), issued 1,702 broker warrants on the same terms as the investor warrants having a black scholes value of \$9,873, and other share issuance costs of \$146,377.
- (iii) On September 29, 2020 the Company completed an initial public offering of 2,100,000 units the "Units") at \$6.00 USD per unit for gross proceeds of \$12,600,00 USD. Each Unit consisting of one common share and one tradeable warrant to purchase one common share. Each warrant has an exercise price of \$6.85 USD per share, is exercisable immediately and will expire five (5) years from the date of issuance. The common shares and the warrants comprising the Units are immediately separable upon issuance and will be issued separately in this offering. The common shares using the residual value approach were valued at \$4.73 USD per share and each warrant was valued at \$1.27 USD per warrant. Share issuance costs related to the initial public offering was \$2,810,274 including 113,500 underwriter warrants exercisable at \$6.60USD per share, with a black scholes value of \$315,796, and underwriter over-allotment 266,000 tradeable warrants with an exercise price of \$6.85 USD with a black scholes value of \$335,160.
- (iv) During the month of November 2020, the Company issued 170,000 common shares at \$5.99 per share to the underwriter of the initial public offering as a result of the underwriter exercising its over-allotment option, for gross proceeds of \$1,018,300 less share issuance costs of \$81,464 for net proceeds of \$936,836.
- (v) On December 14, 2020, the Company issued 85,659 common shares to various suppliers as required under contractual obligations valued at \$710,970.

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17 SHARE CAPITAL (CONT'D)

- (vi) On December 31, 2020, the Company completed a private placement issuing 1,294,500 units at \$10.00 USD per unit for gross proceeds of \$12,945,500 USD. Each Unit consisting of one common share and one warrant to purchase one common share. Each warrant has an exercise price of \$11.50 USD per share, is exercisable immediately and will expire five (5) years from the date of issuance. The common shares and the warrants comprising the units were immediately separable upon issuance and were issued separately in the offering. The common shares using the residual value approach were valued at \$10.00 USD per share and each warrant was valued at NIL per warrant. Total share issuance costs totalled \$1,707,138 which includes 64,724 broker warrants exercisable at \$11.50 with a black scholes value of \$420,508.

Transactions for the year ended December 31, 2019 are as follows:

- i) Issued 5,668 common shares in connection with exercised of agents' options for proceeds of \$345,832.
- ii) Issued 80,865 common shares in connection with exercise of warrants for proceeds of \$4,418,377.
- iii) Issued 6,897 common shares in connection with purchase consideration for Signifi with the value of the shares as \$346,673.
- iv) On August 29, 2019 the Company completed a non-brokered private placement of 51,724 units at a price of \$44.29 (\$58.00 CAD) per unit for gross proceeds of \$2,290,916. Each unit consisted of one common share and one-half share purchase warrant. Each warrant is exercisable at a price of \$68.23 (\$87.00 CAD) for a period of two years. In conjunction with the placement, the Company incurred share issuance costs of \$185,854.
- v) On December 23, 2019, the Company issued 3,324 common shares as compensation to the agents in connection to the issuance of the convertible debentures (Note 14). These shares were recorded at its market value of \$118,560.

(c) Stock options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with Nasdaq policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant, less a discount of up to 25%. Options can have a maximum term of ten years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

A summary of the Company's stock option activity is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding options, December 31, 2017	59,172	48.56
Granted	15,241	55.98
Exercised	(8,965)	35.83
Outstanding options, December 31, 2018	65,448	49.00
Granted	17,655	59.01
Expired	(518)	65.57
Outstanding options, December 31, 2019	82,585	\$52.34
Granted	279,190	6.47
Expired	(33,707)	39.79
Outstanding options, December 31, 2020	328,068	\$14.66

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17 SHARE CAPITAL (CONT'D)**(C) Stock options (cont'd)**

At December 31, 2020 stock options outstanding are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
01-Jan-17	2,207	2,207	40.37	01-Jan-22	1.00
11-Jan-17	2,483	2,483	40.94	11-Jan-22	1.03
04-Apr-17	6,897	6,897	62.54	04-Apr-22	1.26
24-Jul-17	8,619	8,619	78.47	24-Jul-22	1.56
24-Dec-18	14,620	12,103	56.86	24-Dec-23	2.98
15-Jan-19	828	276	56.86	15-Jan-24	3.04
21-Mar-19	12,345	10,943	62.55	21-Mar-24	3.47
01-Dec-19	1,293	1,293	56.86	01-Dec-21	0.92
01-Jan-20	2,069	689	56.86	31-Oct-25	4.75
01-Jan-20	207	207	56.86	01-Dec-24	0.92
15-Nov-20	95,000	11,875	6.00	15-Nov-30	9.88
15-Nov-20	181,500	22,688	6.00	15-Nov-25	4.88
Total	328,068	80,280	14.66		5.93

Transactions for the year ended December 31, 2020 are as follows:

During the year ended December 31, 2020 the Company recorded share-based payments expense of \$517,678 (2019-\$1,123,154) and (2018-\$850,747) in relation to options vesting.

On January 1, 2020, the Company issued 2,690 stock options to various employees at an exercise price of \$CAD56.86 that 2,069 expires on October 31, 2025 and 621 expires on January 1, 2023.

On November 15, 2020 the Company issued 276,500 stock options at an exercise price of \$6.00USD per common share.

On December 1, 2020, due to the termination of an employee, 414 stock options of the 621 stock options issued on January 1, 2020 were cancelled and the remaining balance of 207 vested stock options have an expire date of December 1, 2021.

Transactions for the year ended December 31, 2019 are as follows:

In the first quarter of 2019, 2,207 stock options were granted at an exercise price of CAD\$72.50 and 12,345 stock options were granted at an exercise price of CAD\$79.75.

In the second quarter of 2019, 518 stock options with an exercise price of CAD\$65.57 expired. In the fourth quarter of 2019, the Company issued 3,103 options to a Director with an exercise price of CAD\$72.50 per option.

The following weighted average assumptions have been used for the Black-Scholes valuation for the stock options granted:

	2020	2019	2018
Stock price	\$6.47	\$ 72.50	\$62.35
Risk-free interest rate	1.68%	1.5%	1.9%
Expected life	5	4.8	5
Annualized volatility	83%	143%	148%

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Dividend rate	0.00%	0.00%	0.00%
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17 SHARE CAPITAL (CONT'D)**(d) Agents' options**

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Transactions for the year ended December 31, 2020 are as follows:

The Company issued 1,702 agents' options on the closing of the August 2020 capital raise at an exercise price of \$20.47 (\$26.10 CAD) per common share and these agents' options expire on July 28, 2022, adding an additional \$9,873 to reserves and share issuance costs,

The Company issued 113,500 agents' options to the underwriter of its initial public offering at an exercise price of \$6.60 USD per common share and these agents' options expire on September 28, 2025 including in reserves an additional \$315,796 that are part of the share issuance costs.

On October 21, 2020, the underwriter of the initial public offering acquired 266,000 share purchase warrants pursuant to that certain underwriting agreement at \$0.01 per warrant. The warrant has an exercise price of \$6.85 USD with an expiry date of September 28, 2025. The Company added the black scholes value to these agent warrants adding an additional \$335,160 to reserves as part of the share issuance costs.

The Company issued 64,724 agent' options to the placement agency of the December 31, 2020 capital raise at an exercise price of \$11.50USD expiring on June 30, 2024 and using black scholes added \$420,508 to reserves as part of the share issuance costs.

Transactions for the year ended December 31, 2019 are as follows:

On December 23, 2019, the Company granted 5,025 agents' options at an exercise price of \$45.58 (\$CAD 60.18) that expire on December 23, 2021.

5,668 agent's options, prior to their expiry date of March 16, 2019, were exercised at \$43.71 for total proceeds of \$247,764.

On March 16, 2019, the Company issued 810 Agents' options expired at an average exercise price of \$53.00.

A summary of the Company's agents' options activity is as follows

	Number of options	Weighted average exercise price
Outstanding agent options, December 31, 2017	9,583	\$ 45.10
Granted	1,572	67.18
Exercised	(2,733)	40.31
Expired	(382)	39.19
Outstanding agent options, December 31, 2018	8,050	\$ 47.91
Granted	5,025	45.58
Exercised	(5,668)	43.71
Expired	(810)	53.00
Outstanding agent options, December 31, 2019	6,597	50.53
Granted	445,926	7.36
Outstanding agent options, December 31, 2020	452,523	\$ 8.02

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17 SHARE CAPITAL (CONT'D)

(e) Share purchase warrants

At December 31, 2020 agents' options outstanding are as follows:

Grant Date	Number of options outstanding	Number of options exercisable	Weighted Average Exercise Price	Expiry date	Remaining contractual life (years)
December 24, 2018	1,572	1,572	65.90	December 24, 2021	0.98
December 23, 2019	5,025	5,025	45.58	December 23, 2021	0.98
July 28, 2020	1,702	1,702	20.47	July 28, 2022	1.57
September 29, 2020	113,500	113,500	\$6.60	September 28, 2025	4.74
September 29, 2020	266,000	266,000	\$6.85	September 28, 2025	4.74
December 31, 2020	64,724	64,724	\$11.50	June 30, 2024	3.5
Total	452,523	452,523	\$8.02		4.49

A summary of the Company's warrant activity is as follows:

Transactions for the year ended December 31, 2020 are as follows:

- a. On June 23, 2020, as part of the 10% convertible debenture referred to in 14(c), the Company issued 10,897 share purchase warrants at an exercise price of \$34.12 with an expiry of June 23, 2021.
- b. On July 28, 2020, as part of the capital raise per 17(b)(ii), the Company issued 74,138 share purchase warrants at an exercise price of \$20.47 with an expiry date of July 28, 2022.
- c. On September 29, 2020, the Company issued 2,100,000 share purchase warrants as part of the units offered and sold in its initial public offering, which included one common share and one warrant. The warrant has an exercise price of \$6.85 USD with an expiry date of September 28, 2025. These warrants trade on Nasdaq under the symbol STYA-W and were valued at the residual value of \$1.27 per warrant for total value of \$2,667,000 including in reserves.
- d. On December 31, 2020, the Company issued 1,294,500 share purchase warrants to the December 31, 2020 investors who participated in the private placement. Each unit consisted of one common share and one share purchase warrant. The warrant have an exercise price of \$11.50 USD with an expiry date of June 29, 2024.

Transactions for the year ended December 31, 2019 are as follows:

- a. On August 20, 2019 the Company granted 25,863 share purchase warrants as part of the unit of a private placement. These warrants have an expiry date of August 20, 2021 and an exercise price of \$68.63 (\$CAD87.00).
- b. On December 23, 2019 the Company granted 54,248 share purchase warrants as part of the unit of a debenture issue. These warrants have an expiry date of December 23, 2022 and an exercise price of \$51.18 (\$CAD65.25).
- c. Prior to their expiry on March 16, 2019, 80,865 share purchase options were exercised at \$68.36 for total proceeds of \$5,529,858.
- d. On March 16, 2019, 5,196 share purchase warrants from a private placement, expired at \$68.36.
- e. On December 28, 2019, 31,724 share purchase warrants, granted from a debenture issue, expired at \$76.90.

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17.SHARE CAPITAL (cont'd)**(e)Share purchase warrants (cont'd)**

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2017	172,954	\$62.44
Granted	31,888	67.18
Exercised	(18,268)	55.98
Expired	(36,900)	74.73
Outstanding, December 31, 2018	149,674	\$60.16
Granted	80,110	54.64
Exercised	(80,865)	54.64
Expired	(36,920)	73.22
Outstanding, December 31, 2019	111,999	\$ 59.02
Granted	3,479,534	8.96
Outstanding, December 31, 2020	3,591,533	\$ 10.55

At December 31, 2020, share purchase warrants outstanding and exercisable are as follows:

Grant Date	Number of Warrants outstanding and exercisable	Exercise Price	Expiry date
24-Dec-18	31,887	\$68.23	24-Dec-21
29-Aug-19	25,863	\$68.23	29-Aug-21
23-Dec-19	54,248	\$51.18	23-Dec-22
23-Jun-20	10,897	\$34.12	23-Jun-21**
July 28, 2020	74,138	\$20.47	28-Jul-22
September 29, 2020	2,100,000	\$6.85	28-Sep-25
December 31, 2020	1,294,500	\$11.50	30-June-24
Total	3,591,533	\$10.55	

**** These 10,897 share purchase warrants expired subsequent to the year end.**

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18. COST OF SALES

(in thousands)	December 31, 2020	December 31, 2019	December 31, 2018
Materials and merchandise	\$ 2,855	\$ 5,488	\$ 8,648
Royalties	257	322	261
Other expenses	1,154	816	1,115
Change in inventory	144	497	(633)
Total	\$ 4,410	\$ 7,123	\$ 9,391

1. SELLING AND MARKETING EXPENSES

(in thousands)	December 31, 2020	December 31, 2019	December 31, 2018
Salaries and related expenses	\$ 2,111	\$ 1,555	\$ 1,173
Advertising and marketing	1,425	1,700	2,737
Travel and conferences	156	305	298
Total	\$ 3,692	\$ 3,560	\$ 4,208

2. GENERAL AND ADMINISTRATIVE EXPENSES

(in thousands)	December 31, 2020	December 31, 2019	December 31, 2018
Salaries and related expenses	\$ 284	\$ 407	\$ 236
Professional services	294	203	307
Consulting and director fees	1,206	775	639
Management fees	99	317	440
Travel	43	80	73
Office and general	603	304	297
Regulatory and filing fees	48	46	19
Shareholder relations	281	191	251
Total	\$ 2,858	\$ 2,323	\$ 2,262

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21. FINANCE EXPENSES

	2020	2019	2018
Interest and accretion on convertible debentures	1,744,120	693,712	643,961
Interest expense on long term debt	11,107	15,413	8,230
Interest on bank loans from factoring	18,532	235,732	90,501
Other interest and bank charges	(3,819)	15,999	10,565
Gain on conversion of debenture	(16,712)	-	-
Interest earned on director's loan	(23,000)	(10,000)	-
Interest expenses on lease obligations	14,045	11,406	-
Total	1,744,273	962,262	753,257

22. TRANSACTION COSTS

Transaction costs incurred in 2020 of \$1,414,616 are incremental costs that are directly attributable to the uplisting onto Nasdaq and the Company's associated initial public offering that do not meet the criteria to be treated as a share issuance cost, but are disclosed separately as an expense. These transaction costs include a proportion of legal fees, accounting fees as well as 100% of filing fees, marketing costs for the uplisting and the initial public offering and other professional fees and expenses.

23. INCOME TAXES

The reconciliation of income taxes at statutory rates is as follows:

	2020	2019	2018
Loss for the year	\$ (13,591,117)	\$ (7,657,208)	\$ (8,897,107)
Expected income tax (recovery)	\$ (3,670,000)	\$ (2,067,000)	\$ (2,404,000)
Change in statutory, foreign tax, foreign exchange rates and other	(117,000)	67,000	117,000
Permanent differences	134,000	309,000	(90,000)
Share issue cost	(1,248,000)	(50,000)	(73,000)
Impact of convertible debenture	17,000	107,000	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	208,000	9,000	457,000
Expiry of non-capital losses	-	-	-
Change in unrecognized deductible temporary differences	4,676,000	1,625,000	1,993,000
Total income tax expense (recovery)	\$ -	\$ -	\$ -
Current income tax	\$ -	\$ -	\$ -
Deferred tax recovery	\$ -	\$ -	\$ -

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23. INCOME TAXES (CONT'D)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	2020	2019	2018
ROU assets and lease liabilities	(9,000)	(2,000)	-
Intangible assets	(141,000)	-	-
Convertible debenture	(87,000)	(321,000)	-
Non-capital losses	237,000	323,000	-
Net deferred tax liability	\$ -	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2020	Expiry Date Range	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences						
Receivables	\$ 775,000	No expiry date	\$ -	No expiry date	\$ -	No expiry date
Property, plant, and equipment and intangibles	2,216,000	No expiry date	1,541,000	No expiry date	193,000	No expiry date
Financing cost	5,948,000	2040 to 2044	1,376,000	2039 to 2043	1,178,000	2038-2042
Inventory	1,373,000	No expiry date	-	No expiry date	-	No expiry date
Allowance for doubtful accounts	714,000	No expiry date	-	No expiry date	-	No expiry date
Allowable capital losses	39,000	No expiry date	38,000	No expiry date	196,000	No expiry date
Non-capital losses available for future periods	30,491,000	see below	20,708,000	see below	15,398,000	see below
Canada	18,553,000	2026 to 2040	10,160,000	2026 to 2039	7,213,000	2026-2038
Israel	11,938,000	No expiry date	10,548,000	No expiry date	8,185,000	No expiry date

24. CAPITAL MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company defines capital as consisting of shareholder's equity. The Company's objectives when managing capital are to support the creation of shareholder value, as well as to ensure that the Company is able to meet its financial obligations as they become due.

The Company manages its capital structure to maximize its financial flexibility making adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at December 31, 2020, the Company is subject to externally imposed capital requirements arising from the quarterly payments of interest on the convertible debentures outstanding, as described in Note 14, the monthly principal and interest payments from the BDC loan described in Note 15 and the TD Bank loan as described in Note 11. The Company also subject to a debt covenant in relation to the factoring agreement described in Note 5.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Siyata Mobile Inc.

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25.FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

Financial instruments measured at fair value are classified into three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's cash, trade and other receivables, due to/from related party, accounts payable and accrued liabilities, long term debt, and convertible debentures approximate carrying value, which is the amount recorded on the consolidated statement of financial position.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company places its cash with institutions of high credit worthiness. Management has assessed there to be a low level of credit risk associated with its cash balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 14% of the Company's revenue for the year ended December 31, 2020 (2019 -24%) is attributable to sales transactions with a single customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Certain key customers were offered extended payment terms on their purchases due to slow down from Covid-19 and budget approvals for government tenders. As a result, the Company had customer with overdue receivables on their books which resulted in the Company taking a bad debt provision of 50% of these overdue receivables which amounted to \$1,530,667.

More than 50% of the Company's customers have been active with the Company for over four years, and the impairment of \$1,530,667 in impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Company's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the Company.

The carrying amount of financial assets represents the maximum credit exposure, notwithstanding the carrying amount of security or any other credit enhancements.

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25. FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

(in thousands)	December 31, 2020	December 31, 2019	December 31, 2018
EMEA	\$ 1,246	\$ 609	\$ 478
North America	1,491	884	201
Total	\$ 2,737	\$ 1,493	\$ 679

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants (if any). These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Company has a factoring agreement with external funding (Note 5).

With the exception of employee benefits, the Company's accounts payable and accrued liabilities have contractual terms of 90 days. The employment benefits included in accrued liabilities have variable maturities within the coming year.

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25. FINANCIAL INSTRUMENTS (cont'd)

Market risk

a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is the USD as of October 1, 2020 as discussed in Note 2. As at December 31, 2020 the Company's exposure to foreign currency risk with respect to financial instruments is as follows:

(in USD thousands)	USD	New Israel Sshekel ("NIS")	CAD	Total
Financial assets and financial liabilities:				
Current assets				
Cash	5,236	36	197	5,469
Restricted cash	0	10,995	0	10,995
Trade receivables	1,266	1,246	225	2,737
Due from director	214	-	-	214
Current liabilities				
Bank loan	-	(65)	(372)	(437)
Accounts payable and accrued liabilities	(1,176)	(1,087)	(359)	(2,622)
Convertible debentures			(6,161)	(6,161)
Long term debt	-	-	(108)	(108)
Total	5,340	11,325	(6,578)	10,087
Impact of 10% fluctuation in Exchange Rate	534	1,132	(658)	1,008

Market risk (cont'd)

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in interest rates. The Company's sensitivity to interest rates is limited to the BDC loan, and is therefore currently immaterial as the rest of the Company's debt bears interest at fixed rates.

c) Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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26. RELATED PARTY TRANSACTIONS

Key Personnel Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel for the year ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019	2018
Payments to key management personnel:			
Salaries, consulting and directors' fees	\$ 1,179,762	\$ 928,637	\$ 728,624
Share-based payments	261,794	656,895	216,218
Total	\$ 1,441,556	\$ 1,585,532	\$944,842

Other related party transactions are as follows:

Type of Service	Nature of Relationship	(in thousands)		
		2020	2019	2018
Selling and marketing expenses	VP Technology	174	210	105
General and administrative expense	Companies controlled by the CEO, CFO and Directors	1,006	718	624

Loan to Director

On April 1, 2019 the Company loaned to a director and its chief Executive Officer, \$200,000 USD. This loan was for a term of 5 years with interest charged at rate of 7% per annum payable quarterly. As of January 1, 2020, the interest rate on the loan was increased to 12% per annum. There were no capital repayment requirements until the end of the term when a balloon payment of the principal balance was required. The director repaid the loan in full on May 23, 2021.

27. SEGMENTED INFORMATION

The Company is domiciled in Canada and it operates and produces its income primarily in Israel, Europe and North America.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers and is as follows:

External Revenues (in thousands)	December 31, 2020	December 31, 2019	December 31, 2018
EMEA	\$ 1,465	\$ 6,230	8,166
USA	2,679	2,339	1,062
Canada	1,691	1,232	1,713
Australia and New Zealand	155	11	40
Total	\$ 5,990	\$ 9,812	10,981

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28.MAJOR CUSTOMERS

Revenues from four customers of the Company for the year ended December 31, 2020 represent approximately \$2,445,000 or 41% of the Company's total revenues (December 31, 2019 is four customers representing \$4,808,000 or 49% of total revenues). As two of these customers required extended payment terms, 50% bad debt provisions were taken on these accounts as part of the Company's accounting policy for aged receivable provisions.

29.SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2020, the Company paid \$872,505 (December 31, 2019 - \$627,557) in interest and \$Nil (December 31 - \$Nil) in income taxes.

During the year ended December 31, 2020 the Company incurred the following non-cash investing or financing activities:

- (a). Reclassified \$40,980 from convertible debenture to share capital as the result of a conversion of \$57,692 of debentures into 1,149 shares.
- (b). Recognized \$912,916 (2019-\$329,706) of accretion of the convertible debentures, classified \$56,471 of long-term debt, \$127,776 of lease obligations and \$6,160,769 of convertible debentures all as current liabilities.
- (c) Issued shares with a value of \$710,970 and accrued shares to be issued of \$560,000 in exchange for services.
- (d) Recognized \$306,085 in right of use assets and lease liabilities.

30.SUBSEQUENT EVENTS

- a) The company issued a total of 100,500 stock options to various employees and members of the Board at an exercise price of \$11.50 per share.
- (b) On January 6, 2021, the Company repaid the full amount of the of the 10% convertible debenture including principal and accrued interest at its face value of \$1,239,215 with a book value of \$1,205,684.
- (c) During the month of February 2021, the Company received multiple tradeable warrant exercises for total proceeds of \$609,040 on the redemption of a total of 88,911 tradeable warrants at an exercise price of \$6.85 for each common share.
- (d) On May 23, 2021, the loan to director was repaid including principal and interest.
- (e) On March 23, 2021, Signifi Mobile Inc incorporated a new wholly-owned subsidiary, Clear RF Nevada Inc.

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30.SUBSEQUENT EVENTS

(f) Acquisition of Clear RF LLC

On March 31, 2021, the Company acquired the issued and outstanding units of Clear RF LLC ("ClearRF"). In consideration, the Company paid cash of \$155,014 and issued 23,949 common shares at a value of \$194,985.

As further consideration, the Company is required to make the additional following payments:

- a) On March 31, 2022, pay \$155,014 in cash (or less, subject to certain income minimums);
- b) On March 31, 2022, issue common shares of the Company valued at \$194,985 in cash, and
- c) In addition to the above, further incentives may be earned and payable to the vendors based on revenues earned from the date of acquisition to March 31, 2022, inclusive.

This transaction qualifies as a business combination and was accounted for using the acquisition method of accounting. To account for the transaction, the Company has determined the fair value of the assets and liabilities of ClearRF at the date of the acquisition and a purchase price allocation. These fair value assessments require management to make significant estimates and assumptions as well as applying judgment in selecting the appropriate valuation techniques.

The acquisition of ClearRF is consistent with the Company's corporate growth strategy to continue to acquire innovative patented products in the cellular booster market. The Company plans to leverage ClearRF's machine to machine booster technology in order to build relationships and facilitate sales of the cellular booster suite of products.

The aggregate amount of the total acquisition consideration is \$700,000, comprised as follows:

Consideration	Note	Fair Value
Cash		\$ 155,014
Fair value of 23,949 shares at \$8.14 per share	(i)	194,986
Future purchase consideration	(ii)	350,000
Total Consideration		\$ 700,000

(i) The fair value of the shares issued was determined by multiplying the number shares issued by the share price of the Company on March 31, 2021.

(ii) Future consideration represents the expected future payments of cash and common shares. Since the balance of the shares and the cash is due within one year, the Company did not discount the future purchase consideration for the time value of money..

The purchase price was allocated as follows:

Purchase price allocation	Fair Value
Purchase price	\$ 700,000
Less: Net assets acquired	
Net identifiable tangible assets	100,107
Net identifiable intangible assets	763,893
Deferred tax liability	(164,000)
	(700,000)
Goodwill	\$ 0

The above acquisition price allocation is considered preliminary and may change before being considered final.

The Company incurred costs related to the acquisition totaling \$79,069 to complete the acquisition which were recorded in the statement of loss and comprehensive loss.

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31.EFFECTS OF THE CHANGE IN PRESENTATION CURRENCY

The effects of the change in presentation currency are as follow:

Restatement of previously reported financial information due to change in presentation currency

For comparative purposes, the consolidated balance sheets as at December 31, 2019 and January 1, 2019 include adjustments to reflect the change in the presentation currency to the USD, which is a change in accounting policy. The balance sheet as at January 1, 2019 has been derived from the balance sheet at December 31, 2018 (not presented herein). The exchange rates used to translate the amounts previously reported into Canadian dollars at December 31, 2019 were 1.302 CAD/USD, and at January 1, 2019 were 1.362 CAD/USD.

For comparative purposes, the consolidated statement of loss and comprehensive loss for the year ended December 31, 2019 and 2018 includes adjustments to reflect the change in the presentation currency to the USD, which is a change in accounting policy. The exchange rates used to translate the amounts previously reported into USD for the year ended December 31, 2019 and 2018 were 1.3269 CAD to \$1USD and 1.295 CAD to \$1USD, respectively, which were the average exchange rates for the period.

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31. EFFECTS OF THE CHANGE IN PRESENTATION CURRENCY (CONT'D)

(i) Effect on the consolidated balance sheet as at December 31, 2019 and January 1, 2019

	Dec 31, 2019 \$USD	Dec 31, 2019 CAD \$	Dec 31, 2018 \$USD	Dec 31, 2018 \$CAD
ASSETS				
Current				
Cash	2,661,575	3,465,371	1,776,949	2,420,205
Trade and Other Receivables	1,492,955	1,943,828	679,409	925,355
Prepaid expenses	252,868	329,234	303,314	413,114
Inventory	3,379,895	4,400,623	3,657,465	4,981,467
Advance to suppliers	650,690	847,198	351,334	478,517
	8,437,983	10,986,254	6,768,471	9,218,658
Right of Use	204,939	266,830	-	-
Loan to Director	200,000	260,400	-	-
Equipment	39,747	51,750	39,935	54,392
Intangible assets	6,469,504	8,423,294	5,498,548	7,489,023
Goodwill	785,153	1,022,269	750,565	1,022,269
Total assets	16,137,326	21,010,797	13,057,519	17,784,342
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Bank Loan	32,435	42,230	-	-
Accounts payable and accrued liabilities	1,970,663	2,565,802	2,930,310	3,991,081
Due to Related Party	76,866	100,079	145,640	198,362
Lease Obligations	116,311	151,437	-	-
Convertible debenture	1,047,661	1,364,055	-	-
Current portion of long term debt	44,547	58,000	24,963	34,000
Future Purchase Consideration	-	-	315,712	430,000
	3,288,483	4,281,603	3,416,625	4,653,443
Lease Obligation	78,020	101,582	-	-
Other payables	132,906	173,044	-	-
Long Term Convertible Debenture	4,049,349	5,272,252	2,866,983	3,904,831
Long Term Debt	105,991	138,000	143,906	196,000
	4,366,266	5,684,878	3,010,889	4,100,831
Total Liabilities	7,654,749	9,966,481	6,427,514	8,754,274
Shareholders' equity				
Share capital	28,592,662	37,346,168	21,246,401	27,638,100
Reserves	5,095,530	6,602,751	2,923,511	3,750,999
Accumulated other comprehensive loss	97,138	(125,084)	105,638	260,137
Deficit	(25,302,753)	(32,779,519)	(17,645,545)	(22,619,168)
	8,482,577	11,044,316	6,630,005	9,030,068
Total liabilities and shareholders' equity	16,137,326	21,010,797	13,057,519	17,784,342

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31. EFFECTS OF THE CHANGE IN PRESENTATION CURRENCY (CONT'D)

(ii) Effect on the consolidated statement of loss and comprehensive loss for the year ended December 31, 2019 and 2018

	Year ended Dec 31, 2019 \$USD	Year ended Dec 31, 2019 \$CAD	Year ended Dec 31, 2018 \$USD	Year ended Dec 31, 2018 \$CAD
Revenue	9,812,188	13,019,792	10,981,114	14,220,542
Cost of Sales	(7,122,823)	(9,451,274)	(9,390,768)	(12,161,044)
Gross profit	2,689,365	3,568,518	1,590,346	2,059,498
EXPENSES				
Amortization and Depreciation	1,168,594	1,550,607	544,208	704,749
Product development	757,404	1,005,000	-	-
Selling and marketing	3,559,602	4,723,236	4,207,746	5,449,031
General and administrative	2,322,681	3,081,966	2,261,990	2,929,277
Bad Debt expense	-	-	-	-
Inventory impairment	212,000	281,303	-	-
Impairment of intangible assets	111,521	147,977	1,508,880	1,954,000
Share-based payments	1,123,154	1,490,313	850,747	1,102,313
Total Operating Expenses	9,254,956	12,280,402	9,373,571	12,139,370
Net operating income (loss)	(6,565,591)	(8,711,884)	(7,783,225)	(10,079,872)
OTHER EXPENSES				
Finance expense (income)	962,263	1,276,827	753,257	975,468
Foreign exchange	106,745	141,640	(40,261)	(46,507)
Accretion and change in value of future purchase consideration	22,609	30,000	400,886	519,148
Total other expenses	1,091,617	1,448,467	1,113,882	1,448,109
Net Income (loss) for the period	(7,657,208)	(10,160,351)	(8,897,107)	(11,527,981)
Other comprehensive income (loss)				
Translation Adjustment	(8,500)	(385,221)	32,671	869,082
Comprehensive loss for the period	7,665,708	10,545,572	8,864,436	10,658,899
Weighted Average Shares	807,956	807,956	657,764	657,764
Basic and diluted loss per share	(\$9.48)	(\$12.58)	(\$13.53)	(\$17.53)