FINTECH SELECT LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Unaudited

MARCH 31, 2020

FINTECH SELECT LTD.

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NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Fintech Select Ltd.
Condensed Consolidated Interim Statements of Financial Position (Unaudited)
(Presented in Canadian Dollars)
As at March 31, 2020

	Note	March 31 2020	December 31 2019
ASSETS			
CURRENT			
Cash		$ --	$ 26,217
Accounts receivable		232,915	122,706
Intangibles – short term	4	81,590	84,207
Inventory		37,494	32,628
Prepaid and other assets		54,747	25,272
		406,746	291,030
LONG TERM			
Property and equipment	3	146,262	154,663
Intangibles – long term	4	713,264	742,297
		859,526	896,960
		$ 1,266,272	$ 1,187,990
LIABILITIES & SHAREHOLDER'S EQUITY			
CURRENT			
Bank overdraft		$ 25,680	$ --
Accounts payable and accrued liabilities	15	3,889,887	3,948,823
Deferred revenue		48,417	65,917
Demand loan	5	194,729	190,896
Customer deposits		35,200	35,200
Current portion of lease obligations	10	124,319	131,315
		4,318,232	4,372,151
NONCURRENT			
Lease obligations	12	222,593	244,687
		4,540,825	4,616,838
SHAREHOLDERS' EQUITY			
Share capital	6	18,270,142	18,270,142
Contributed and other surplus		6,375,740	6,375,740
Warrant capital	7, 8	319,354	319,354
Other comprehensive loss		(292,551)	(238,888)
Deficit		(27,947,238)	(28,155,196)
		(3,274,553)	(3,428,848)
		$ 1,266,272	$ 1,187,990

Nature of Operations and Going concern (Note 1)
Provision (Note 15)
Approved by the Board

Naveed Ul-Hassan
Director (Signed)

Mohammad Abuleil
Director (Signed)

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

Fintech Select Ltd.
Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Unaudited)
(Presented in Canadian Dollars)
For 3 months ended March 31, 2020

	Note	March 31 2020	March 31 2019
REVENUE		$ 986,543	$ 997,686
EXPENSES			
Goods and services purchased		115,081	112,490
Salaries and benefits	14	578,739	621,878
Other general and administrative		78,463	101,409
Foreign exchange loss (gain)		(49,680)	20,209
Depreciation and amortization	3,4	42,434	55,271
Interest expenses	5	10,931	12,182
Net income from operations		210,575	74,247
Gain(Loss) on revaluation of intangibles	4	(2,617)	1,497
Net income		207,958	75,744
Exchange difference on translating foreign operations		(53,663)	12,637
Comprehensive income (loss)		154,295	88,381
Earnings (loss) per share			
Basic and diluted		$ 0.003	$ 0.001
Weighted Average number of shares outstanding			
Basic and diluted		70,874,515	66,280,071

The accompanying notes form an integral part of these consolidated financial statements

Fintech Select Ltd.
Condensed Consolidated Interim Statements of Cash Flow
(Presented in Canadian Dollars)
For 3 months ended March 31, 2019

	Note	March 31 2020	March 31 2019
Cash provided by (used in)			
Operations			
Net income		$ 207,958	$ 75,744
Items not affecting cash			
Depreciation and amortization		42,434	55,271
Interest expenses		10,931	12,182
Unrealized foreign exchange loss (gain)		(52,469)	12,440
(Gain) Loss on revaluation of intangible		2,617	(1,497)
		211,471	154,140
Net change in non-cash working capital			
Accounts receivable		(110,209)	(10,510)
Inventory		(4,866)	(11,635)
Prepaid and other assets		(29,475)	(33,008)
Accounts payable and accrued liabilities		(58,935)	(61,399)
Deferred revenue		(17,500)	40,833
		(9,514)	78,421
Investing			
Additions of property and equipment and intangible		(5,000)	(29,614)
Disposal (addition) of investment held for sale		--	--
		(5,000)	(29,614)
Financing			
Payment of lease		(36,190)	(36,044)
		(36,190)	(36,044)
Net change in cash		(50,704)	12,763
Effect of exchange rate changes on cash		(1,193)	(75)
Cash, beginning of year		26,217	15,894
Cash, end of year		$ (25,680)	$ 28,582

The accompanying notes form an integral part of these consolidated financial statements

Fintech Select Ltd.
Condensed Consolidated Interim Statement of Changes in Shareholders' Deficit
(Presented in Canadian Dollars)
For the 3 months ended March 31, 2020

	Share Capital						
	Number	Amount	Contributed Surplus	Options and Warrant Capital	Accumulated Other Comprehensive Income (Loss)	Deficit	Total
Balance, December 31, 2019	70,874,515	18,270,142	6,375,740	319,354	(238,888)	(28,155,196)	(3,428,848)
Other comprehensive income from translation of foreign entity	--	--	--	--	(53,663)	--	(53,663)
Net loss	--	--	--	--	--	207,958	207,958
As at March 31, 2020	70,874,515	18,270,142	6,375,740	319,354	(292,551)	(27,947,238)	(3,274,553)
Balance, December 31, 2018	64,374,515	17,945,142	6,338,801	356,293	(268,511))	(27,901,683)	(3,529,958)
Issuance of new shares	6,500,000	325,000	--	--	--	--	--
Other comprehensive income from translation of foreign entity	--	--	--	--	12,637	--	12,637
Net income	--	--	--	--	--	75,744	75,744
As at March 31, 2019	70,874,515	18,270,142	6,338,801	356,293	(255,874)	(27,825,939)	(3,116,577)

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Fintech Select Ltd. (the "Company") is a leader in financial payment services and is a provider of robust and disruptive payment solutions, including prepaid card programs, Crypto-currency POS, and recently acquired e-wallet and online payment solutions. The address of the registered office of Company is 100 King St W, Unit T201a, Chatham, ON, N7M 6A9. The Company's shares are listed on the TSX Venture Exchange under symbol FTEC.

These consolidated financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and that it will be able to realize its assets and discharge its liabilities in the normal course of operations. The facts and circumstances noted below cast significant doubt on the company's ability to continue as going concern.

During the quarter, the company incurred a net income from operations $210,575 (first quarter of 2019- Net income 75,744). The company had a net outflow of cash from operations of $9,514 (first quarter of 2019 - inflow $78,421). The Company has a working capital deficiency of $3,911,487 (December 31, 2019 deficit $4,081,121). The working capital deficiency limits the Company's ability to fund capital expenditures and operations.

As of the period end, the Company had collateral account shortfalls which was contrary to the terms of special agreements with the financial institution whereby the Company agreed that it shall maintain in designated special collateral account in a designated bank of amounts equivalent to the consumers unspent card balances. As of March 31, 2020, the Company had collateral account shortfalls of approximately $2.8 million liable to the cardholders and financial institution. These collateral shortfalls are already included in the working capital deficiency number noted above. The Company continues to work towards an agreeable resolution with the financial institution and simultaneously has been working to address the collateral shortfall.

The continuation of the Company as a going concern is dependent on raising sufficient working capital to maintain operations, reducing operating expenses, and increasing revenues and profits. The Company is pursuing further financing alternatives to fund its operations, to settle the shortfall noted above and continue its activities as a going concern. There is no assurance that it will be able to do so in the near future, as without enough financing, the Company may be forced to cease operations.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the going concern assumption not be appropriate. These adjustments could be material.

The consolidated financial statements were authorized for issuance by the Board of Directors on July 13, 2020.

2. BASIS OF PRESENTATION

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (IAS 34") using accounting policies consistent 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"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended December 31, 2019, excepted as outlined below. These condensed consolidated interim financial statements should be read in conjunction with the 2019 annual financial statements.

Basis of presentation

These consolidated financial statements are prepared on the historical cost basis except for intangibles - short term which are measured at the fair value, with changes being recognized in other comprehensive income and financial assets classified as "fair value through profit and loss", if any, which are measured at fair value.

Principles of consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, 1382285 Ontario Limited ("SelectComm"), 2143436 Ontario Limited ("SelectCore Comm"), Local Fone Service, Inc. ("LFS"), SelectCore USA, LLC ("SelectCore US") and 2314606 Ontario Limited ("SelectCore Financial Services").

Subsidiaries are all entities over which the Company has the power, is exposed, or has rights, to variable returns from its involvement and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Inter-Company transactions, balances and unrealized gains or losses between subsidiaries are eliminated in preparing the consolidated financial statements. The financial statements of the subsidiaries are prepared for the same reporting period as the reporting company using consistent accounting policies.

Functional and presentational currency

Unless otherwise noted, all amounts in the accompanying consolidated financial statements and these notes are presented in Canadian funds, which is the functional currency of the Company.

(Presented in Canadian Dollars)

3. PROPERTY AND EQUIPMENT

Activity during the year ended March 31, 2020 is as follows:

Cost	Terminals	Electronic Equipment	Office Furniture & Fixtures	Totals
Balance January 1, 2020	954,633	671,372	183,960	1,809,965
Additions	-	-	-	-
Disposal	-	-	-	-
Balance March 31, 2020	954,633	671,372	183,960	1,809,965
Accumulated Depreciation				
Balance January 1, 2019	921,555	581,052	152,695	1,655,302
Depreciation	2,419	4,445	1,537	8,401
Balance December 31, 2019	923,974	585,497	154,232	1,663,703
Net Book Value	30,659	85,875	29,728	146,262

Activity during the year ended March 31, 2019 is as follows:

Cost	Terminals	Electronic Equipment	Office Furniture & Fixtures	Totals
Balance January 1, 2019	954,817	667,445	183,960	1,806,222
Additions	62	2,421	-	2,483
Balance March 31, 2019	954,879	669,866	183,960	1,808,705
Accumulated Depreciation				
Balance January 1, 2019	909,779	561,000	145,415	1,616,194
Depreciation	3,299	5,354	1,950	10,603
Balance March 31, 2019	913,078	566,354	147,365	1,626,797
Net Book Value	41,801	103,512	36,595	181,908

(Presented in Canadian Dollars)

4. INTANGIBLES

Intangibles – short term represents bitcoins held for sale. As of March 31, 2020, the Company has 9 bitcoins (December 31, 2019: 9 bitcoins). Cryptocurrency was revalued quarterly based on open market quoted price.

	Cyptocurrency	
Balance January 1, 2020	$	84,207
Additions		
Disposal		-
Revaluation		(2,617)
Balance March 31, 2020	$	81,590

Intangibles – long term represents computer software, Right-of-Use assets and leasehold improvement.

Cost	**Computer Software**	**Right-of-use Assets**	**Leasehold Improvement**	**Totals**
Balance January 1, 2020	1,550,029	499,967	6,522	2,056,518
Additions	5,000	-	-	5,000
Balance March 31, 2020	1,555,029	499,967	6,522	2,061,518
Accumulated Depreciation				
Balance January 1, 2020	1,182,338	130,256	1,627	1,314,221
Depreciation	1,135	32,564	334	34,033
Balance March 31, 2020	1,183,473	162,820	1,961	1,348,254
Net Book Value	371,556	337,147	4,561	713,264

5. Demand Loan

	March 31, 2020	December 31, 2019
Demand loan	**$ 194,729**	$ 190,896

This loan bears an interest rate of 8% per annum. It was secured by a promissory note and a general security agreement, covering all of the assets of the Company.

(Presented in Canadian Dollars)

6. SHARE CAPITAL

Authorized: Unlimited common shares

Issued and fully paid:

	March 31, 2020		December 31, 2019	
	Number	Amount	Number	Amount
Common Shares	70,874,515	$ 18,270,142	70,874,515	$ 18,270,142
Total	70,874,515	$ 18,270,142	70,874,515	$ 18,270,142

In February 2019, the Company issued six million (6,000,000) common shares to acquire an online payment and e-wallet platform, and five hundred thousand (500,000) common shares, as payment of finder's fees to an arm's length third-party. The issued shares are currently held in trust with the Company's legal counsel until white labelling of the software is completed and uploaded on the Company's servers.

7. STOCK OPTIONS

The Board of Directors has adopted a stock option plan for the Company (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers and technical consultants of the Company.

Under the Plan, the aggregate number of shares to be issued upon the exercise of options granted thereunder may not exceed 10% of outstanding shares. Furthermore, the aggregate number of shares to be issued upon exercise of the options granted there under to any one director or officer shall not exceed 5% of the issued and outstanding shares and the number of shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding shares. Options shall expire no later than five years after the date of grant. Options may be exercised no later than ninety (90) days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

The exercise price of options granted pursuant to the Plan shall be set by the Board of Directors and shall not be less than the applicable discount permitted by the TSX-V or such other stock market on which the shares are then traded. The options issued under the plan vest according to the provisions determined by the Board at the time of grant.

On April 3, 2017, the Company granted 3,380,000 incentive stock options, each giving the holder the right to acquire one common share to various officers, directors, employees and consultants. The options are exercisable at $0.17 per option for a period of three years from the date of grant, vesting immediately. 120,000 stock options were exercised during the year ended December 31, 2017. 1,465,000 options expired during the year ended December 31, 2019. The remaining 1,795,000 options expired in April 2020.

On June 26, 2017, the Company granted 2,000,000 incentive stock options, each giving the holder the right to acquire one common share to directors and consultants. The options are exercisable at $0.30 per option for a period of three years from the date of grant, vesting immediately. 250,000 stock options were exercised during the year ended December 31, 2017.

On April 12, 2018, the Company granted 1,425,000 incentive stock options, each giving the holder the right to acquire one common share to certain of its consultants, directors and officers. The options are exercisable at $0.30 per option for a period of three years from the date of grant, vesting immediately. 300,000 options expired during the year ended December 31, 2019. None of these options were exercised yet.

(Presented in Canadian Dollars)

The Company had following options outstanding and exercisable at March 31, 2020:

	Year ended March 31, 2020		Year ended December 31, 2019	
In number of units, except for exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year			4,670,000	0.25
Granted			--	
Expired			--	--
Outstanding, end of year			4,670,000	0.25
Exercisable, end of year			4,670,000	0.25

Below is a summary of exercise prices, and weighted average remaining life as at March 31, 2020 for each grant of options. .

	Number of options	**Weighted average exercise price**	**Remaining life (Years)**
Granted in April, 2017	1,795,000	$0.17	-
Granted in June, 2017	1,750,000	0.30	0.2
Granted in April, 2018	1,125,000	0.30	1.0
Balance, Mar 31, 2020	4,670,000	$0.25	0.3

(Presented in Canadian Dollars)

The following are the valuations of each grant of options and the major assumptions used to value these options.

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
02-Apr-20	1,795,000	$0.17	$ 45,627

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	20%
Risk free interest rate	0.82%
Expected life	3

These options had expired on April 02, 2020.

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
25-Jun-20	1,750,000	$0.30	$ 30,279

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	18%
Risk free interest rate	1.04%
Expected life	3

These options had expired on June 25, 2020.

(Presented in Canadian Dollars)

Date of Expiry	Number of Options	Exercise Price	Grant Date Fair Value of options
11-Apr-21	1,125,000	$0.30	$ 225

The options granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2018
Expected dividend yield	0.00%
Expected volatility	15%
Risk free interest rate	1.20%
Expected life	3

8. WARRANTS

The Company had the following warrants outstanding and exercisable at March 31, 2020 and December 31, 2019.

	3 months ended March 31, 2020		Year ended December 31, 2019	
In number of units, except for exercise price	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of year	15,679,997	0.25	15,679,997	0.25
Granted	--	--	--	--
Expired	--	--	--	--
Outstanding, end of year	15,679,997	0.25	15,679,997	0.25
Exercisable, end of year	15,679,997	0.25	15,679,997	0.25

(Presented in Canadian Dollars)

	Number of options	Weighted average exercise price	Remaining life (Years)
Granted in April, 2017	10,399,997	$0.20	0.5
Granted in June, 2017	5,280,000	0.35	0.5
Balance, Mar 31, 2020	15,679,997	$0.25	0.5

The following are the details of each grant of warrants and the major assumptions used to value these warrants.

	Date of Expiry	Number of Warrants	Exercise Price	Grant Date Fair Value of Warrants
	12-Apr-20	10,399,997	$0.20	$175,668

The warrants granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	18%
Risk free interest rate	0.82%
Expected life	3

On April 13, 2017, the company issued 13,333,330 common shares in a private placement at a price of $0.15 per share for gross proceeds of $2,000,000. In addition, for each issued common share, the company issued one (1) warrant exercisable into one (1) common share expiring in 36 months which, if exercised, will lead to proceeds per Warrant of $0.20. By March 31, 2020, 2,933,333 warrants had been exercised. On March 17, 2020, the Company extended the expiry date of these warrants to June 30, 2020 and changed the exercise price to $0.06. On May 20, 2020, the expiry date was further extended to September 30, 2020.

	Date of Expiry	Number of Warrants	Exercise Price	Grant Date Fair Value of Warrants
	11-Jun-20	5,280,000	$0.35	$67,553

The warrants granted were valued using the Black-Scholes option pricing model with the following assumptions.

	2017
Expected dividend yield	0.00%
Expected volatility	20%
Risk free interest rate	0.88%
Expected life	3

On June 12, 2017, the company issued 5,840,000 common shares in a private placement at a price of $0.25 per share for gross proceeds of $1,460,000. In addition, for each issued common share, the company issued one (1) warrant exercisable into one (1) common share expiring in 36 months which, if exercised, will lead to proceeds per Warrant of $0.35. The issued common shares and warrants are subject to a hold period expired on October 11, 2017. On May 20, 2020, the Company extended the expiry date of these warrants to September 30, 2020 and changed the exercise price to $0.06.

Upon expiry of the warrants, the related outstanding balance in warrant capital will be transferred to contributed surplus.

There were no warrants granted or exercised during the three months ended March 31, 2020.

9. SEGMENT INFORMATION

Although the Company has revenue from US customers, it operates solely in Canada.

The Company operates primarily in three industry segments based on the nature of the product/service: its distribution division, which sells prepaid wireless airtime, its call center and its Financial Services division which provides prepaid debit card services.

	Distribution		Call Center		Financial and Payment Services		Corporate		Total	
$ Millions	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	0.05	0.07	0.93	0.92	0.01	0.01	--	--	0.99	1.00
Assets	0.09	0.62	0.61	0.71	0.47	0.16	0.07	0.06	1.24	1.55
Net Profit/(Loss)	(0.10)	(0.04)	0.39	0.36	(0.10)	--	0.02	(0.24)	0.21	0.08

(Presented in Canadian Dollars)

10. COMMITMENTS

a) The Company has net lease commitments for equipment requiring the following minimum annual payments:

Within 1 year	$ 1,037

b) Right of use assets

The Company had the following future commitments associated with its lease obligations:

Balance at December 31, 2019	$	376,002
Interest expense		7,100
Lease payments		(36,190)
Balance at March 31, 2020	$	346,912
Current portion		124,319
Long term portion		222,593

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, warrant reserve, contributed surplus and accumulated other comprehensive income in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its growth activities, and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and or debt financing. See note 1.

The Company's overall capital management strategy during the period ended March 31, 2020 and 2019 has been to raise share capital, reach settlement with creditors, shut down money-losing businesses, and expand profitable call center business.

12. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the accounting and finance department under policies approved by the Board of Directors. This department identifies and evaluates financial risks in close cooperation with management. The finance department is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market Risk

(i) Currency Risk

The Company operates primarily in Canada and has a subsidiary in USA that had ceased operation. The Company has exposure to foreign exchange risk. Foreign exchange risk arises from purchase and sales transactions, as well as recognized financial assets and liabilities denominated in foreign currencies.

The Company's main objective in managing its foreign exchange is to maintain Canadian cash on hand to support Canadian forecasted cash flows over a 12-month horizon. To achieve this objective, the Company monitors forecasted cash flows in foreign currencies and attempts to mitigate the risk by modifying the currency of cash held.

Balances denominated in USD at March 31, 2020 and 2019 are as follows:

	2020	**2019**
Cash	**$ --**	$ --
Accounts receivable and other receivables	**216,832**	119,340
Accounts payable and accrued liabilities	**(140,794)**	(122,960)
Total net asset (liability)	**$ 76,037**	$ (3,620)

Fluctuations in the Canadian dollar exchange rate have an impact on the Company's results from operations.

Fluctuation of the U.S. dollar relative to the Canadian dollar of 5% would impact net income by approximately $ 3,802 as of March 31, 2020 (2019 impact net income - $181).

(ii) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

The Company's demand loan has fixed interest rates and is not exposed to interest rate risk.

(b) Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk of the Company at period-end is the carrying value of its cash and accounts receivables.

The Company manages credit risk by maintaining bank accounts with Schedule 1 banks in Canada。

FINANCIAL RISK MANAGEMENT (Cont'd)

The Company does not require collateral or other security for accounts receivable or amounts due from related parties. The Company estimates its provision for uncollectable amounts based on analysis of the specific amount and debtor's payment history and prospects. Accounts receivable are stated net of an allowance for doubtful accounts of $20,744 (2019 $30,757).

Top three customers represent 84% of accounts receivable as of March 31, 2020 (December 31, 2019 - three customers represented 80%). As of July 9, 2020, 88% of the accounts receivable balance was collected. As of March 31, 2020, approximately $21,965 (December 31, 2019 – $42,597) of the Company's receivable were 60 days past due of which approximately $20,744 (December 31, 2019 - $30,757) have been allowed for as doubtful debts.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at March 31, 2020, the Company has bank overdraft, accounts payable and accrued liabilities, demand loan and current portion of lease obligations of $4,234,615 due within 12 months (December 31, 2019 - $4,271,034), cash of $nil (December 31, 2019 - $26,217), receivables of $232,915 (December 31, 2019 - $122,706) and intangibles-short term of $81,590 (December 31, 2019 - $84,207) to meet its current obligations. As a result, the Company has liquidity risk.

(d) Economic Dependence

One customer represent 85% of the Company's revenue in the current period (2019 - one customer, accounting for more than 85% of total revenues, represented 66%).

The Company depends on large telecommunications carriers to provide certain products and services. If these carriers were unwilling or unable to provide such products and services in the future, the Company's ability to provide products and services to its customers may be adversely affected and the Company may not be able to obtain similar services from alternative carriers on a timely basis or on terms favorable to the Company.

(e) Fair value

The estimated fair values of accounts receivable, accounts payable, accrued liabilities and demand loans debt approximates their carrying values due to the relatively short-term nature of the instruments. The fair value of investment is based on open market price.

(Presented in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS AND BALANCES

The following summarizes the Company's outstanding balances with related parties:

	March 31, 2020	March 31, 2019
Accounts payable	$ 462,571	232,676

The balances are non-secured and without interest or payment terms. They mainly represent compensations due to directors for services provided.

14. KEY MANAGEMENT COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Company's key management personnel include the board of directors, Chief Executive Officer & President, Chief Financial Officer and Director of Business Operations.

Remuneration of Directors and key management of Company was as follows:

	Three months ended March 31	
	2020	2019
Salaries and Benefits	**$ 83,308**	$ 96,500
Total	**$ 83,308**	$ 96,500

15. PROVISION

In April, 2017, the Company was served by a service provider with a Statement of Claim filed in the Ontario Superior Court of Justice (the "**Claim**") for the amount of $4,000,000. The Claim relates to the shortfall of a secured cash pledge ("Secured Deposit"), as per the Special Account Agreement executed between the Company and the service provider. The Company has recorded its best estimate of the liabilities associated to the service provider as of March 31, 2020. The Company has been working on settling this claim. The company does not expect that any additional loss will be incurred.

In July 2019, one of the Company's subsidiary ("subsidiary") has been served with a Statement of Claim by Her Majesty the Queen in Right of Alberta ("Alberta") in the amount of $633,284 (the "Claim"). The Claim relates to the balance of funds on expired cards pursuant to a Card Management Agreement between the subsidiary and Alberta. The claimed amount was included in a claim served on the Company by its service provider. The Company has recorded such payables in its financial statements. The Company intends to vigorously defend the Claim, as all of the funds claimed by Alberta were deposited in the Company's service provider's bank account and not that of the subsidiary.

16. SUBSEQUENT EVENTS

On March 17, 2020, the Company extended the expiry date of 10,399,997 warrants from April 12, 2020 to June 30, 2020 and changed the excise price from $0.20 to $0.06. On May 20, 2020, the Company further extended the expiry date to September 30, 2020. On the same date, the Company also extended the expiry date of 5,280,000 warrants from June 11, 2020 to September 30, 2020 and changed the excise price from $0.35 to $0.06.

On June 22, 2020, the Company issued 3,850,000 stock options to its directors, officers and employees. These options vested immediately with an exercise price of $0.05 and expires on June 22, 2023.

Subsequent to period end, the outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.