



2022

INTERIM FINANCIAL STATEMENTS

Personas Social Incorporated (formerly, Peaks Social Ltd.)

For the 3 Months Ended March 31, 2022 and the 3 Months Ended March 31, 2021
(Expressed in Canadian Dollars)

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Interim Statements of Financial Position

As At March 31, 2022 and December 31, 2021

(Expressed in Canadian Dollars)

	March 31, 2022	December 31, 2021
Assets		
Current assets		
Cash	36,748	\$100,155
Trade receivables, net of expected credit losses (Note 13)	116,812	181,908
Due from related parties (Note 11)	17,305	15,048
Other receivables and deposits	117,103	112,500
Prepaid expenses	11,250	-
Prepaid expenses and deposits	92,699	92,699
Total current assets	391,917	502,310
Non-current assets		
Property and equipment (Note 6)	56,658	62,404
Goodwill (Note 4)	2,798,805	2,798,805
Total Non-current assets	2,855,463	2,861,209
Total assets	3,247,380	3,363,519
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (Notes 7 and 16)	2,642,454	2,622,019
Customer deposits	1,395,055	1,523,212
Due to related parties (Note 11)	1,788,617	1,919,317
Secured notes and convertible debt (Note 10)	250,000	250,000
Total current liabilities	6,076,126	6,314,548
Non-current liabilities		
Government Assistance (Note 8)	63,509	63,509
Provision (Note 16)	1,254,456	1,254,456
Total Non-current liabilities	1,317,965	1,317,965
Total liabilities	7,394,091	7,632,513
Shareholders' Equity (Deficiency)		
Share capital (Note 9)	32,980,275	32,879,525
Contributed surplus	2,137,134	2,137,134
Warrants reserve (Note 9)	101,105	81,855
Deficit	(39,365,225)	(39,367,508)
	(4,146,711)	(4,268,994)
Total liabilities and shareholders' equity (deficiency)	3,247,380	3,363,519

Nature of operations and going concern (Note 1)

Related party transactions (Note 11)

Legal proceedings, contingencies and provisions (Note 15)

Subsequent events (Note 17)

See accompanying notes

Approved on behalf of the Board

Mark Itwaru, Director

William Lavin, Director

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Interim Statements of Loss and Comprehensive Loss

For the Three Months Ended March 31, 2022 and the Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenue		
Tipping revenue	677,671	\$714,758
Virtual currency revenue	342,169	257,060
	1,019,840	971,818
Cost of Revenue	534,297	599,856
Gross Margin	485,543	371,962
Expenses		
Wages and benefits	67,820	195,550
General and administrative	46,832	140,417
Advertising and promotion	17,272	40,677
Consulting fees	78,603	23,459
Professional fees	57,942	78,896
Insurance	36,273	22,238
Rent	22,010	63,822
Depreciation (Note 6)	5,746	42,482
	332,498	607,541
Net Income (Loss) before under noted items	153,045	(235,579)
Unrealised Gain on Intangible Asset	-	12,597
Other income	-	199,900
Lease interest income	-	21,878
Lease interest expense	-	(61,803)
Interest expense	(9,375)	(9,375)
Loss on foreign exchange	(141,387)	3,016
Accretion expense	-	(1,434)
	(150,762)	164,779
Net Income (loss) and comprehensive loss for the year	2,283	\$(70,800)
Net Income (loss) per share		
Basic	\$0.000006	\$(0.0002)
Diluted	\$0.000006	\$(0.0002)
Weighted average number of common shares outstanding		
Basic	327,989,359	323,522,693
Diluted	327,989,359	323,522,693

See accompanying notes

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

	Share Capital Number	Capital Amount	Contributed surplus	Warrants reserve	Deficit	Total shareholders' equity
Balance at January 1, 2021	322,589,359	\$32,591,185	\$2,603,697	\$862,245	\$(36,628,419)	\$(571,293)
Net loss and comprehensive loss for the period	-	-	-	-	(70,800)	(70,800)
Exercise of options	1,000,000	89,862	(39,862)	-	-	50,000
Exercise of warrants (Note 9)	2,000,000	430,000	-	(280,000)	-	150,000
Balance at March 31, 2021	325,589,359	\$33,111,047	\$2,563,835	\$582,245	\$(36,699,218)	\$(442,093)
Balance at January 1, 2022	325,589,359	\$32,879,525	\$2,137,134	\$81,855	\$(39,367,508)	\$(4,268,994)
Net income (loss) and comprehensive loss for the period	-	-	-	-	2,283	2,283
Issuance of units (Note 9)	2,400,000	100,750	-	19,250	-	120,000
Total Shareholders' equity (deficiency)	327,989,359	\$32,980,275	\$2,137,134	\$101,105	\$(39,365,225)	\$(4,146,711)

See accompanying notes

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Interim Statements of Cash Flows

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2022	Three months ended March 31, 2021
Cash flows generated from (used in) operating activities		
Net income (loss) for the period	\$2,268	\$(70,800)
Items not affecting cash:		
Depreciation (Note 6)	5,746	42,482
Interest expense	9,375	71,178
Interest income on lease	-	(21,878)
Accretion of lease deposit	-	2,581
Accretion of prepaid lease deposit	-	(1,945)
Interest paid on lease	-	(61,803)
Interest received on lease	-	21,878
Changes in non-cash working capital items and operating payables		
Trade and other receivables	60,570	(120,554)
Other receivables and deposits	(4,603)	241,528
Prepaid expenses	(11,250)	19,800
Intangible asset	-	(14,096)
Accounts payable and accrued liabilities	20,435	108,786
Due to/from related parties	(128,433)	(403,696)
Customer deposits	(128,140)	48,219
Net cash generated from (used in) operating activities	(174,032)	(138,320)
Cash generated from (used in) financing activities		
Issuance of units (Note 9)	120,000	-
Proceeds from exercise of warrants	-	200,000
Interest paid on loans	(9,375)	(6,422)
Payment of lease liabilities	-	(82,873)
Net cash generated from (used in) financing activities	110,625	110,705
Cash generated from investing activities		
Cash used in purchase of equipment	-	(29,850)
Payment received on lease receivable	-	43,180
Net cash generated from investing activities	-	13,330
Net increase (decrease) in cash	(63,407)	(14,284)
Cash, beginning of the period	100,155	87,241
Cash, end of the period	36,748	72,957

See accompanying notes

Personas Social Incorporated (formerly, Peeks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

I. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Personas Social Incorporated (formerly, Peeks Social Ltd.) ("Personas", "Personas Social", or the "Company") was incorporated under the provisions of the Business Corporations Act in the Province of British Columbia on May 20, 2004 and on January 10, 2008, was continued under the laws of the Province of Alberta. The Company formally changed its name to "Personas Social Incorporated" on July 22, 2020 after receiving the necessary approvals on July 13, 2020. The Company is a publicly traded Company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PRSN" (formerly, "PEEK"). The Company's principal activity is the offering of social media products and services for use by consumers and businesses, with a focus on mobile (iOS and Android) products. The Company's head office is 155 University Avenue, Suite 2614, Toronto, Ontario, Canada, M5H 3B7.

Going Concern

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

During the three months ended March 31, 2022, the Company recognized a net income of \$2,283 (March 31, 2021 - Loss of \$70,800) and as at March 31, 2022, the Company had accumulated a deficit of \$39,365,255 (Dec 31, 2021 - \$39,367,508). The Company has not yet realized profitable operations and has mainly relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and will need to continue to do so to fund operations in the future. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to realise its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. Such adjustments could be material.

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION

Statement of Compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB"). The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

Personas Social Incorporated (formerly, Peeks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Basis of Presentation

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

Principles of Consolidation

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

Critical Accounting Estimates and Judgments

Critical accounting estimates

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

Personas Social Incorporated (formerly, Peek Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Critical Accounting Estimates and Judgments (continued)

Critical accounting estimates (continued)

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

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

Fair value of share-based compensation and warrants

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

Useful life of property and equipment

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

Provisions

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

Lease discount rate

Leases have been discounted using the Company's estimated incremental borrowing rate at March 1, 2019 (when IFRS 16 leases was adopted) or at the time of the lease, whichever is later. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of similar value to the right of use asset. Changes in the lease discount rate could materially impact value of the right of use asset, lease receivable, and lease liability.

Recoverable amount of cash generating unit

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

Critical judgments

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

Personas Social Incorporated (formerly, Peeks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)

Critical Accounting Estimates and Judgments (continued)

Critical judgments (continued)

Going concern

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

Provisions

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

Provision for expected credit losses ("ECLs")

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

Revenue recognition

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

Reversal of trade payables

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

Deferred tax assets and liabilities

Management is required to apply judgment in determining whether it is probable that deferred income tax assets will be realized. At December 31, 2021 and 2020, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the Statements of Financial Position. In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Goodwill impairment testing

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Provisions for expected credit losses (“ECLs”)

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

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

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

Cash and cash equivalents

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

a) Virtual Currency Revenue

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

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

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

b) Tipping Revenue

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

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

Foreign currency transactions

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

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

Personas Social Incorporated (formerly, Peek Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Recognition and initial measurement

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

Classification and subsequent measurement

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

Financial assets are classified as follows:

- **Amortized cost** - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables and other receivables and deposits.
- **Fair value through other comprehensive income** - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- **Mandatorily at fair value through profit or loss** - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. There are no financial assets held as FVTPL.
- **Designated at fair value through profit or loss (FVTPL)** – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets measured at FVTPL are comprised of cash.

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Business model assessment

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

Contractual cash flow assessment

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

Impairment

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

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

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

Derecognition of financial assets

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

Personas Social Incorporated (formerly, Peek Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial liabilities

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Derecognition of financial liabilities

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

Property and equipment

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

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

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

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

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

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

Investment tax credits

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

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

Compound financial instruments

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2021 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Compound financial instruments (continued)

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

Share-based payments

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

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

Share capital

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

Warrants

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

Provisions

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

Income taxes

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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

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

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

Loss per share

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

IFRS 16 Leases

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

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

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

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

Government Grants

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

Recent accounting pronouncements

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Amendments to IAS 37 - Provisions, Contingent Liabilities, and Contingent Assets

In May 2020, the IASB issued amendments to clarify the costs that a company should include as the cost of fulfilling a contract when assessment is made as to whether a contract is onerous. The amendment is effective January 1, 2022, with early adoption permitted. The Company has not early adopted these amendments and does not expect these amendments to have a material impact on the Company.

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

4. GOODWILL

	March 31, 2022	December 31, 2021
Personas Social	\$2,798,805	\$2,798,805
	\$2,798,805	\$2,798,805

The recoverable amount of the Company's CGU was estimated based on an assessment of its value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management and the Board of Directors, covering a four-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events. The Company has made certain assumptions in determining the cash flow projections based on budgets approved by management and include management's best estimate of expected market conditions. The cash flow projections include certain key assumptions regarding revenue growth rates, terminal revenue growth rates and the discount rate. Accordingly, it is reasonably possible that future changes in assumptions may negatively impact future valuations of goodwill and the Company would be required to recognize an impairment loss. Based on the current year evaluation, in the year ended December 31, 2021, the Company recognized an impairment loss of \$2,969,585.

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

4. GOODWILL (continued)

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

Assumptions	Personas Social Incorporated
Budgeted sales growth rate (average of next four years)	15%
Pre-tax discount rate	30%
Terminal growth rate	2%

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

5. FINANCE LEASE RECEIVABLE

The Company and landlord have terminated the lease agreement effective February 2022 owing to an ongoing disagreement between the parties. As a result, the Company has de-recognized all finance lease related assets and liabilities with December 31, 2021 (also see note 15 & 16).

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Furniture and fixtures	Leasehold improvements	Servers	Right of use assets	Domain names	Total
Cost						
Balance at December 31, 2020	41,440	\$79,277	-	1,189,491	4,054	1,314,262
Addition	-	-	75,605	-	-	45,755
Deletion	-	-	-	(1,189,491)	-	(1,189,491)
Opening Balance	41,440	79,277	75,605	-	4,054	200,376
Addition	-	-	-	-	-	-
Ending Balance	41,440	79,277	75,605	-	4,054	200,376
Accumulated Amortization						
Balance at December 31, 2020	(41,440)	(79,277)	-	(269,052)	(4,054)	(393,823)
Depreciation expenses	-	-	(13,301)	(169,927)	-	(183,128)
Deletion	-	-	-	438,979	-	438,979
Opening Balance	\$(41,440)	\$(79,277)	\$(13,201)	-	\$(4,054)	\$(137,972)
Depreciation expenses	-	-	(5,746)	-	-	(5,746)
Ending Balance	(41,440)	(79,277)	(18,947)	-	(4,054)	(143,718)
Carrying amount as at:						
Opening Balance	-	-	62,404	-	-	62,404
Ending Balance	-	-	56,658	-	-	56,658

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities are comprised of the following:

	March 31, 2022	December 31, 2021
Trade payables	2,150,817	\$2,188,556
Accrued liabilities	491,637	433,463
Total trade payables and accrued liabilities	\$2,642,454	\$2,622,019

8. GOVERNMENT ASSISTANCE

Canada Emergency Business Account Loan

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

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

	For the Three months ended March 31, 2022	For the Year ended December 31, 2021
Beginning balance	\$63,509	\$63,509
Amounts obtained during the period	-	-
Less: forgivable portion recognized as grant revenue	-	-
Future expected repayment	-	-
Less: discounting of loan at 5% recognized as grant income	-	-
Government assistance	\$63,509	\$63,509

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

9. SHARE CAPITAL

Authorized	
Unlimited	common shares, no par value

On February 19, 2021, the Company issued an aggregate of 1,000,000 Shares at a price of \$0.05 per share, to satisfy 1,000,000 share options exercised by the holders, as a result, an amount of \$39,862 has been allocated from contributed surplus.

On March 9, 2021, the Company issued an aggregate of 2,000,000 shares at a price of \$0.075 per share, to satisfy 2,000,000 warrants exercised by the holders, as a result, an amount of \$48,478 has been allocated from warrants reserve.

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Warrants

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

	Three Months Ended March 31, 2022		December 31, 2021	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	4,000,000	\$0.58	48,522,860	\$0.13
Exercised	-	-	(2,000,000)	\$0.075
Granted	1,200,000	0.075	-	-
Expired	-	-	(42,522,860)	\$0.13
Ending balance	5,200,000	\$0.465	4,000,000	\$0.58

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

Warrants (continued)

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

Number of Warrants	Exercise Price	Expiry Date
4,000,000	0.583	June 1, 2022
1,200,000	0.075	March 1, 2023
5,200,000	0.465	

Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the issuance of stock options to directors, officers, employees, consultants, and preferred partners with exercise prices not less than the discounted market price on the date of grant. The Plan restricts the maximum number of stock options authorized by the Board of Directors for issuance at any one time to 55,762,003 as at December 31, 2021. Options granted under the Stock Option Plan to persons who do not perform investor relations activities for the Company vest over a period as determined by the Board of Directors. Options granted to consultants performing investor relations activities vest in stages over 12 months with no more than one quarter of the options vesting in any three-month period.

In the year ended February 29, 2020, the Company granted an aggregate of 40,967,800 options to certain directors, officers, advisors and contractors in accordance with the Company's Stock Option Plan, of which 31,992,800 were granted to directors and senior officers. The options expire on June 30, 2024 and January 31, 2025. 6,975,000 options issued on June 27, 2019 vest over a period of 16 months, 1/5 on date of grant and every 4 months thereafter. 33,992 options issued on January 6, 2021 vest over a period of one year, 1/5 on date of grant and every 2 months thereafter.

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

The following summarizes the stock option activities under the Plan:

	Three Months Ended March 31, 2022		Year Ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	40,542,800	\$0.13	44,587,800	\$0.13
Exercised	-	-	(1,000,000)	0.05
Expired/cancelled	-	-	(3,045,000)	\$1.18
Ending balance	40,542,800	\$0.14	40,542,800	\$0.06
Exercisable	40,542,800	\$0.14	40,542,800	\$0.06

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

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable
\$0.05	39,967,800	2.74 years	\$0.05	39,967,800
\$0.60	575,000	0.50 years	\$0.60	575,000
	40,542,800	2.70 years		40,542,800

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

10. SECURED NOTES AND CONVERTIBLE DEBT

In October 2018, the Company issued \$250,000 principal secured notes, which bear interest at a rate of 15% per annum payable monthly, with the principal balance being repayable twelve months from the date issued. These notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company. As at December 31, 2021, there is \$250,000 outstanding (March 31, 2021 – \$250,000).

In October 2018, the Company issued \$250,000 principal secured notes, which bear interest at a rate of 15% per annum payable monthly, with the principal balance being repayable twelve months from the date issued. These notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company. As at March 31, 2022, there is \$250,000 outstanding (December 31, 2021 – \$250,000).

During the three months ended March 31, 2022, the Company made interest payments of \$9,375 (3 months ended March 31, 2021: \$9,375) to certain holders.

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

	March 31, 2022	December 31, 2021
Due to Riavera	1,740,713	1,860,413
Due to Mark Itwaru	47,904	58,904
Total	\$1,788,617	\$1,919,317

	March 31, 2022	December 31, 2021
Due from Mark Itwaru	-	-
Due from Peaks.com	17,305	15,048
Total	17,305	15,048

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

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise). The compensation expense incurred with key management, which included all directors as well as Chief Executive Officer and Chief Financial Officer for the three months ended March 31, 2022, was NIL (Three months ended March 31, 2021: \$8,782) included in consulting fees and stock-based compensation.

12. SEGMENTED INFORMATION

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

	March 31, 2022	March 31, 2021
Canada	\$41,794	\$30,628
United States	795,475	782,158
Africa, The Middle East, and India	123,381	108,338
Europe	47,893	42,899
Others	11,297	7,796
Total	\$1,019,840	\$971,818

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

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

During the three months ended March 31, 2022, the Company had net trade receivables of \$116,812 (December 31, 2021: \$181,908) with expected credit losses determined according to a past due provision matrix as follows:

	0 – 30 days	31 – 60 days	61+days	Total
Trade receivables	\$117,992			\$117,992
Default ECL rates (%)	1.0%	1.0%	1.0%	
Expected Credit Losses	1,180			1,180
Trade receivables (net)	\$116,812			\$116,812

December 31, 2021

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

14. LEASE LIABILITIES

Subsequent to the termination of lease (also see note 5 & 15), the Company has de-recognized all finance lease assets and liabilities and recognized a gain de-recognition of finance lease in the financial statements for the year ended December 31, 2021.

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

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Inter Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

15. LEGAL PROCEEDINGS, CONTINGENCIES, AND PROVISIONS

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

- (a) During the year ended February 28, 2017, a claim was initiated against the Company regarding finder's fees for brokering investments and business partnerships. The Plaintiff claimed damages in the amount of \$15,650,000. The Company is defending the lawsuit and believes the claim is completely without merit. Although the outcome of the claim is not determinable, Management strongly believes the financial impact is insignificant and has accrued the estimated financial effect of \$50,000 in trade payables and accrued liabilities. The claim remains outstanding as at December 31, 2021.
- (b) The Company has recorded a provision for expected decommissioning costs for an oil/gas well owned by one of the Company's subsidiaries.
- (c) A Statement of Claim was filed in the Ontario Superior Court of Justice on September 18, 2020 by the landlord of a leased property (the Company's office at 181 University Ave, Toronto). In February 2022, the lease arrangement was terminated. The lease expense was approximately \$42,620 per month net of sales tax. The Company is currently in litigation with the landlord regarding the office lease.
 - (i) The plaintiff seeking (among other relief) an order requiring Personas to pay arrears of rent in the amount of approx. \$385,000 as of September 2, 2020 and to pay future monthly lease payments until the expiry of the lease on May 31, 2026 with damages in excess of \$3,600,000.
 - (ii) The plaintiff terminated the lease with Personas on February 14, 2022. In management's view, doing so significantly reduces the total damages which the plaintiff may seek by more than approximately \$2,200,000.
 - (iii) The Company is defending the lawsuit and is currently in very early stage of proceedings. The management, in consultation with the Company's legal adviser, has made an estimated provision of \$1,129,456 in these consolidated financial statements for the year ended December 31, 2021.
 - (iv) The Company has also de-recognized all associated finance lease receivable and associate liabilities (Note 15).

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data; and
- Level 3 – inputs for assets and liabilities not based upon observable market data.

As at March 31, 2022, and March 31, 2021, cash was carried at Level 1 in the fair value hierarchy.

(b) Market risk

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Interest Rate Risk

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

(d) Foreign Exchange Risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the Statement of Financial Position date. As at the reporting date only trade receivables of the Company had exposure to currency risk being represented in USD.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 17(g) to the consolidated financial statements. The Company has revenue from operations however continues to rely on equity and debt funding to support its growth and corporate activities. Should the need for further equity or debt funding arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price or debt instruments at an acceptable interest rate level.

The Company has sustained losses over the last number of periods and has financed these losses mainly through a combination of equity and debt offerings. The Company has sustained losses over the last number of periods and has financed these losses mainly through a combination of equity and debt offerings. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and believes that it has the ability to raise sufficient cash to meet all of its contractual debt that is coming due in 2022 and to fund any operating losses that may occur in the upcoming periods.

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

Personas Social Incorporated (formerly, Peek Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(f) Credit Risk

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

	March 31, 2022	December 31, 2021
Cash	\$36,748	\$100,155
Trade receivables	116,812	181,908
Total	\$153,560	\$282,063

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

(g) Capital Management

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, contributed surplus, warrants reserve, and deficit, which as at March 31, 2022, amounted to deficit of - 4,146,711 (December 31, 2021 - \$4,268,994).

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

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

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

Personas Social Incorporated (formerly, Peaks Social Ltd.)

Notes to the Interim Financial Statements

For the Three Months Ended March 31, 2022 and The Three Months Ended March 31, 2021

(Expressed in Canadian Dollars)

17. SUBSEQUENT EVENTS

4,000,000 share purchase warrants expired unexercised on June 1, 2022.

18. AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issuance by the Board of Directors on August 18, 2022.