2020

Year-end Reports

Management's Discussion & Analysis

For the 3 and 12 month periods ending December 31, 2020

Consolidated Financial Statements

December 31, 2020

Audited

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of financial condition and results of operations of Dynamic Technologies Group Inc. ("DTG" or the "Company") is supplemental to and should be read in conjunction with the audited consolidated financial statements for the fiscal year ended December 31, 2020.

The audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 2020 have been prepared in conformity with International Financial Reporting Standards ("IFRS") and require management to make estimates and assumptions that affect amounts reported and disclosed in such financial statements and related notes. Unless otherwise indicated, a reference to a year relates to the Company's fiscal year ended December 31. All amounts are reported in Canadian dollars unless specifically stated to the contrary. Financial information disclosed in this MD&A is presented in thousands (000's) except for percentages and per share data.

The Board of Directors, on the recommendation of the Audit Committee, approved the contents of this MD&A on April 26, 2020. Disclosure contained in this document is current to this date, unless otherwise stated.

Additional information on DTG is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at sedar.com

Business Description

The Company's operations take place primarily through the following controlled affiliates:

Business Unit	Description
Dynamic Attractions – 100%	Turn-key supplier of a proprietary line of premium entertainment attractions for theme parks and stand-alone tourist venues. Provides custom design-build-commission services for custom ride systems and attractions. The Company also provides parts and services to park operators for its own ride systems and those ride systems supplied by others. Leased production and office facilities in Port Coquitlam, BC. Leased Attractions Development Center in Orlando FL. Leased Parts and Service offices in Arlington TX.
Dynamic Entertainment Group Ltd. – 100%	Incorporated in July 2017, the purpose of this entity will be to operate the Company's co-venture business in North America, and to hold its investments in the Company's co-venture business in China. Leased office facilities in Toronto ON, Orlando FL and Singapore
Dynamic Structures – 50%	Primarily provides design engineering and product research and development services for complex ride systems for Dynamic Attractions. Also designs sophisticated custom, complex, high precision mechanisms and integrated structures, such as astronomical telescope enclosures for third party customers. Leased production facilities in Port Coquitlam, BC.
Zhejiang Dynamic Structures Engineering Technology Limited – 100%	Incorporated in January 2017, the purpose of this entity will be to expand and improve the Company's manufacturing capacity in China.

DTG has an executive office in Toronto and has its registered head office in Winnipeg, Manitoba. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol DTG.

Selected Annual and Quarterly Financial Information

Annual Financial Information For the years ended	2020	2019	2018
Sales	**69,776**	110,119	135,395
Profit (loss) from continuing operations	**(10,600)**	(20,379)	(48,338)
Profit (loss) from discontinued operations	**(1,877)**	(6,708)	(2,125)
Profit (loss) from all operations	**(12,477)**	(27,087)	(50,463)
Profit (loss) per share, basic & diluted - continuing operations	**(0.06)**	(0.20)	(0.51)
Profit (loss) per share, basic & diluted - discontinued operations	**(0.01)**	(0.06)	(0.02)
Profit (loss) per share, basic & diluted - all operations	**(0.07)**	(0.26)	(0.53)
Total Assets	**69,578**	95,667	72,925
Total long-term financial liabilities	**46,616**	44,892	8,559
Cash dividends declared per common share	**-**	-	-

Quarterly Financial Information For the years ended	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Sales	19,362	16,599	16,290	17,525	14,655	26,977	39,157	29,330
Profit (loss) from continuing operations	(2,353)	(2,732)	(1,785)	(3,730)	(20,449)	(2,549)	2,278	341
Loss from discontinued operations	(687)	(80)	(568)	(542)	(4,802)	(879)	(635)	(392)
Profit (loss) per share (basic & diluted) - continuing operations	(0.01)	(0.02)	(0.01)	(0.02)	(0.20)	(0.02)	0.02	0.00
Loss per share (basic & diluted) - discontinued operations	(0.00)	(0.00)	(0.00)	(0.01)	(0.04)	(0.01)	(0.01)	(0.00)
Loss per share (basic & diluted) - all operations	**(0.01)**	**(0.02)**	**(0.01)**	**(0.03)**	**(0.24)**	**(0.03)**	**0.01**	**(0.00)**

The Company’s trend of reduced revenues was consistent throughout the quarters of 2020 when compared to 2019 and did not have the same level of variability as the quarters presented in 2019. The nature of the Company’s production does allow for some variability in certain period if larger milestones are achieved. In 2019 there was some sizable variability relating to that as well as some significant negative adjustments realized in the fourth quarter of 2019 which showed significantly lower revenues than the previous quarters of 2019.

Consolidated Non-GAAP Financial Results

Periods ended Dec 31	Twelve months ended			Quarter ended		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Operating Results:						
Revenues	**69,776**	110,119	(40,343)	**19,362**	14,655	4,707
Gross margin	**16,547**	14,114	2,433	**4,988**	(5,872)	10,860
Gross margin %	**23.71%**	12.82%	10.9%	**25.8%**	(40.1%)	65.8%
EBITDA	**2,890**	(5,608)	8,498	**1,494**	(11,645)	13,139
EBITDA %	**4.1%**	(5.1%)	9.2%	**7.7%**	(79.5%)	87.2%
EBIT	**(2,308)**	(12,768)	10,460	**335**	(13,841)	14,176
EBIT %	**(3.3%)**	(11.6%)	8.3%	**1.7%**	(94.4%)	96.2%
Net loss from continuing operations	**(10,600)**	(20,379)	9,779	**(2,353)**	(20,449)	18,096
Net loss from discontinued operations	**(1,877)**	(6,708)	4,831	**(687)**	(4,802)	4,115
Net loss	**(12,477)**	(27,087)	14,610	**(3,040)**	(25,251)	22,211
Loss per share continuing operations - basic & diluted	**(0.06)**	(0.20)	0.14	**(0.01)**	(0.20)	0.19
Loss per share discontinued operations - basic & diluted	**(0.01)**	(0.06)	0.05	**0.00**	(0.04)	0.04
Loss per share - basic & diluted	**(0.07)**	**(0.26)**	0.19	**(0.01)**	(0.24)	0.23

The terms, Gross Margin, EBITDA and EBIT as well as the corresponding percentages are defined in the Non-GAAP Financial Measures section at the end of this MD&A, including a reconciliation to each measure from the consolidated financial statements.

Significant Events

Credit Facility Renegotiation

On October 7, 2020 the Company, completed a renegotiation of its credit facilities. The material amendments to the Credit Agreement include: (i) extending the repayment dates for each of the facilities to align with the Company's forecasted cash availability; (ii) reducing the annual interest from a variable prime plus 9.5% to a fixed rate of 10%; (iii) accruing and deferring 3% of the interest until the maturity of each facility and paying the remaining 7% on a monthly basis; and (iv) removing certain financial covenants altogether and revising the remaining financial covenants to allow the Company to remain in compliance to the end of the term of the loan.

To date, USD $1.5M of the loan has been repaid and another USD$16.5 million (including additional interest) is scheduled to be repaid throughout 2021, which will leave an operating loan balance of USD $11.1 million outstanding as at December 31, 2021. The expected payments to be made are in the following amounts (USD): $1.5 million, $0.4 million, $4.3 million, $1.5 million, $0.2 million, $3.5 million, $0.7 million, $4.3 million and $0.1 million. The repayment of the operating loan has been extended to June 30, 2022.

In addition, the Company also amended the terms of its USD $4.0 million term loan with another lender to push out the repayment of the loan in four equal, quarterly payments starting July 16, 2022 and ending on April 16, 2023.

New Equity and R&D Subsidiary

On October 13, 2020, the Company announced that it has completed an internal reorganization and private placement by its subsidiary. The Reorganization has created a new research and development subsidiary named Dynamic Structures Ltd. ("DSL"). Pursuant to the Reorganization, Dynamic Attractions Ltd ("DAL"), the Company's wholly owned ride manufacturing subsidiary transferred: (i) the employment of a sub-set of highly skilled development engineers (the "R&D Employees") to DSL; and (ii) certain intangible property consisting of all the knowledge and experience of the R&D Employees used in the

engineering design business including all trade secrets, technical, scientific and other knowledge, skills and ideas (the "Know-How"), the Dynamic Structures website (the "Other Intangible Property") and goodwill associated with the Know-How and Other Intangible Property valued at $5.0 million.

COVID-19 Impact

Beginning in early 2020, economies around the globe have been negatively impacted by the Covid-19 pandemic with companies being forced to either reduce operations or in some cases cease operations altogether for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel restrictions, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses and industries that the Company directly serves and supplies to, which in turn, have had a negative impact on the Company in 2020 and will have lingering effects into the 2021 fiscal year.

The Company was able to maintain production on activities that were taking place within its own production facilities during this time and in certain circumstances perform certain on-site support activities remotely. For customer contracts that were past the design phase and where production had started, the Company did not experience any significant customer-imposed delays or cancellations. The Company was able to continue production by staggering operations in its production facilities to reduce the number of workers in the facilities at any given time as well as encouraging and allowing personnel to work remotely where possible. The Company also, undertook to reduce overhead expenses, including headcount where possible.

To further assist eligible businesses, the governments of both Canada and the United States announced emergency subsidy programs starting in April of 2020 (retroactive to March in qualifying situations) called the Canada Emergency Wage Subsidy ("CEWS") and Payroll Protection Program ("PPP") respectively.

The Company determined that it qualified for the CEWS from March 15, 2020 through the remainder of the year and has, accordingly applied for, and for certain periods received the CEWS. The Company also determined that its US operations qualified for the PPP subsidy and accordingly, applied for and received the funding. The amount of government subsidies applied for by the Company during the year is separately identified in both cost of sales (note 18) and selling, general and administrative expenses (note 20) in the consolidated financial statements.

The Company intends to apply for both CEWS and PPP in the subsequent application periods it is available, subject to meeting the application qualification criteria. At December 31, 2020, the Company had applied for CEWS in the amount of $1,484 which had not yet been received by the Company.

Subsequent Significant Events

Name Change

On February 22, 2021, the Company announced that effective March 1, 2021, the Company's name would be changed to Dynamic Technologies Group Inc. from Empire Industries Ltd. In accordance with that the Company's ticker symbol on the TSX-V would be changed to "DTG" from "EIL". Finally, the Company's website has also changed to www.dynamictechgroup.com from www.empind.com.

Sale of Ownership Interest in TGHL

On February 26, 2021, the Company announced the sale of its remaining ownership stake in TGHL (12,538,585 common shares) for gross proceeds of $2,108. The Company paid a finder's fee of $108 to an arm's length finder, reducing the net proceeds received to $2,000 which the Company intends to use for general working capital purposes.

Outlook

As reported in the 2020 interim periods, the COVID-19 pandemic has had significant adverse effects on the global theme park industry. Every theme park in the world has been forced to change their operational protocols, reduce their staffing levels and reduce or defer their attraction capital spending plans. This has adversely impacted the theme parks' supply chain in general, and DTG's ride manufacturing division specifically throughout 2020.

The COVID-19 issues are being addressed in the two most important markets for DTG; the United States and China. Guests are returning to the reopened theme parks and the Company is confident that the parks will, in time, resume their pre-pandemic investments in capital expenditures in general and specifically in ride systems.

The Company's 2020 revenue was down 37% to $69.8 million as compared to $110.1 million in 2019. As a consequence of this significant drop in revenue, the Company has been executing a three-pronged plan:

- accelerate our development plans for the co-venture business,
- restructure and reduce the ride manufacturing business to withstand this industry slowdown; and
- establish an R&D company to continue to innovate and use our world class capability to diversify our sources of revenue beyond just the ride business.

We are actively implementing a financing plan to support all three of these drivers. The first phase of was to successfully restructure our US$31 million of long-term debt and successfully raise $5.0 million of equity to help fund our R&D subsidiary which was completed in October 2020. The second phase is well underway to source the investment necessary to fund our co-venture opportunities and correct the working capital deficiency arising from our financial leverage.

Co-venture opportunities

The Company continues to be very bullish on its ability to penetrate the tourist location, entertainment market leveraging its world class attraction IP. It is the Company's view that its co-venture strategy, being pursued by wholly owned subsidiary, Dynamic Entertainment, is well suited to capitalize on a post-pandemic world. Guest satisfaction and value and will be the key success factors for popular tourist locations that choose to complement their experience with our award winning, world class, media-based attractions.

We hold an option to acquire a 50% share of the flying theatre attraction currently being built in The Island Theme Park in the Smoky Mountains of Tennessee. The Island is the sixth most popular theme park in the US according to TripAdvisor. The Company is well advanced in the creation of this exciting attraction in one of the most popular tourist destinations in America. The flying theater attraction is scheduled to open to the public just before the summer season gets underway.

The Company's pipeline of co-venture prospects is geographically broad and advancing, in-spite of travel restrictions. Our co-venture offices in Toronto and Orlando have been able to cover North America and Europe/UK effectively and our offices in Singapore and Shanghai have allowed us to continue to develop our prospects in Asia and South Asia. We have three senior executives in Asia, and this is helping to continue to advance our prospects in this key market.

Improved cost structure

The pandemic has focused our attention on ensuring we reduce and align our cost structure in our ride business unit with the much more cautious approach to capital spending of our customers. The Company's cost reduction program has reduced its fixed and variable costs in line with the market demand for its products and services. The Company is continuing to invest resources in its co-venture initiatives and it is in fact the robustness of this division's outlook that is driving interest in its financing initiative.

Contract Backlog

Contract Backlog represents the dollar value of customer contracts where the associated work has not yet been completed by the Company and the associated revenue has not yet been recognized. As work is executed on the projects in the Contract Backlog, the Contract Backlog is depleted. As new projects come under contract, the Contract Backlog is replenished. The projects currently in the Contract Backlog are expected to be executed over the next 36 months. The Company's Contract Backlog as of December 31, 2020 is $114 million, down 47% from December 31, 2019.

Management uses Contract Backlog as a forward-looking financial indicator of future revenues for the Company. However, the amount and timing of such revenue is uncertain, as it depends on project schedules which may get delayed for reasons within or beyond the Company's control. Also, it is possible that customer contracts may be delayed or cancelled, which will reduce the size of the Contract Backlog without generating revenue for the Company. As of now, 67% of the backlog (5 contracts) are on hold because of client caused delays. The Company is not anticipating working on these contracts in 2021 but is hopeful it can resolve the contractual issues so that work can resume sometime in 2022. The remainder of the backlog is all being worked on in 2021. As forward-looking financial information, Contract Backlog is subject to material risks and uncertainties such as those described above.

The Company's installation teams have remobilized and are at various stages of commissioning award winning ride systems in Abu Dhabi, Beijing, Japan, Malaysia, Qatar and California. This massive commissioning effort has been negatively affected by pandemic delays that have delayed our Company's ability to enter these countries to finish these jobs. The Company has incurred incremental costs because of the delays and the required quarantines on both entry and return to their home country.

In addition to its existing backlog, the Company continues its business development efforts to identify and establish future projects but given the uncertainties of future capital spending in the rides business, we expect that our ride manufacturing business will remain at a lower level of sales and production for some time.

The Company deployed rigorous best practices to address pandemic issues at its three manufacturing facilities and this allowed the Company to continue to produce throughout the pandemic, albeit at a slower rate of production. Our goal remains to emerge on the other side of this pandemic with our unique design, manufacture and commissioning competency intact and continue to be one of the strongest attraction suppliers in the industry.

Improved liquidity

Our cash used in 2020 in continuing operations was $1.4 million. This was a big improvement from the $26.6 million of cash used in continuing operations in 2019 that was financed with $40.9 million of debt and equity. Cash on hand at December 31, 2020, including restricted cash was $5.5 million.

The Company closed a financing of $5.0 million in the fourth quarter of 2020. The Company also successfully restructured US$31 million of its debt financing October 7, 2020, extending the principal repayments to better match the receipt of contract holdbacks that totaled $17.1 million at December 31, 2020. The Company also pushed out half of the principal repayments to between June 30, 2022 and April 16, 2023. The covenants were also reset to reflect the impact that the pandemic has had on our business. The Company believes that delaying the principal repayments in this way, should allow it to strengthen its balance sheet and operational cashflow over the next two-year period.

Summary

We strongly believe that the anticipated completion of six, award winning and truly amazing ride systems throughout 2021, ongoing and prudent processing of our outstanding backlog, the opening of our first co-venture in late spring of 2021, and continued development of our co-venture pipeline, will all position the Company to emerge in the post-pandemic world as a more resilient and much more valuable company, with an increased focus on recurring profit from co-ventures and much improved profit outlook on a much lower level of sales.

As mentioned above, the Company has an initiative that is well underway to source the investment funds necessary to fund

our co-venture opportunities and correct the working capital deficiency arising from our financial leverage that needs to be reduced.

2020 Results Review

Revenues

2020 Fiscal Year

Revenues from continuing operations in 2020 declined by $40.4 million (36.7%) to $69.8 million for the full year compared to $110.1 million in 2019. The Company's Ride Systems Manufacturing segment was the core driver behind the overall decline in revenues which is to be expected given its overall size and significance to the Company. Revenues from Parts & Service and Corporation & Other segments experienced a net reduction of $1.5 million during the year when compared to 2019.

Revenues in 2020 were impacted by the CoVid-19 pandemic which began to impact the Company in the first quarter of 2020. The Company's operations were significantly impacted because significant revenue producing and generating activities were abruptly put on hold and then ultimately delayed or cancelled. Specifically:

- The Company had to suspend onsite installations on customer sites around the world for multiple months ultimately delaying the completion and opening of the attractions. Suspending these activities were either at the request of the Customer or mandated by the local governments at the respective locations.
- Customers of the Company cancelled or delayed certain projects that were in the very early stages of the design and/or production process and were expected to be part of the 2020 fiscal year's operations.
- Key existing customers and prospective customers of the Company, either cancelled or delayed projects and plans which represented opportunities for incremental production and revenues for the Company.

The revenues realized by the Company in the year, were largely from projects that were under contract at the beginning the year so there was no revenue impact associated with selling prices of the underlying contracts.

4Q20 Revenues

Revenues in 4Q20 were $4.6 million or 32% more than 4Q19. The increased revenues when compared to the comparative period are driven by results from comparative period as opposed to the impact of the CoVid-19 pandemic, which is the main driver in the year over year comparison. In the fourth quarter of 2019, the Company had to accrue certain penalty provisions for existing contracts that had a negative impact on revenues in the quarter. In addition to that, the Company's working capital position during much of 4Q19 had a negative impact on the volume of production that it could complete in the quarter. The Company was able to alleviate its working capital and liquidity constraints in late 2019 but not early enough in the quarter to offset the impact on overall production. In 2020, the Company did not have the same level of working capital or liquidity constraints.

Gross Margins

2020 Fiscal Year

The Company's Gross Margin from continuing operations increased by $2.4 million (17%) to $16.5 million in 2020 from $14.1 million for the 2019 fiscal year. The key driver behind the increase in gross margins between 2019 and 2020 is the $5.1 million of government wage subsidies claimed by the Company during the 2020 which were allocated as a net reduction to costs of sales.

In 2019, the Company's continued challenges on three first generation projects were a negative driver on the Gross Margin

for the year as well. While the Company continued to work on these projects in 2020, the challenges encountered were not at the same level as they were in 2019.

The Company's Parts & Service segment realized a decrease in Gross Margin of $0.8 million when compared to 2019 which was a result of lower revenues of $2.2 million and slight improvement in Gross Margin percentages of 1.1% to 38.4% from 37.3% in 2019. The Company's Corporate & Other segment realized a $1.1 million improvement in Gross Margin on increased revenues of $0.7 million and the receipt of government subsidies in 2020 when compared to 2019.

4Q20 Gross Margin

Gross Margins improved by $10.8 million in 4Q20 when compared to 4Q19 driven by higher revenues of $4.7 million in 2020 as well as government subsidies recorded in 4Q20 of $0.9 million in addition to 4Q19 having multiple negative adjustments relating to increasing loss provisions on certain first-generation contracts as well as recording a provision for potential penalties on those contracts. The impact of the adjustments on 2019 resulted in a negative Gross Margin for the quarter which is impacting the comparative analysis.

The Company's Parts & Service Segment realized a decrease of $0.2 million in Gross Margin in the three-month period ended December 31, 2020 compared to the same period in 2019 due to lower revenues and a Gross Margin more consistent with the full year Gross Margin, whereas the Gross Margin % in 4Q19 was significantly higher in the quarter as opposed to the full year. The Company's Corporate & Other segment's Gross Margin increased by $0.8 million when compared to 4Q19. This increase is driven by increases in overall revenues in the period and the presence of government subsidies reducing costs of sales in 2020.

Selling, General and Administrative Expenses

2020 Fiscal Year

Selling, general and administrative expenses from continuing operations decreased by $6.0 million in 2020 to $13.7 million, compared to the $19.7 million in the 2019 fiscal year. The decrease in selling, general and administrative expenses include government wage subsidies received in 2020 of $2.1 million. The remaining $3.9 million of reductions in selling general and administrative expenses in the year were a result of the Company reducing its overhead costs in response to the reduction overall business levels accelerated by the CoVid-19 pandemic.

The Company's Ride Systems Manufacturing segment, realized reduced selling, general and administrative expenses by $4.8 million in 2020 compared to 2019 while the Parts and Service segment realized a reduction of $0.6 with remaining reduction of $0.6 million coming from the Corporate and Other segment.

4Q20 Selling, general and administrative expenses

Selling, general and administrative expenses in 4Q20 decreased by $2.3 million when compared to 4Q19. The Company's Ride Systems Manufacturing segment accounted for $1.1 million of the reduction and it's Corporate & Other and Parts & Services segments account for $0.8 million and $0.4 million of the reduction respectively. The variance in the quarter was driven by the same factors discussed on the annual basis.

EBITDA

2020 Fiscal Year

EBITDA from continuing operations of $2.9 million in 2020 improved by $8.6 million compared to the loss of $5.7 million in fiscal 2019. This year-over-year improvement in EBITDA was directly linked to the improved Gross Margins of $3.0 million and reduced selling, general and administrative expenses of $5.7 million. The Company's Ride Systems Manufacturing segment improved its EBITDA by $6.9 million in 2020 and its Corporate & Other segment improved its EBITDA loss for the year by $1.6 million. The Company's Parts & Service segment realized a decrease in EBITDA of $0.1 million.

4Q20 EBITDA

EBITDA for 4Q20 improved by $12.9 million to EBITDA of $1.5 million from a loss of $11.4 million in 4Q19 driven by increased revenues and increased Gross Margins percentages as well as reduced selling, general and administrative expenses as outlined in the above sections when compared to 4Q19. The Company's Ride Systems Manufacturing segment improved its EBITDA in the quarter by $11.4 million compared to 4Q19. The Company's Parts & Service segment improved its EBITDA in the quarter by $0.1 million and the Corporate & Other segment realized a decrease in its EBITDA loss of $1.3 million when compared to 4Q19. As noted in both the Revenue and Gross Margin sections, the material negative adjustments in 2019 were recorded and realized in 4Q19 which magnify the variances for comparative purposes.

Depreciation and Amortization

2020 Fiscal Year

The Company's depreciation and amortization costs decreased by $2.0 million in 2020 compared to 2019. Key drivers behind the reduction were as follows:

- Right-of-use Assets – amortization reduced by $0.9 million in 2020 mainly due to the elimination of one production facility in Port Coquitlam as well as the expiry of certain other leases which were not renewed or renewed under more favorable terms.
- Property, plant & equipment – depreciation reduced by $0.7 million in 2020 due to certain items being fully depreciated either by the end of 2019 or during 2020.
- Intangible assets – amortization reduced by $0.4 million in 2020 due certain items being fully depreciated in mid-2020 and extending the useful life of specific items.

4Q20 Depreciation and Amortization

Depreciation and amortization expenses in 4Q20 decreased by $1.0 million when compared to the same period in 2019 which was a driven by a reduction in amortization of right-of-use assets of $0.7 million and amortization of intangible assets of $0.3 million. The main drivers behind the reduction in depreciation and amortization in the quarter when compared to the same period in 2019 are the same as those outlined above for the full fiscal year.

Finance Costs

2020 Fiscal Year

Finance costs decreased by $4.4 million in 2020 to $6.9 million from $11.3 million in 2019. In 2019 the Company recorded a charge of $3.3 million for preferred shares issued as an inducement of early conversion as well as recorded accretion expense of $0.2 million. The other driver behind reduced finance costs in 2020 versus 2019 was a reduction in the underlying interest rates and a reduction of overall debt. During the year, the prime rate of interest decreased in Q1 by 150 basis points and remained that way until the Company renegotiated its credit facilities effective October 1, 2020 removing another 150 to 250 basis points. The Company also made principal payments during the year in the amount of $2.4 million which were made before the end of the second quarter.

4Q20 Finance Costs

Finance costs decreased by $4.6 million in 4Q20 over the comparative quarter 4Q19. The preferred share inducement and accretion expense charges totaling $3.5 million were recorded in 4Q19 and therefore being the key driver in the quarterly comparison. In addition to that, the interest rates on the interest-bearing debt in 2019 were variable and ranged from 13.45% to 14.25% for the quarter, whereas in 4Q20, the Company had negotiated a fixed rate of 10% on all interest-bearing amounts outstanding. Finally, the $2.4 million principal payments were made before the end of the second quarter so 4Q20 has the full benefit of that when compared to 4Q19.

Other Components of Income (loss)

2020 Fiscal Year

In 2020, other components of loss of $1.0 million is driven by a restructuring provision recorded compared to income of $2.0 million in 2019 which was driven by the sale of shares of TGHL of $1.6 million, the remeasurement of a limited recourse loan of $0.9 million offset by other loss amounts totaling $0.5 million.

4Q20

In 4Q20, other components of income loss was $1.0 million compared to net loss amount of $0.7 million in 4Q19.

Discontinued operations

2020 Fiscal Year

During 2019, the Company decided to cease operations of both its steel fabrication operations Empire Iron Works (a division of Dynamic Attractions Ltd.) “EIW” in Edmonton, Alberta as well as its telescope mirror-making and mirror-polishing activities, Dynamic Optics Inc. “DIO” in Port Coquitlam, British Columbia and undertake to sell the assets.

During 2020, the Company recorded a loss from discontinued operations in 2020 of $1.9 million compared to a loss of $6.7 million in 2019. Included in the 2020 operating results are impairment charges of $0.6 million to items of property, plant and equipment to adjust the assets to be sold to their estimated fair values as well an additional $0.1 million in losses on disposal. Also, in 2020, an additional impairment charge of $0.1 million was recorded when the inventory assets were liquidated. Included in the loss from discontinued operations of $6.7 million in 2019, was an impairment charge of $1.6 million to items of property, plant and equipment to adjust the assets to be sold to their estimated fair values at that time as well as an impairment charge for $1.3 million to reduce the inventory values to the estimated recoverable amount.

4Q20

The Company recorded a loss from discontinued operations of $0.7 million in 4Q20 compared to a loss from discontinued operations of $4.8 million in 4Q19. Of the loss recorded in 4Q20, $0.6 million was an impairment charge for the remaining assets classified as held for sale. In 4Q19, the loss included $3.2 million of impairment charges for property, plant and equipment and inventory. The Company was still winding up operations in 2019 so there was activity during the quarter, whereas in 4Q20, the active operations had ceased.

Net income (loss)

2020 Fiscal Year

The Company’s net loss of $12.4 million in 2020 improved by $14.7 million compared to net loss of $27.1 million in 2019 which is a result of the improved EBITDA and other factors discussed above throughout the 2020 results review section when compared to 2019.

4Q20

The Company’s net loss from all operations in 4Q20 improved by $22.3 million (88%) to a net loss of $3.0 million from a net loss of all operations of $25.3 million. The 2020 fiscal year and 4Q20 line-item level review outlines individual drivers behind the changes in the net loss from the comparative period.

Liquidity and Capital Resources

Working Capital and Liquidity

For the year ended December 31, 2020, the Company's continuing operations used $2.5 million of cash, compared with $13.6 million of cash used in 2019 excluding the impact of changes in non-cash working capital amounts. The Company expects that its operations will generate sufficient cash on a go-forward basis to meet the Company's obligations.

During 2020, the Company renegotiated the terms of and maturity dates of its existing credit facilities which included, reducing the interest rates, reducing the amount of interest payable monthly versus capitalized and establishing new covenants.

The Company has an $11.1 million USD revolving credit facility with its senior lender which was fully drawn as of December 31, 2019. The Company's marginable assets at December 31, 2020 were $23.2 million, which is $8.8 million more than the Company's total draw on the operating line.

The Company made $2.4 million of cash principal repayments during the year. Total funded debt of $25.6 million as at December 31, 2020 consisted of $14.1 million from Facility B, $6.4 million from Facility C and $5.1 million from EDC. In addition to funded debt, the Company also made $1.5 million of principal payments on lease liabilities.

As part of the amended terms of the Company's credit facilities the financial covenants that Company is subject to were also amended. At December 31, 2020, to satisfy the covenants in the amended credit facilities, the Company is required to have a minimum EBITDA for the three-month period from October 1, 2020 through December 31, 2020 of $nil, as well as meeting specific accounts payable aging thresholds as required by the senior lender. At December 31, 2020, there was no event of default with the financial covenants of its amended credit facilities. In 2019, the Company was not in compliance with its financial covenants however had received a waiver of those covenants prior to December 31, 2019. All existing credit facilities are subject to the same financial covenants.

Contract Assets

The Company's contract asset balance decreased by $16.8 million or just under 59% to $11.8 million at December 31, 2020 compared to $28.7 million at December 31, 2019. Contract assets are the aggregate amount of revenue recognized on specific customer contract in excess of the amounts billed to the customer as at the same date. Historically this was referred to as "Unbilled Accounts Receivable". A contract asset represents the consideration in exchange for goods or services that the Company has transferred to a customer, however, is conditional upon further performance obligations under the contract. The Company considers contract assets when managing its credit risk and obtains contract frustration insurance, where possible or receives letters of credit in circumstances where insurance is not an option. In certain circumstances, when the Company is contracting with a credit rated customer, it may elect not to secure either of those products.

Shareholders' Equity (Deficit)

Shareholders' deficit of $40.9 million at December 31, 2020 is $7.2 million larger than the shareholders' equity at December 31, 2019 due to the net loss for the year offset by increases in non-controlling interest through sale of 50% of DSL. No dividends were declared or paid in the year.

The Company maintains a stock option plan for the benefit of officers, directors, key employees and consultants of the Company. The Company had 9,406,667 outstanding options at December 31, 2020. The average exercise price of the outstanding options was $0.40 per share. Of these options, 3,090,001 were currently exercisable at an average exercise price of $0.46 per share.

The Company has 7,611,110 warrants outstanding as of December 31, 2020, with an exercise price of $0.75 per share. These warrants expire on June 22, 2021.

Market Capitalization

The market capitalization of the Company's 163,516,826 issued and outstanding common shares at April 26 2021 was **$**69.5 million or $0.425 per share. The issued and outstanding common shares at April 26, 2021, together with securities convertible into common shares are summarized in the table below.

Fully Diluted Shares As at April 26, 2021		
Issued and outstanding common shares		**163,516,826**
Securities convertible into common shares		
Warrants	7,611,110	
Stock Options	11,251,667	
Total Securities convertible into common shares		18,862,777
Fully Diluted Shares		**182,379,603**

Segment Performance

The Company's operations consist of three separately identifiable segments, Ride Systems Manufacturing, Parts & Service and Corporate & Other. The performance of the Company's reportable segments is listed below the 3- and 12-month periods ended December 31, 2020 and 2019. Discussion of results of the reportable segments is included in the results review section above.

Ride Systems Manufacturing

Periods ended Dec 31	Twelve months ended			Quarter ended		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Operating Results:						
Revenues	60,918	99,507	(38,589)	19,412	14,668	4,744
Gross margin	11,759	9,664	2,095	3,321	(6,981)	10,302
Gross margin %	19.3%	9.7%	9.6%	17.1%	(47.6%)	64.7%
EBITDA	3,416	(3,497)	6,913	855	(10,585)	11,440
EBITDA %	5.6%	(3.5%)	9.1%	4.4%	(72.2%)	76.6%
EBIT	(1,530)	(10,241)	8,711	(237)	(12,626)	12,389
EBIT %	(2.5%)	(10.3%)	7.8%	(1.2%)	(86.1%)	84.9%

DYNAMIC TECHNOLOGIES GROUP INC

Parts & Service

Periods ended Dec 31	Twelve months ended			Quarter ended		
	2020	2019	Variance	2020	2019	Variance
Operating Results:						
Revenues	8,011	10,260	(2,249)	2,014	2,248	(234)
Gross margin	3,074	3,824	(750)	806	1,050	(244)
Gross margin %	38.4%	37.3%	1.1%	40.0%	46.7%	(6.7%)
EBITDA	2,297	2,440	(143)	728	624	104
EBITDA %	28.7%	23.8%	4.9%	36.1%	27.8%	8.4%
EBIT	2,284	2,420	(136)	725	604	121
EBIT %	28.5%	23.6%	4.9%	36.0%	26.9%	9.1%

Corporate & Other

Periods ended Dec 31	Twelve months ended			Quarter ended		
	2020	2019	Variance	2020	2019	Variance
Operating Results:						
Revenues	4,317	3,560	757	1,406	938	468
Gross margin	1,714	626	1,088	861	70	791
Gross margin %	39.7%	17.6%	22.1%	61.2%	7.5%	53.8%
EBITDA	(2,823)	(4,551)	1,728	(89)	(1,349)	1,260
EBITDA %	(65.4%)	9.6%	(75.0%)	(6.3%)	(143.8%)	137.5%
EBIT	(3,062)	(4,947)	1,885	(153)	(1,484)	1,331
EBIT %	(70.9%)	(139.0%)	68.0%	(10.9%)	(158.2%)	147.3%

Standards Issued but Not Yet Effective

As of January 1, 2021, or later dates, the Company will be required to adopt certain standards and amendments issued by the IASB as described below, for which the Company is currently assessing the impact. Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for these consolidated financial statements. The Company reasonably expects the following standards to be applicable to its consolidated financial statements at a future date as listed below:

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

IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been revised to incorporate amendments issued by the IASB. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g., direct labour and materials), and an allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract). The amendments are only to be applied to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual period in which it first applies the amendments.

Amendments to IAS 1: Presentation of financial statements

On January 23, 2020, The International Accounting Standards Board (Board) issued narrow-scope amendments to IAS 1 Presentation of *Financial Statements* to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa. The effective date of this amendment is for periods beginning on or after January 1, 2022. Early application of the amendments is permitted. The Company is assessing the impact of this amendment.

Related Party Transactions

The Company did not have any transactions with related parties and associates in either the 2020 or 2019 fiscal years. Compensation awarded to key management included:

	Dec 31, 2020	Dec 31, 2019
Salary and short-term employee benefits	**3,028**	**3,056**
Post-employment benefits	**43**	**85**
Share-based payments	**326**	**193**
	3,397	**3,334**

Off Balance Sheet Activities

The Company has not entered into or participated in any off-balance sheet transactions or arrangements during the year.

Financial instruments

Financial assets and liabilities are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances permitted under IFRS are present, the classification is not modified after initial recognition.

Hierarchy of fair value measurements

The Company classifies its financial assets and liabilities measured at fair value into three levels according to the observability of the inputs used in their measurement.

Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, fair value through other comprehensive income or amortized cost.

***Financial assets at fair value through profit or loss* - ["FVTPL"] -** Financial assets classified as assets held for trading are recognized at fair value at each reporting period date, and any change in the fair value is reflected in profit or loss in the period during which these changes take place.

***Financial assets at fair value through other comprehensive income* - ["FVOCI"]** On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statements of earnings. The election is available on an investment-by-investment basis. Investments in equity securities, where the Company cannot exert significant influence, are designated as financial assets at FVOCI.

Amortized cost – Financial assets held for collection of contractual cash flows that meet the Solely Payments of Principal and Interest ("SPPI") test are measured at amortized cost. Financial assets recorded at amortized cost are done so using the effective interest rate method. Interest income is included in profit or loss over the expected life of the financial asset.

Impairment of Financial Assets

A loss allowance for expected credit losses is recognized in the consolidated statement of net income (loss) for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets, including contract assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investments in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible defaults over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or amortized cost. Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition.

Amortized cost

Accounts payable and accrued liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, where applicable, using the effective interest method, with interest expense recognized on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at fair value determined using the perspective of a market participant at the measurement date which is typically the proceeds received. Direct issue costs are deducted from this value.

Warrants

Warrants granted in connection with issuing common shares and convertible debentures are recorded at fair value on the date of grant using the Black-Scholes option-pricing model or other appropriate measure. The component of the capital raised attributable to the fair value of the warrants is recorded in the corresponding period to contributed surplus. Any consideration paid by the warrant holder on exercise of the warrant is credited to share capital and contributed surplus is decreased.

The following tables present information on the Company's financial assets and financial liabilities and discloses the fair value hierarchy of the valuation techniques used to determine this fair value for all periods presented:

As at December 31, 2020:

	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	5,469	5,469	Amortized cost	N/A
Accounts receivable	23,139	23,139	Amortized cost	N/A
Investment in TGHL	2,382	2,382	FVOCI	1
Bank indebtedness	(14,228)	(14,228)	Amortized cost	N/A
Accounts payable and accrued liabilities	(21,260)	(21,260)	Amortized cost	N/A
Funded debt including current portion	(25,626)	(25,626)	Amortized cost	N/A

As at December 31, 2019:

	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	12,848	12,848	Amortized cost	N/A
Accounts receivable	13,522	13,522	Amortized cost	N/A
Investment in TGHL	2,382	2,382	FVOCI	1
Bank indebtedness	(14,444)	(14,444)	Amortized cost	N/A
Accounts payable and accrued liabilities	(25,537)	(25,537)	Amortized cost	N/A
Funded debt including current portion	(28,228)	(28,228)	Amortized cost	N/A

The fair values of cash and equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities. Management has determined that the fair value of funded debt including finance leases and limited recourse loans do not materially differ from its carrying value.

Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in accordance with IFRS necessitates the use of management estimates, assumptions and judgments that affect reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Although management reviews its estimates on an ongoing basis, actual results may differ from these estimates as confirming events occur. The following components of the financial statements depend most heavily on such management estimates, assumptions and judgment, any changes in which may have a material impact on the Company's financial condition or results of operations. For more information about certain assumptions and risks that may affect these estimates, assumptions and judgments, please see the "Forward Looking Information" section of this MD&A.

Critical judgements made in applying the Company's accounting policies

Cash generating units

For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Management determines which groups of assets can generate cash inflows that are largely independent of other operations within the Company.

Operating segments

The Company considers both the qualitative and quantitative aspects when identifying reportable operating segments, specifically whether a subset of the Company has a separate chief operating decision maker even if it meets one or more of the separate recognition quantitative thresholds.

Control and significant influence over less than 100% owned affiliates

The Company assumes that it exercises significant influence when its ownership percentage exceeds 20% but is less than 50% and exercises control when its ownership percentage exceeds 50% unless in either scenario, there are other factors that would change that presumption.

Non-current assets held for sale and discontinued operations

The Company carefully considers the application criteria as laid out in IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations when determining if specific non-current assets and/or disposal groups should be classified as held for sale on the Company's consolidated statement of financial position and the associated operating results classified as discontinued operations in the statement of comprehensive income or loss. The Company uses the application guidance in forming its conclusion about whether the asset(s) and/or disposal group are available for immediate sale and whether the sale is highly probable.

Functional currency

Management uses its judgement to determine the functional currency that most accurately represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

Performance obligation

The Company makes significant judgements on each contract relating to whether the contract represents a single performance obligation or multiple performance obligation as well as whether the Company can reliably estimate the costs of the performance obligations identified. Also, whether the obligations should be recognized over time or at a single point in time and in using costs incurred over total budgeted costs as representation for the measurement of performance progress.

Key sources of estimation uncertainty

Revenue recognition

The amount of revenue to be recognized is determined for a single performance obligation achieved over time of costs incurred over total budgeted costs for which the Company has implemented an internal financial budgeting and reporting system which relies on historical experience. The Company reviews the estimates of contract revenue and contract costs as of each reporting date. Contract losses are recognized as soon as they are identified.

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues from claims and unapproved change orders if such additional revenues can be reliably estimated and it is considered highly probable that they will be recovered. A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. An example of such contract variation could be a change in the specifications or design of the project, whereby costs related to such variation might be incurred prior to the client's formal contract amendment signature.

A claim represents an amount expected to be collected from the client or a third-party as reimbursement for costs incurred that are not part of the original contract. In both cases, management's judgments are required in determining the probability that additional revenue will be recovered from these variations and in determining the measurement of the amount to be recovered. Revenues associated with these construction costs will be recognized if management believes the receipt of such revenues is highly probable and the amount to be received can be measured reliably.

Allowance for doubtful accounts

The Company uses a simplified approach in accounting for trade and other receivables as well as contract assets and records

the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Valuation of inventory

Estimates and judgements are inherent in the determination of the net realizable value of inventories. The cost of inventories may not be fully recoverable if they are damaged or if the selling price of the inventory is less than its cost. The Company regularly reviews its inventory quantities and reduces the cost attributed to inventory no longer deemed to be fully recoverable. Estimates related to the determination of net realizable value may be impacted by a number of factors including market conditions.

Share-based payments

The Company measures the cost of share-based payments to employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Warranty Provision

The Company provides warranty services for its media-based attractions and related service offerings that are sold to its clients. The Company assesses the amount of warranty provision required based on number of products under warranty and uses its judgement based on previous experience to determine the value of the warranty provision required.

At December 31, 2019 the Company has recorded a warranty provision of $357 (2018 - $359). Warranty obligations form a standard clause on all contracts and as such do not represent a separate performance obligation.

Intangible assets

Expenditures of research activities, undertaken with the prospect of gaining new technical knowledge and understanding, are recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset (note 12).

Impairment of non-financial assets

The Company's impairment test is based fair value less costs of disposal. The cash flows are derived from the forecast and do not include restructuring activities that the Company is not yet committed to or significant future investments that may enhance the performance of the cash generating unit being tested. The calculation is sensitive to the discount rate applied as well as the expected future cash inflows.

Useful lives of key property, plant & equipment, investment property AND intangible assets

Estimated useful lives of property, plant and equipment, investment property and intangible assets are based on management's judgment and experience. When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business

and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse. If the estimates and assumptions are modified in the future, the Company may be required to reduce or increase the value of deferred tax assets or liabilities resulting in, where applicable, an income tax expense or recovery.

Risks and Uncertainties

Operating Results

The Company's mix of businesses typically require significant financial resources, and there is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. In certain markets, the Company competes with local, regional, national and international companies for work. With the experience of the Company's operating subsidiaries, management believes it has developed systems, policies, and procedures to mitigate this risk.

Design Risk

As the Company's projects are on the cutting edge of attraction design, there is the risk that new attractions will not perform as designed. This may result in significant costs to re-design and modify attractions after they have been manufactured and installed to bring them into conformity with contractual performance specifications, or it may result in contractual penalties including rejection of the attraction by the customer. The Company mitigates against these risks by ensuring it has multiple technical solutions to cutting edge engineering issues, so if the preferred solution does not function as intended, there are still alternatives.

Project Performance

Most of the Company's sales contracts are fixed-price contracts, often resulting from competitive bids. When bidding on a project, the Company estimates its costs, including projected increases in the costs of labour, materials, and services.

Despite these estimates, actual costs could vary from the estimated amounts. These variations could adversely affect the Company's business. Any inability of the Company's subsidiaries to execute customer projects in accordance with requirements, including adherence to completion timetables, may have a material adverse effect on the Company's business, operations and prospects.

The Company recognizes revenue using the IFRS 15 standard. The core principle of IFRS 15 is that an entity should recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This involves identifying the performance obligations in each contract, allocating the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfied a performance obligation. In the situation where there is an inability to reliably estimate progress on performance obligations, the revenue recognition is limited only to the extent that is offsets the costs incurred, resulting an any projected profit to be realized on the contract performance obligations being deferred until better information that can estimate a reasonable measure of performance is obtained. The Company has concluded that three "first generation" contracts should be accounted for in this manner.

Cost of Components and Raw Materials

Significant components include audio visual equipment such as screens and projectors, motion control equipment and software, robot arm equipment, launch equipment. The Company mitigates the risk of cost escalation in these components by means of long-term strategic alliances with suppliers, by procurement policies and procedures designed to ensure that there are multiple suppliers available and that specific components are contracted for on a fixed price basis. However, the cutting-edge nature of the work being undertaken by the Company means that there is still risk that the components will ultimately cost more than originally estimated on any particular project.

The principal cost of raw material is structural steel and other steel products. These supply and pricing arrangements are negotiated directly with steel manufacturers or steel supply companies that buy and warehouse steel products. Where appropriate, the Company will endeavor to include an escalation clause for material costs in jobs being tendered in the industrial, commercial and institutional sector in each contract. In the absence of an escalation clause, the Company mitigates its risk, to the extent possible, through contracted buying arrangements or limitations on the length of time that bids can remain outstanding prior to acceptance. In the circumstance of volatility in the commodity price of steel, unexpected increases in steel prices which are not hedged by escalation clauses or similar means, may negatively impact margins on a particular job and therefore the Company's future results of operations or financial position.

Liquidity Requirements

The Company requires significant amounts of working capital in order to be able to operate. The Company's contracts are primarily based upon firm prices and billing is generally performed on a milestone basis. Projects often involve changes or requests for extra work and although the Company endeavors to bill promptly for this extra work, any delay in issuing change orders can impact cash flows. Contracts typically allow for the customer to withhold between five and ten percent of the Company's total billings until the completion of the project. As a consequence, larger and longer-term projects can greatly increase capitalization requirements for working capital.

The Company's ability to obtain additional capital is a significant factor in achieving its strategy of expansion in the construction industry. There can be no assurance that the current working capital of the Company will be sufficient to enable it to implement all of its objectives. Furthermore, the current state of the world's financial markets may limit the Company's ability to access credit in the event that it identifies a potential acquisition or some other business opportunity that would require a significant investment in resources. There can be no assurance that if and when the Company seeks equity or debt financing, it will be able to obtain the required funding on favorable commercial terms, or at all. Any such future financing may also result in additional dilution to existing shareholders.

The Company requires sufficient financing to fund its operations. Failure to obtain financing on a timely basis could cause missed acquisition opportunities, delays in expansion and may also impact ongoing operations.

Foreign Exchange Risk

Rapid currency fluctuations can have a significant impact on un-hedged non-Canadian dollar denominated projects. The Company typically sells in foreign currency, mostly US dollars. Similarly, many of the raw material and component inputs are purchased in US dollars. Where possible, the net exposure from these projects have been hedged with forward contracts to sell US dollars.

Global Economic and Trade Environment

Businesses and industries throughout the world are very tightly connected to each other. Thus, events seemingly unrelated to the Company may adversely affect the Company over the course of time. For example, a credit contraction in financial markets, combined with reduced economic activity, may adversely affect theme park operators, developers, general contractors, and other businesses that collectively constitute a significant portion of the Company's customer base. As a result, these customers may need to reduce their purchases of the Company's products or services, or the Company may experience greater difficulty in receiving payment for the products or services that these customers purchase from the

Company. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

In addition, the global nature of the Company's sales means the Company is exposed to the risk of potential changes to international trade agreements.

Credit Risk

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their commitments to the Company. Notwithstanding the Company's current credit policies and practices, there can be no assurance that customers will remain able to fulfill their commitments to the Company which may have an adverse effect on the Company's financial performance.

Bonding Capacity

Some customers require performance bonds underwritten by insurance providers, or irrevocable letters of credit as a condition of contract award. However, there can be no assurance that the Company will be able to obtain such bonds or letters of credit in the quantity required to maintain or increase its level of activity.

Reliance on Key Personnel

The business activities of the Company involve a certain degree of risk that even a combination of experience, knowledge and diligence may not be able to overcome. Shareholders must rely on the ability, expertise, judgment, direction, and integrity of the management of the Company. Success will be dependent on the services of a number of key personnel, including its executive officers and other key employees, the loss of any one of whom could have an adverse effect on its operations and business prospects. The Company feels that by being a publicly traded company it will have more flexibility than its private competitors to implement attractive incentive plans for key employees to attract and retain the necessary employees.

Competitive Market

The Company's approach to competitive risk is to develop strong relationships with clients, increase the breadth of services offered and to broaden our geographic coverage to enhance service and competitiveness.

Due to the competitive nature of the business, the Company must compete on price and quality of service. A significant portion of the Company's business is to provide a contracted scope of work to clients on a fixed price or unit price basis. There can be no assurance that the fixed price commitment adequately recovers the full cost of providing the contracted scope of work. Nor can there be any assurance that the contracted scope of work is so clear as to prevent disagreements over the interpretation of what has been contracted for. Management is of the view that the Company's experience in the industry provides it with the necessary expertise to resolve disputes that may arise in a manner that is satisfactory to the Company's overall requirements.

Labour Relations

The employment of skilled tradespersons in the field and shops is subject to multi-year, collective agreements with a variety of unions. The increasing shortage of skilled tradespersons is increasing the wage expectations and concessions of all fabricators and manufacturers. The Company has three non-union shops, and two unionized shops that are subject to their own collective agreements and several different collective agreements relating to field erection. The Company is at risk if there are labour disruptions relating to any of these collective agreements.

Management feels the staggered expiration dates and independence of each collective agreement mitigates the issue of work stoppage that may arise at any one location.

Acquisitions

The Company may seek to expand its business through acquisitions and may divest underperforming or non-core businesses.

The Company's success depends, in part, upon management's ability to identify such acquisition and divestiture opportunities and to negotiate favorable contractual terms. The Company's ability to successfully integrate acquisitions into its operations could affect the Company's financial results.

The Company assesses the "labour/capital" trade-off that is associated with the increased usage of software to enhance employee productivity and increase profitability. Management has historically invested in prudent capital expenditures designed to mitigate the increasing cost of labour and the historically tight supply of skilled tradespersons. To the extent that the Company is unable to continue to invest in technological advancements designed to enhance its competitive cost structure, it may have an adverse effect on the Company's operations.

Environment/Regulatory

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. No assurance can be given that environmental laws will not result in an increase in the costs of the Company's activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

The Company maintains insurance consistent with industry practice to protect against losses due to sudden and accidental environmental contamination, accidental destruction of assets, and other operating accidents or disruption. The Company also has operational and emergency response procedures, and safety and environmental programs in place to reduce potential loss exposure. The Company believes that it is in substantial compliance, in all material respects, with all current environmental legislation and is taking such steps as it believes are prudent to ensure that compliance will be maintained.

Forward Looking Information

This MD&A contains certain "forward-looking statements." All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding financial and business prospects and financial outlook) are forward looking statements. In certain cases, forward-looking statements can be identified by the use of words such as ''plans'', ''expects'' or ''does not expect'', ''scheduled'', "positions", ''estimates'', , ''intends'', ''anticipates'', "beliefs" or variations of such words and phrases or state that certain actions, events or results ''may'', "can", ''could'', ''would'', ''might'' or ''will'', ''occur'' or ''be achieved''. Such statements include statements with respect to: (i) the expected replenishment of the contract backlog; (ii) the expected reduction to facility overhead costs; (iii) the intention to reduce overhead to the targeted level of 20% of sales; (iv) the expectation of the increase in the Company's free cash flow in the future; (v) the estimated reduction to capital expenditures going forward; (vi) the expectation to sign a lease for and open the first co-venture by early 2021; (vii) the scheduled opening of two additional rides in 2019; (viii) the Company's expectation of demand in the theme park industry; (ix) the Company's expectation that manufacturing capacity will remain tight in the industry; (x) the Company's plan to refinance 50% of its debt with a traditional senior lender at less expensive rates; and (xi) the Company's belief that its market capitalization does not reflect its current intrinsic value. These forward-looking statements reflect the current expectations or beliefs of the Company, based on information currently available to the Company. Forward-looking statements are subject to a number of risks, uncertainties and assumptions that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, changes in general economic and market conditions, changes to regulations affecting the Company's activities, and uncertainties relating to the availability and costs of financing needed in the future. Any forward-looking statement speaks only as at the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

Non-GAAP Methods

In this MD&A, the Company uses three financial management metrics that are not in accordance with GAAP "Earnings (loss) before interest, tax, depreciation and amortization (EBITDA)", "Earnings (loss) before interest and tax (EBIT)" and "Gross Margin". Because these terms are not defined by IFRS they cannot be formally presented in the consolidated financial statements. The definition of EBITDA does not consider the Company's share of profit of an associate investment, gains and losses on the disposal of assets, fair value changes in foreign currency forward contracts and non-cash components of stock-based compensation. EBIT is the result of the Company's EBITDA less depreciation and amortization expenses. The Gross Margin metric is the result of revenues less cost of sales, excluding depreciation and amortization expenses. It should be noted that the Company's definition of EBITDA, EBIT and Gross Margin may differ from those definitions used by other companies.

While not IFRS measures, EBITDA, EBIT and Gross Margin are used by management, creditors, analysts, investors and other financial stakeholders to assess the Company's performance and management from a financial and operational perspective.

Reconciliation of Profit (loss) to EBITDA

Periods ended Dec 31	**Twelve months ended**			**Quarter ended**		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
Profit (loss) - before taxes	**(10,485)**	(20,318)	9,833	**(2,342)**	(20,419)	18,077
Add : Depreciation and amortization	**5,198**	7,160	(1,962)	**1,159**	2,196	(1,037)
Add/Deduct : (Gain) loss on disposal of assets and other (income) loss	**969**	(2,033)	3,002	**986**	665	321
Add : Finance costs	**6,882**	11,252	(4,370)	**1,598**	6,158	(4,560)
Add/Deduct : Deduct Share of loss of associate	**-**	(221)	221	**-**	0	0
Add/Deduct : Fair value of changes of foreign currency option contracts	**-**	(1,794)	1,794	**-**	0	(4,013)
Add : non cash stock-based compensation	**326**	193	133	**93**	(16)	109
EBITDA	**2,890**	(5,761)	8,651	**1,494**	(11,416)	12,910

Calculation of EBIT

Periods ended Dec 31	**Twelve months ended**			**Quarter ended**		
	2020	**2019**	**Variance**	**2020**	**2019**	**Variance**
EBITDA	**2,890**	**(5,761)**	8,651	**1,494**	(11,416)	12,910
Less : Depreciation and amortization	***(5,198)***	*(7,160)*	1,962	***(1,159)***	*(2,196)*	1,037
EBIT	**(2,308)**	(12,921)	10,613	**335**	(13,612)	13,947
% of revenue	**(3.3%)**	(11.7%)	8.4%	**1.7%**	(92.9%)	94.6%

DYNAMIC TECHNOLOGIES GROUP INC

Calculation of Gross Margin

Periods ended Dec 31	Twelve months ended			Quarter ended		
	2020	2019	Variance	2020	2019	Variance
Revenues	69,776	110,119	(40,343)	19,362	14,655	4,707
Cost of sales excluding depreciation and amortization	(53,229)	(96,005)	42,776	(14,374)	(20,527)	6,153
Gross margin	16,547	14,114	2,433	4,988	(5,872)	10,860
% of revenue	23.71%	12.82%	10.9%	25.76%	(40.07%)	65.8%

Consolidated Financial Statements

December 31, 2020

Audited

2020

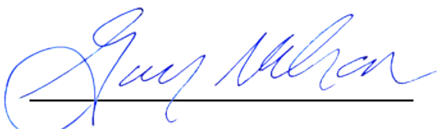
Management's Report

To the Shareholders of Dynamic Technologies Group Inc.

The consolidated financial statements of Dynamic Technologies Group Inc., including the notes thereto, have been prepared by management in accordance with the Company's accounting policies, which are in compliance with International Financial Reporting Standards (IRFS). In addition, the financial information contained in the MD&A is consistent with the financial statements.

The Board of Directors is responsible for the financial statements included in the financial statements and MD&A. The Audit Committee reviewed the contents of the consolidated financial statements with management and the independent auditor prior to their approval by the Board of Directors. The independent auditor discussed their audit work with the Committee.

Management has overall responsibility for internal controls and maintains accounting control systems designed to provide reasonable assurance that transactions are properly authorized, assets safeguarded and that the financial records form a reliable base for the preparation of accurate and timely financial information.



Guy Nelson, MBA, B. Comm.
Chief Executive Officer

Michael Martin, CA
Chief Financial Officer

April 26, 2021

Grant Thornton

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4

T +1 416 366 0100
F +1 416 360 4949

Independent auditor's report

To the Shareholders of Dynamic Technologies Group Inc.

Opinion

We have audited the consolidated financial statements of Dynamic Technologies Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has incurred a net loss of $12,477,000 during the year ended December 31, 2020, and as of that date, the Company's current liabilities exceeded its current assets by $18,742,000. These conditions, along with the matters set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin.

Grant Thornton LLP

Toronto, Canada
April 26, 2021

Chartered Professional Accountants
Licensed Public Accountants

© Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

DYNAMIC TECHNOLOGIES GROUP INC

For the years ended December 31 (In $000's CAD, except where otherwise indicated)	Notes	**2020**	**2019**
Revenues[(1)]		**69,776**	110,119
Cost of sales	**18**	**(53,229)**	(96,005)
Depreciation and amortization	**19**	**(5,198)**	(7,160)
Operating income		**11,349**	6,954
Expenses			
Selling, general and administration expenses	**20**	**(13,657)**	(19,722)
Fair value changes in derivative financial instruments		**-**	1,794
Share of loss from associate	**11**	**-**	221
Stock-based compensation	**17**	**(326)**	(193)
Loss before the following		**(2,634)**	(10,946)
Finance costs	**21**	**(6,882)**	(11,261)
Other components of income	**22**	**(969)**	1,889
Loss before tax		**(10,485)**	(20,318)
Loss from discontinued operations, net of tax	**30**	**(1,877)**	(6,708)
Current tax expense	**24**	**(52)**	(132)
Deferred tax expense	**24**	**(63)**	71
Net loss		**(12,477)**	(27,087)
Exchange differences on translating foreign operations		**234**	236
Fair value changes in financial assets at FVOCI		**-**	1,445
Share of other comprehensive income (loss) of investments in associates		**-**	(42)
Other comprehensive income (loss)		**234**	1,639
Comprehensive loss		**(12,243)**	(25,448)
Total comprehensive loss for the year attributable to:			
Shareholder's of the Company		**(11,595)**	(24,959)
Non-controlling interest		**(648)**	(489)
Loss per share continuing operations - basic & diluted	**23**	**(0.06)**	(0.20)
Loss per share discontinued operations - basic & diluted	**23**	**(0.01)**	(0.06)
Loss per share - basic & diluted	**23**	**(0.07)**	(0.26)

(1) Included in revenues are foreign exchange gains of $636 for the year ended December 31, 2019 (2019 - $1,221).
(2) See accompanying notes.

DYNAMIC TECHNOLOGIES GROUP INC

As at		**Dec 31, 2020**	**Dec 31, 2019**
(In $000's CAD, except where otherwise indicated)			
ASSETS	**Notes**		
Current assets			
Cash and cash equivalents	5	**3,679**	**12,848**
Restricted cash	17	**1,790**	**-**
Accounts receivable and contract assets	6	**34,985**	**42,190**
Inventory	8	**3,641**	**2,944**
Prepaid expenses and deposits		**1,055**	**1,373**
Total current assets		**45,150**	59,355
Non-current assets held for sale	30	**800**	1,895
Non-current assets			
Right of use assets	9	**8,576**	10,561
Property, plant and equipment and investment property	10	**6,910**	6,881
Contract assets - non-current	7	**2,057**	10,612
Investments and other non-current assets	11	**2,532**	2,532
Intangible assets	12	**3,553**	3,831
Total non-current assets		**23,628**	34,417
Total assets		**69,578**	95,667
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness and bank operating lines	13	**14,228**	14,444
Accounts payable, accrued liabilities and other contract liabilities	14	**28,756**	36,699
Contract liabilities	7	**874**	7,429
Current portion of funded debt	15	**18,617**	24,332
Current portion of lease liabilities	16	**1,417**	1,571
Total current liabilities		**63,892**	84,475
Non-current liabilities			
Long-term funded debt	15	**7,009**	3,896
Lease liabilities	16	**8,279**	9,623
Long-term contract liabilities	7	**31,328**	31,373
Total non-current liabilities		**46,616**	44,892
Total Liabilities		**110,508**	129,367
SHARHOLDERS' EQUITY			
Share capital		**51,139**	51,004
Contributed surplus		**2,828**	2,562
Accumulated deficit		**(100,653)**	(88,824)
Accumulated other comprehensive income (loss)		**1,792**	1,558
Equity attributable to shareholder's of the Company		**(44,894)**	(33,700)
Non-controlling interest	17	**3,964**	-
Total liabilities and shareholders' equity		**69,578**	95,667

Guarantees and contingencies *[note 29]*

Going concern basis of presentation and subsequent events [*notes 2, 11, 15 & 32*]

See accompanying notes

On behalf of the Board of Directors:

Guy Nelson, Director

Terence Quinn, Director

Consolidated Statements of
Changes in Shareholders' Equity

	Share capital	Contributed surplus	Accumulated Deficit	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders of the Company	Non-Controlling Interest
As at December 31, 2018	**24,981**	**4,398**	**(62,568)**	**(83)**	**(33,272)**	**2,270**
IFRS 16 transition adjustment	-	-	342	-	342	-
Adjusted balance @ January 1, 2019	**24,981**	**4,398**	**(62,226)**	**(83)**	**(32,930)**	**2,270**
Proceeds from issuance of common shares	9,750	-	-	-	**9,750**	-
Proceeds from the exercise of warrants	1,750	-	-	-	**1,750**	-
Proceeds from the issuance and conversion of preferred shares	9,370	-	-	-	**9,370**	(1,781)
Common shares issued as inducement of preferred share conversion	3,256	-	-	-	**3,256**	-
Equity value of convertible preferred issued	-	2171	-	-	**2,171**	-
Equity value of convertible preferred shares converted	2,171	(2,171)	-	-	**0**	-
Acquisition of non-controlling interest	-	(2,029)	-	-	**(2,029)**	-
Transaction costs (net of tax)	(274)	-	-	-	**(274)**	-
Net loss for the year	-	-	(26,598)	-	**(26,598)**	(489)
Other comprehensive income	-	-	-	1641	**1,641**	-
Stock-based compensation	-	193	-	-	**193**	-
Ending balance as at December 31, 2019	**51,004**	**2,562**	**(88,824)**	**1,558**	**(33,700)**	**-**
Opening balance as at January 1, 2020	51,004	2,562	(88,824)	1,558	(33,700)	-
Proceeds from the exercise of stock options	75	-	-	-	75	-
Reclass of fair value of stock options exercised	60	(60)	-	-	-	-
Proceed from the sale of 50% of DSL	-	-	-	-	-	5,000
Transaction costs - net of tax (note 17)	-	-	-	-	-	(388)
Net loss for the year (note 17)	-	-	(11,829)	-	(11,829)	(648)
Other comprehensive income	-	-	-	234	234	-
Stock-based compensation	-	326	-	-	326	-
Ending balance as at December 31, 2020	**51,139**	**2,828**	**(100,653)**	**1,792**	**(44,894)**	**3,964**

DYNAMIC TECHNOLOGIES GROUP INC

For the years ended: (In $000's CAD, except where otherwise indicated)	**2020**	**2019**
OPERATING ACTIVITIES		
Loss after tax from continuing operations	**(10,600)**	(20,379)
Add (deduct) items not affecting cash :		
Depreciation and amortization *(note 19)*	**5,198**	7,160
Finance costs on short-term borrowings *(note 21)*	**2,005**	2,812
Gain on sale of shares of TGHL *(note 22)*	**-**	(1,558)
Dividends paid through the issuance of shares *(note 21)*	**-**	3,256
Fair value changes in derivative financial instruments	**-**	(1,794)
Other items affecting cash flow *(note 31)*	**859**	(2,523)
Investment tax credits derecognized (recorded)	**-**	(470)
Deferred income taxes (recovery) expense	**63**	(71)
Cash used in continuing operations	**(2,475)**	(13,567)
Cash used in discontinued operations	**(902)**	(4,401)
Net change in non-cash working capital balances *(note 31)*	**1,118**	(13,072)
Cash used in operating activities	**(2,259)**	(31,040)
INVESTING ACTIVITIES		
Investment in property, plant and equipment *(note 10)*	**(1,696)**	(1,248)
Investment in other long term assets	**-**	(150)
Proceeds from repayment of note receivable	**-**	248
Proceeds from sale of shares of TGHL	**-**	2,990
Proceeds from sale of items of property, plant and equipment	**36**	436
Investment in intangible assets *(note 12)*	**(1,209)**	(508)
Cash from (used in) investing activities from continuing operations	**(2,869)**	1,768
Cash from investing activities from discontinued operations	**120**	26
Cash from (used in) investing activities	**(2,749)**	1,794
FINANCING ACTIVITIES		
Issuance of common shares *[net of transaction costs of $203]*	**-**	17,097
Issuance of Class C common shares of DSL *[net of transaction costs of $451]*	**4,549**	-
Proceeds received from warrants and stock options exercised	**75**	1,750
Proceeds received from funded debt and finance leases	**-**	23,913
Increase in bank indebtedness and bank operating lines	**-**	5,760
Repayment of funded debt	**(2,389)**	(1,479)
Proceeds used to settle derivative financial instruments	**-**	(1,137)
Repayment of lease liabilities *(note 16)*	**(1,515)**	(2,236)
Finance costs paid on long-term borrowings *(note 21)*	**(3,407)**	(2,801)
Cash flow from (used in) financing activities	**(2,687)**	40,867
Effect of translation of foreign currency cash and equivalents	**316**	1,090
Net increase (decrease) in cash and equivalents during the year	**(7,379)**	12,711
Cash and cash equivalents and restricted cash, beginning of year	**12,848**	137
Cash and cash equivalents and restricted cash, end of year	**5,469**	12,848

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Dynamic Technologies Group Inc. ("Dynamic" or "the Company"), formerly known as Empire Industries Ltd., designs, builds and installs premium entertainment attractions and ride systems for the global entertainment industry. The Company also uses these same turn-key integration services for special projects such as large optical telescopes and enclosures and custom steel fabrication services. Key customer sectors include theme parks, stand-alone tourist venues and the government sector. The Company formally changed its name to Dynamic Technologies Group Inc. on March 1, 2021.

Dynamic Technologies Group Inc. is listed on the Toronto Stock Exchange's venture exchange trading under "DTG" and is incorporated under the Business Corporations Act of Alberta, Canada. The head office is located at 717 Jarvis Avenue, Winnipeg Manitoba, R2W 3B4.

The consolidated financial statements were recommended for approval by the Audit Committee and were approved and authorized for issue by the Board of Directors on April 26, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements are prepared for the year ended December 31, 2020 and include the results for the comparative year ended December 31, 2019. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as disclosed. Included in these consolidated financial statements are the accounts for Dynamic and all its subsidiaries. These consolidated financial statements have been presented in Canadian dollars which is the functional currency of the Company. Certain amounts have been reclassified to conform with current year presentation.

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

GOING CONCERN BASIS OF PRESENTATION

These consolidated financial statements have been prepared by management on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

First-Generation Projects

The Company's current and recent historical financial results have been negatively impacted by certain "First-Generation" projects which are defined as projects that were first of a kind in nature, posing significant technical and financial risks to the Company to overcome these risks and deliver the projects successfully from a commercial standpoint. Overcoming these risks has been costly and has resulted in negative financial performance and liquidity challenges. The Company continued to deliver on these contracts in the current year, encountering incremental negative financial impacts albeit, significantly less so than the previous 2-3 years.

Covid 19 Impact

Beginning in early 2020, economies around the globe have been negatively impacted by the Covid-19 pandemic with companies being forced to either reduce operations or in some cases cease operations altogether for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel restrictions, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses and industries

that the Company directly serves and supplies to, which in turn, have had a negative impact on the Company in 2020 and will have lingering effects into the 2021 fiscal year.

The Company's operations were significantly impacted because significant revenue producing and generating activities were abruptly put on hold and then ultimately delayed or cancelled. Specifically:

- The Company had to suspend onsite installations on customer sites around the world for multiple months ultimately delaying the completion and opening of the attractions. Suspending these activities were either at the request of the Customer or mandated by the local governments at the respective locations.
- Customers of the Company cancelled or delayed certain projects that were in the very early stages of the design and/or production process and were expected to be part of the 2020 fiscal year's operations.
- Key existing customers and prospective customers of the Company, either cancelled or delayed and projects which represented opportunities for incremental production and revenues for the Company.

The Company was able to maintain production on activities that were taking place within its own production facilities during this time and in certain circumstances perform certain on-site support activities remotely. For customer contracts that were past the design phase and where production had started, the Company did not experience any significant customer-imposed delays or cancellations. The Company was able to continue production by staggering operations in its production facilities to reduce the number of workers in the facilities at any given time as well as encouraging and allowing personnel to work remotely where possible. The Company also, undertook to reduce overhead expenses, including headcount where possible.

Government Assistance

To further assist eligible businesses, the governments of both Canada and the United States announced emergency subsidy programs starting in April of 2020 (retroactive to March in qualifying situations) called the Canada Emergency Wage Subsidy ("CEWS") and Payroll Protection Program ("PPP") respectively.

The Company determined that it qualified for the CEWS from March 15, 2020 through the remainder of the year and has, accordingly applied for, and for certain periods received the CEWS. The Company also determined that its US operations qualified for the PPP subsidy and accordingly, applied for and received the funding. The amount of government subsidies applied for by the Company during the year is separately identified in both cost of sales (note 18) and selling, general and administrative expenses (note 20) in these consolidated financial statements).

The Company intends to apply for both CEWS and PPP in the subsequent application periods it is available, subject to meeting the application qualification criteria. At December 31, 2020, the Company had recorded a receivable for CEWS in the amount of $1,484 related to the December claim period which was received subsequent to year end.

Credit Facilities

During the year, the Company was able to renegotiate its credit facilities in order to i) reduce the overall interest rate on the outstanding amounts, ii) defer certain portions of the interest to reduce the current cash required, iii) extend the maturity dates of the facilities as well as principal payment dates to better align with the Company's liquidity projections and iv) modify the financial covenants in light of the negative impacts felt globally by the Covid-19 pandemic and its effect on economies around the globe.

During the year, the Company incurred a loss from all operations of $12,477 and has a working capital deficit of $18,742 as of December 31, 2020. The Company is continuing to pursue incremental equity, to ensure that the necessary cash flows and capital structure are in place to continue to meet its obligations and achieve its business plan. In addition to that, the Company continues to work with its senior lenders to monitor the suitableness of its existing credit facilities. However, there can be no assurance as to the outcome or continued success and as a result there exists a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Failure to maintain compliance with the covenants under the Company's new credit facilities could result in default, permitting its arm's length third party lender to demand all amounts outstanding under the lending agreement.

These consolidated financial statements do not include any adjustments to the amounts and classifications of assets

and liabilities and the reported revenues and expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

BASIS OF CONSOLIDATION

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The determination of control is assessed either through share ownership and/or control of the subsidiaries board of directors, which may require significant judgement. The financial statements of the subsidiaries are prepared for the same reporting period as Dynamic, using consistent accounting policies. All inter-company balances, income and expenses and unrealized gains and losses resulting from inter-company transactions are eliminated in full.

The consolidated financial statements include the accounts of Dynamic Technologies Group Inc., its wholly owned and controlled subsidiaries as well as its associate and portfolio investments, all of which are outlined below:

	Jurisdiction/ Functional Currency	Ownership (%)	Main Activity
Dynamic Attractions Ltd.	CAN/CAD	100%	Media-based attraction integrator
Dynamic Attractions Inc.	US/USD	100%	Retail sales
Dynamic Attractions HK Ltd.	HKD/CAD	100%	Holding company
Dynamic Entertainment Group Ltd.	CAN/CAD	100%	Co-venture company
Dynamic Optics Inc.	CAN/CAD	100%	Holding company
Zhejiang Dynamic Engineering Technology, Ltd.	PRC/CNY	100%	Holding company
Dynamic Structures Ltd.	CAN/CAD	50%	Engineering, research and development
Qiuguang Dynamic Structures Ltd.	PRC/CNY	45%	Interest in associate
1868480 Alberta Ltd.	CAN/CAD	100%	Holding company

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments and liabilities incurred or assumed at the date of exchange. Acquisition costs for business combinations are expensed and included in selling, general and administrative expenses. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition.

INVESTMENT IN ASSOCIATES

An associate is an entity over which the Company has significant influence (i.e. the power to participate in the financial and operating policy decisions of the associate) but not have control or joint control. Investments in associates are accounted for using the equity method. The share of income of associates is recognized in the consolidated statement of comprehensive income and its share of other comprehensive income of associates is included in other comprehensive income.

If the cumulative losses exceed the carrying value of the equity investment, they are first applied to any additional advances that are receivable from the associate to the extent of the total amount receivable. Additional losses are recognized only to the extent that there exists a legal or constructive obligation.

FOREIGN CURRENCY TRANSLATION

The reporting currency for the consolidated financial statements is the Canadian dollar. Management considers primary and secondary indicators in determining functional currency including the currency that influences sales prices, labour, purchases and other costs. Other indicators include the currency in which funds from financing activities are generated and the currency for which receipts from operations are usually retained. For subsidiaries in the Company whose functional currency is not the Canadian dollar, their results are translated into Canadian dollars as follows:

- assets and liabilities are translated into Canadian dollars at the exchange rate in effect on the statement of financial position date,
- results of operations are translated into Canadian dollars at the average monthly exchange rate;
- foreign exchange differences arising from exchange rate fluctuations are accounted for in other comprehensive income and equity.

Foreign currency transactions are translated into the functional currency at the exchange rate in effect at the date of the transaction. Gains or losses resulting from the translations are recognized in net income (loss). Monetary items are translated into the reporting currency at the spot rate as of the reporting date. Exchange differences from monetary items are recognized in other comprehensive income. Nonmonetary items that are not carried at fair value are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

REVENUE RECOGNITION

Revenue from contracts with customers is recognized, for each performance obligation, either over a period of time or at a point in time, depending on which method reflects the transfer of control of the goods or services underlying the particular performance obligation to the customer.

In most cases, for performance obligations satisfied over time, the Company recognizes revenue over time using an input method, based on costs incurred to date relative to total estimated costs at completion, to measure progress toward satisfying such performance obligations. Under this method, costs that do not contribute to the performance of the Company in transferring control of goods or services to the customer are excluded from the measurement of progress toward satisfying the performance obligation. For certain contracts, notably certain cost-plus contracts or unit-rate contracts, the Company recognizes revenue based on its right to consideration when such amount corresponds directly with the value to the customer of the entity's performance completed to date. In certain other situations, the Company might recognize revenue at a point in time, when the criteria to recognize revenue over time are not met. In any event, when the total anticipated costs exceed the total anticipated revenues on a contract, such loss is recognized in its entirety in the period it becomes known to the extent that the contract costs are unavoidable in accordance with IAS 37.

The amount of revenue recognized by the Company is based on the transaction price allocated to each performance obligation. Such transaction price corresponds to the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The transaction price includes, among other things and when applicable, an estimate of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is usually derived from incentives, performance bonuses, and penalties, and could include claims and unpriced change orders. When a contract includes a significant financing component, the value of such component is excluded from the transaction price and is recognized separately as finance income or expense, as applicable.

The Company may enter into contractual arrangements with a client to deliver services on one project which span more than one performance obligation. When entering into such arrangements, the Company allocates the transaction price by reference to the stand-alone selling price of each performance obligation. Accordingly, when such arrangements exist on the same project, the value of each performance obligation is based on its stand-alone selling price and recognized according to the respective revenue recognition methods described above.

The Company accounts for a contract modification, which consists of a change in the scope or price (or both) of a contract, as a separate contract when the remaining goods or services to be delivered after the modification are distinct from those delivered prior to the modification and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling price of the additional promised good or services. When the contract modification is not accounted for as a separate contract, the Company recognizes an adjustment to revenue on a cumulative catch-up basis at the date of contract modification.

The Company may apply its revenue recognition policy to a portfolio of contracts or performance obligations with similar characteristics if the effect on its financial statements of applying such policy to the portfolio is not reasonably expected to differ materially from applying its policy to the individual contracts or performance obligations within that portfolio. The Company presents its contract balances, on a contract-by-contract basis, in a net contract asset or liability position, separately from its trade receivables. Contract assets and trade receivables are both rights to consideration in exchange for goods or services that the Company has transferred to a customer, however the classification depends on whether such right is only conditional on the passage of time (trade receivables) or if it is also conditional on something else (contract assets), such as the satisfaction of further performance obligations under the contract. A contract liability is the cumulative amount received and contractually receivable by the Company that exceeds the right to consideration resulting from the Company's performance under a given contract.

INCOME TAXES

Tax expense is comprised of two components; current tax expense and deferred tax expense.

Current tax

Recoverable tax assets or current tax liabilities represent the tax authorities' obligations or claims for prior or current periods which are not received or paid at the end of the reporting period. Current tax is based on taxable income which differs from accounting income by definition. Recoverable tax assets or current tax liabilities are measured using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax

Deferred tax is determined based on differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable income. Deferred tax assets or liabilities are measured based on tax rates that have been enacted or substantially enacted by the end of the reporting period, and that are expected to apply to the period when the asset is realized, or the liability is settled.

Deferred tax assets or liabilities are recognized for all deductible or taxable temporary differences arising if it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference(s) can be utilized.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Investment tax credits

Federal and provincial investment tax credits are accounted for as a reduction to the corresponding expenditures and assets in the period in which the credits are earned and when there is reasonable assurance that the credits can be used to recover taxes.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of loss and comprehensive income (loss) of the reporting period, and of the comparable period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. In the consolidated statement of financial position, non-current assets held for sale have been separately identified.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Property, plant and equipment are stated at cost, net of any accumulated depreciation, impairment losses and subsequent reversals (if any). Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings (including investment property)	25 Years
Machinery and equipment ("M&E")	15 years
Vehicles	7 years
Office furniture and equipment ("Office Equip")	3 to 10 years
Leasehold improvements	Over the lease period

The assets' useful lives, residual values and methods of depreciation of assets are reviewed annually, and adjusted prospectively, if appropriate.

Investment property is held to earn rental income and for capital appreciation. It is recognized at cost less accumulated depreciation and accumulated impairment losses. With the exception of land, which is not depreciated, investment property is depreciated using the straight-line method over its useful life (25 years). Useful lives and residual values are revised annually or when warranted by the circumstances.

LEASES

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is depreciated from the commencement date to the earlier of the end of the useful life of the ROU asset or to the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the ROU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The ROU liability, or 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 determined, the Company's incremental borrowing rate. The ROU liability is remeasured when there is a change in future lease payments such as a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has elected not to recognize ROU assets for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

INTANGIBLE ASSETS

Intangible assets, both internally generated and externally acquired, are initially recognized when the recognition criteria outlined in IAS 38 - Intangible Assets are met. IAS 38 outlines the recognition criteria as well as the nature of

the amounts to be recognized.

Internally generated intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life is reviewed at least annually. Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of comprehensive income.

Finite life intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets as follows:

Internally developed product designs	3 to 7 years
Internally generated patents	5 to 7 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company assesses whether there is any indication that the non-financial assets have been impaired. If any such indication exists, the recoverable amount of the asset is determined. An impairment loss is recognized in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. In the measurement of the value in use, estimates of future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of cash flows have not been adjusted.

CASH AND CASH EQUIVALENTS

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents.

INVENTORY

Inventory is comprised of raw materials and work in progress. Inventory is valued at the lower of cost and net realizable value, using an average cost basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write down previously recorded is reversed.

REPORTABLE AND OPERATING SEGMENTS

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other segments. All inter-segment transactions are accounted for at fair value. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. A reportable segment

can be one operating segment or contain more than one operating segment that have been grouped together in accordance with the aggregation criteria outlined in IFRS 8. The Company has three main reportable segments; Ride-Systems Manufacturing, Parts & Service and Corporate & Other segments. The reportable segments are described below.

Operating Segment	Description
Ride Systems Manufacturing	Design and manufacture complex ride systems, telescopes and custom machinery and equipment. Turn-key supplier of premium entertainment attractions. Leased production facilities in Port Coquitlam, BC. Leased sales offices in Orlando FL and Toronto, ON.
Parts and Service	Provider of parts and maintenance services to existing ride systems customers and other amusement park and attraction venues. Leased sales offices in Arlington TX and Orlando FL.
Corporate & Other	Executive management, managerial and financial oversight, Co-Venture development, and compliance requirements for the overall organization as well as management services to the other operating segments and the Companies modest residual Steel Fabrication operations. Lease production and offices in Winnipeg, MB.

POST-RETIREMENT BENEFIT PLANS

The Company contributes to retirement savings plans subject to maximum limits per employee. The Company accounts for such defined contributions as an expense in the period in which the contributions are required to be made. The Company does not have any defined benefit plans.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are initially recognized at fair value and subsequently recognized according to their classification. The classification depends on the intention with which the financial instruments were acquired and their characteristics. Unless specific circumstances permitted under IFRS are present, the classification is not modified after initial recognition.

HIERARCHY OF FAIR VALUE MEASUREMENTS

The Company classifies its financial assets and liabilities measured at fair value into three levels according to the observability of the inputs used in their measurement.

Level 1

Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2

Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3

Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, fair value through other comprehensive income or amortized cost.

***Financial assets at fair value through profit or loss* - ["FVTPL"] -** Financial assets classified as assets held for trading are recognized at fair value at each reporting period date, and any change in the fair value is reflected in profit or loss in the period during which these changes take place.

***Financial assets at fair value through other comprehensive income* - ["FVOCI"]** On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statements of earnings. The election is available on an investment-by-investment basis. Investments in equity securities, where the Company cannot exert significant influence, are designated as financial assets at FVOCI.

Amortized cost – Financial assets held for collection of contractual cash flows that meet the Solely Payments of Principal and Interest ("SPPI") test are measured at amortized cost. Financial assets recorded at amortized cost are done so using the effective interest rate method. Interest income is included in profit or loss over the expected life of the financial asset.

Impairment of Financial Assets

A loss allowance for expected credit losses is recognized in the consolidated statement of net income (loss) for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets, including contract assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investments in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible defaults over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or amortized cost. Financial liabilities are classified as at FVTPL if the financial liability is either held for trading or it is designated as such upon initial recognition.

Amortized cost

Accounts payable and accrued liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, where applicable, using the effective interest method, with interest expense recognized on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest method.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at fair value determined using the perspective of a market participant at the measurement date which is typically the proceeds received. Direct issue costs are deducted from this value.

Warrants

Warrants granted in connection with issuing common shares and convertible debentures are recorded at fair value on the date of grant using the Black-Scholes option-pricing model or other appropriate measure. The component of the capital raised attributable to the fair value of the warrants is recorded in the corresponding period to contributed surplus. Any consideration paid by the warrant holder on exercise of the warrant is credited to share capital and contributed surplus is decreased.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, comprising foreign exchange forward contracts and options. Derivatives are initially recognized at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each reporting period. The Company's derivatives are not designated or do not qualify for hedge accounting, any subsequent change in fair value is recognized in income.

RESTRUCTURING COSTS

A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

TRANSACTION COSTS

Transaction costs related to financial instruments that are not classified as assets and liabilities at fair value through profit and loss, are recognized on the consolidated statement of financial position as an adjustment to the cost of the financial instrument upon initial recognition and amortized using the effective interest rate method. Deferred financing expenses related to revolving loans and recognized under non-current assets are amortized over the financing period.

GOVERNMENT ASSISTANCE

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. If a grant is received but reasonable assurance and compliance with conditions is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an expense item in nature, it is recorded against the associated expense in profit or loss in the period in which the expense is incurred.

NON-CONTROLLING INTEREST

Non-controlling interest is measured at its proportionate share of the acquirer's identifiable net assets or liabilities. Net income or loss and comprehensive income or loss, for the period, are allocated between non-controlling interest and owners of the parent. Non-controlling interest in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Changes in a Company's interest

in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

EARNINGS PER SHARE

The computation of earnings per share is based on the weighted average number of shares outstanding during the period. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares assuming the exercise of share options, share appreciation rights and convertible debt options, if dilutive.

SHARE-BASED COMPENSATION PLANS

Employees of the Company may receive remuneration in the form of stock options. Awards granted under the Company's stock option plan are recognized in net income using the fair value method using the Black Scholes method for option valuation.

EQUITY SETTLED TRANSACTIONS

The cost of equity settled transactions is recognized, together with a corresponding increase in other capital reserves, in equity, over the period in which the performance and/or service conditions are fulfilled.

When options, warrants and other share-based compensation awards are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to shareholder's equity. The amount of cash, if any, received from participants is also credited to shareholder's equity.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. Actual results could differ from those judgements, estimates and assumptions. The items whose actual results could differ significantly from those judgements, estimates and assumptions are described below.

Critical judgements made in applying the Company's accounting policies

CASH GENERATING UNITS

For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows. Management determines which groups of assets can generate cash inflows that are largely independent of other operations within the Company.

REPORTABLE SEGMENTS

The Company considers both the qualitative and quantitative aspects when identifying reportable operating segments, specifically whether a subset of the Company has a separate chief operating decision maker even if it meets one or more of the separate recognition quantitative thresholds.

CONTROL AND SIGNIFICANT INFLUENCE OVER LESS THAN 100% OWNED AFFILIATES

The Company assumes that it exercises significant influence when its ownership percentage exceeds 20% but is less than 50% and exercises control when its ownership percentage exceeds 50% unless in either scenario, there are other factors that would change that presumption.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Company carefully considers the application criteria as laid out in IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations when determining if specific non-current assets and/or disposal groups should be classified

as held for sale on the Company's consolidated statement of financial position and the associated operating results classified as discontinued operations in the statement of comprehensive income or loss. The Company uses the application guidance in forming its conclusion about whether the asset(s) and/or disposal group are available for immediate sale and whether the sale is highly probable.

FUNCTIONAL CURRENCY

Management uses its judgement to determine the functional currency that most accurately represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to indicators like the currency that mainly influences costs and the currency in which those costs will be settled and the currency in which funds from financing activities are generated. Management also assesses the degree of autonomy the foreign operation has with respect to operating activities.

PERFORMANCE OBLIGATION

The Company makes significant judgements on each contract relating to whether the contract represents a single performance obligation or multiple performance obligation as well as whether the Company can reliably estimate the costs of the performance obligations identified. Also, whether the obligations should be recognized over time or at a single point in time and in using costs incurred over total budgeted costs as representation for the measurement of performance progress.

Key sources of estimation uncertainty

REVENUE RECOGNITION

The amount of revenue to be recognized is determined for a single performance obligation achieved over time of costs incurred over total budgeted costs for which the Company has implemented an internal financial budgeting and reporting system which relies on historical experience. The Company reviews the estimates of contract revenue and contract costs as of each reporting date. Contract losses are recognized as soon as they are identified.

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues from claims and unapproved change orders if such additional revenues can be reliably estimated and it is considered highly probable that they will be recovered. A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. An example of such contract variation could be a change in the specifications or design of the project, whereby costs related to such variation might be incurred prior to the client's formal contract amendment signature.

A claim represents an amount expected to be collected from the client or a third-party as reimbursement for costs incurred that are not part of the original contract. In both cases, management's judgments are required in determining the probability that additional revenue will be recovered from these variations and in determining the measurement of the amount to be recovered. Revenues associated with these construction costs will be recognized if management believes the receipt of such revenues is highly probable and the amount to be received can be measured reliably.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company uses a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

WARRANTY PROVISION

The Company provides warranty services for its media-based attractions and related service offerings that are sold to

its clients. The Company assesses the amount of warranty provision required based on number of products under warranty and uses its judgement based on previous experience to determine the value of the warranty provision required.

At December 31, 2020 the Company has recorded a warranty provision of $397 (2019 - $357). Warranty obligations form a standard clause on all contracts and as such do not represent a separate performance obligation.

INTANGIBLE ASSETS

Expenditures of research activities, undertaken with the prospect of gaining new technical knowledge and understanding, are recognized in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product of process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset (note 12).

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company's impairment test is based on the assets' value in use. The cash flows are derived from the forecast and do not include restructuring activities that the Company is not yet committed to or significant future investments that may enhance the performance of the cash generating unit being tested. The calculation is sensitive to the discount rate applied as well as the expected future cash inflows.

USEFUL LIVES OF KEY PROPERTY, PLANT & EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

Estimated useful lives of property, plant and equipment, investment property and intangible assets are based on management's judgment and experience. When management identifies that the actual useful lives for these assets differ materially from the estimates used to calculate depreciation and amortization, that change is adjusted prospectively. Asset lives, depreciation and amortization methods, and residual values are reviewed periodically.

The Company periodically assesses the recoverability of values assigned to long-lived assets after considering potential impairment indicated by such factors as significant changes in technological, market, economic or legal environment, business and market trends, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates either the value in use or fair value less costs to sell.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As of January 1, 2021, or later dates, the Company will be required to adopt certain standards and amendments issued by the IASB as described below, for which the Company is currently assessing the impact. Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for these consolidated financial statements. The Company reasonably expects the following standards to be applicable to its consolidated financial statements at a future date as listed below:

AMENDMENTS TO IAS 37: PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

IAS 37 Provisions, Contingent Liabilities and Contingent Assets has been revised to incorporate amendments issued by the IASB. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (e.g., direct labour and materials), and an allocation of other costs that relate directly to fulfilling contracts (e.g., an allocation of the depreciation charge for an item of property, plan and equipment used in fulfilling that contract). The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all it's obligations as of that date.

AMENDMENTS TO IAS 1: PRESENTATION OF FINANCIAL STATEMENTS

On January 23, 2020, The International Accounting Standards Board (IASB) issued narrow-scope amendments to IAS 1 *Presentation of Financial Statements* to clarify how to classify debt and other liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact of this amendment.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit in the Company's bank accounts in Canada, the United States and the People's Republic of China (PRC). The table below outlines the components of cash and equivalents and their location as at December 31, 2020 and December 31, 2019:

	Dec 31, 2020	Dec 31, 2019
Canada	**3,337**	12,155
United States	**37**	238
Peoples Republic of China	**305**	455
	3,679	12,848

6. ACCOUNTS RECEIVABLE AND CONTRACT ASSETS

	Dec 31, 2020	Dec 31, 2018
Trade	**6,490**	4,883
Contract assets (note 7)	**11,846**	28,668
Other receivables	**2,062**	968
Allowance for doubtful accounts	**(465)**	-
Contract assets - current holdbacks	**15,052**	7,671
	34,985	42,190

The Company's breakdown of the aging of trade accounts receivables is as follows:

	Dec 31, 2020	Dec 31, 2019
< 30 days	**2,767**	3,041
> 30 days	**842**	469
> 60 days	**133**	593
> 90 days	**2,748**	780
	6,490	4,883

7. Construction Contracts

	Dec 31, 2020	Dec 31, 2019
Construction costs incurred and estimated profits, less recognized losses to date	**285,270**	345,256
Less: Progress billings	**(305,626)**	(355,390)
	(20,356)	(10,134)
Items recognized and included in the consolidated financial statements as:		
Contract assets - unbilled revenue (note 6)	**11,846**	28,668
Contract liabilities - deferred revenue - current portion	**(874)**	(7,429)
Contract liabilities - deferred revenue - long-term portion	**(31,328)**	(31,373)
	(20,356)	(10,134)
Contract assets - current holdbacks (note 6)	**15,052**	7,671
Contract assets - non-current holdbacks	**2,057**	10,612
	17,109	18,283
Other contract related liabilities consist of:		
Customer rebate credits (note 14)	**(2,602)**	(2,000)
Project loss accruals (note 14)	**(3,909)**	(9,162)
	(6,511)	(11,162)

The Company has allocated $113,737 of the transaction price from its contracts with customers to performance obligations that are either not yet satisfied or are only partially satisfied as of December 31, 2020. Based on the current contractual requirements, the Company expects to recognize the associated revenues from these performance obligations over the next 3 years.

Contract assets include unbilled revenue and holdbacks. Unbilled revenues represent amounts earned by the Company for which receipt of the expected cash flows is dependent on future progress on the underlying performance obligation. Contract assets are transferred to receivables when the rights to the expected cash flows become unconditional. Holdbacks represent amounts that are owing to the Company but are not due to be received until the associated projects are completed in accordance with the underlying contracts. The classification between current and long-term is based on whether the Company expects to receive the contract asset amount in the next 12 months.

Contract liabilities include deferred revenue and customer rebate credits. Deferred revenues, both current and long-term represent amounts paid to the Company by customers in excess of the revenues earned by the Company as at December 31, 2020. Customer rebate credits represent an amount of future credits that the Company is obligated to grant to a customer in association with a long-term strategic partnership agreement. The classification between current and long-term is determined by whether the Company expects to earn the associated revenue or grant the associated credits in the next 12 months. The contract liability for customer rebate credits is disclosed in Accounts payable and accrued liabilities on the balance sheet (note 14).

Project loss accruals represent the total remaining losses expected on projects that are in a loss position as of December 31, 2020. These contract liability amounts are also disclosed in Accounts payable and accrued liabilities on the balance sheet (note 14).

8. INVENTORY

Inventories are comprised of the following:

	Dec 31, 2020	Dec 31, 2019
Raw Materials	**1,675**	1,308
Work-in-progress	**1,966**	1,636
	3,641	2,944

During the year, the Company recorded inventory write-downs of $148 (2019 - $1,302). The write-down was associated with the Company's discontinued operations as the remaining inventories were liquidated in 2020 (note 30). The value of inventories recognized as an expense within cost of goods sold is $667 (2019 - $1,993).

9. RIGHT-OF-USE ASSETS

The Company's leased assets include real estate, office equipment, machinery & equipment and vehicles. The table below outlines the continuity of right-of-use assets for the years ended December 31, 2019 and 2020:

Right-of-use assets continuity schedule	Real Estate	Office Equip	Vehicles	M&E	Total
Opening balance - January 1, 2019	**9,432**	**329**	**48**	**-**	**9,809**
Additions	3,990	-	42	-	**4,032**
Disposals	(317)	-	(7)	-	**(324)**
Foreign exchange adjustments	(87)	-	-	-	**(87)**
Depreciation charge for the year	(2,723)	(108)	(38)	-	**(2,869)**
Ending balance - December 31, 2019	**10,295**	**221**	**45**	**-**	**10,561**
Opening balance - December 31, 2019	10,295	221	45	**-**	10,561
Additions	-	-	-	**90**	90
Disposals	(28)	-	-	-	(28)
Present value adjustments	(8)	-	-	-	(8)
Foreign exchange adjustments	(37)	-	-	-	(37)
Depreciation charge for the year	(1,827)	(140)	(17)	(18)	**(2,002)**
Ending balance - December 31, 2020	**8,395**	**81**	**28**	**72**	**8,576**

Of the depreciation charge for the year of $2,002 (2019 - $2,869), $126 (2019 - $132) of that was recorded in discontinued operations (note 30). Additional amounts related to leased assets recognized in income from continuing operations include:

	Dec 31, 2020	Dec 31, 2019
Interest on lease liabilities	850	719
Expenses relating to short-term leases	273	22
Expenses relating to leases of low-value assets	86	54
	1,209	**795**

10. PROPERTY, PLANT, AND EQUIPMENT AND INVESTMENT PROPERTY

	Land	Building	M&E	Office Equip.	Lease-holds	Vehicles	Parking Lots	Total
	$	$	$	$	$	$	$	$
COST								
Balance, December 31, 2018	**850**	**4,503**	**14,444**	**6,336**	**4,530**	**277**	**48**	**30,988**
Additions	-	14	294	118	798	24	-	1,248
Transfers to held for sale	(520)	(3,113)	(4,126)	(930)	(85)	-	(48)	(8,822)
Transfers to right-of-use assets	-	-	-	(389)	-	-	-	(389)
Foreign exchange adjustments	-	-	(157)	(37)	(143)	-	-	(337)
Disposals	(140)	(389)	(931)	-	-	0	-	(1,460)
Balance, December 31, 2019	**190**	**1,015**	**9,524**	**5,098**	**5,100**	**301**	**-**	**21,228**
DEPRECIATION								
Balance, December 31, 2018	**-**	**1,660**	**9,344**	**4,519**	**2,414**	**226**	**39**	**18,202**
Depreciation charge for the year	-	224	1,208	580	745	18	3	2,778
Transfers to held for sale	-	(1,091)	(2,929)	(926)	(85)	-	(42)	(5,073)
Transfers to right of use assets	-	-	-	(60)	-	-	-	(60)
Foreign exchange adjustments	-	-	(32)	(15)	(56)	-	-	(103)
Disposals	-	(221)	(1,176)	-	-	-	-	(1,397)
Balance, December 31, 2019	**-**	**572**	**6,415**	**4,098**	**3,018**	**244**	**-**	**14,347**
Net book value, December 31, 2019	**190**	**443**	**3,109**	**1,000**	**2,082**	**57**	**-**	**6,881**
COST								
Balance, December 31, 2019	**190**	**1,015**	**9,524**	**5,098**	**5,100**	**301**	**-**	**21,228**
Additions	-	-	425	488	783	-	-	1,696
Transfers to/from held for sale	-	-	919	-	-	-	-	919
Foreign exchange adjustments	-	-	(59)	(14)	(53)	-	-	(126)
Disposals	-	(333)	(1,314)	(167)	(12)	(132)	-	(1,958)
Balance, December 31, 2020	**190**	**682**	**9,495**	**5,405**	**5,818**	**169**	**-**	**21,759**
DEPRECIATION								
Balance, December 31, 2019	**-**	**572**	**6,415**	**4,098**	**3,018**	**244**	**-**	**14,347**
Depreciation charge for the year	-	20	756	367	680	12	-	1,835
Transfers to/from held for sale	-	-	656	-	-	-	-	656
Foreign exchange adjustments	-	-	(21)	(9)	(30)	-	-	(60)
Disposals	-	(333)	(1,290)	(167)	(12)	(127)	-	(1,929)
Balance, December 31, 2020	**-**	**259**	**6,516**	**4,289**	**3,656**	**129**	**-**	**14,849**
Net book value, December 31, 2020	**190**	**423**	**2,979**	**1,116**	**2,162**	**40**	**-**	**6,910**

During the year, the Company recorded revenue of $61 from the investment property (2019 - $61) with recoverable direct operating expenses of $30 (2019 - $30). Included in depreciation expense for the year is depreciation of $20 relating to the investment property (2019 - $20). The Company estimates that the net book value of investment property consisting of land of $190 (2017 - $190) and the net book value of the building of $314 (2019 - $334).

11. INVESTMENTS AND OTHER NON-CURRENT ASSETS

The table below itemizes the details of what is included in the Company's Investment and Other Non-Current Asset balance in the Company's statement of financial position:

	Dec 31, 2020	Dec 31, 2019
Investment in TGHL	2,382	2,382
Long-term assets	150	150
	2,532	**2,532**

INVESTMENT IN TGHL

TGHL Investment Account Continuity	Dec 31, 2020	Dec 31, 2019
Beginning balance	2,382	2,078
Current year equity income (loss)	-	221
Current year other comprehensive income (loss)	-	(42)
Disposal of common shares of TGHL	-	(1,320)
Market value increase in common shares of TGHL	-	1,445
	2,382	**2,382**

In 2019, the Company sold 17,646,949 common shares of TGHL for gross proceeds of $2,990 and a gain on the sale of $1,558. As a result of the sale, the Company's ownership percentage of TGHL decreased to 9.9%. In conjunction with reduction in ownership percentage the Company now accounts for the investment as a portfolio investment. On February 26, 2021, the Company sold its remaining 12,538,595 shares of TGHL for gross proceeds of $2,108, less a finder's fee of $108, resulting in net proceeds to the Company of $2,000 which will be used for general working capital purposes.

INVESTMENT IN QDSL

The Company has a 45% interest in Dongguan Qiguang Dynamic Steel Structures Ltd ("QDSL"), in Dongguan, Guangdong P.R. China which was involved in the steel fabrication and installation business in China which the Company has historically assessed as immaterial. In 2018, QDSL ceased operations. QDSL is a private entity and is not listed on any public exchange. The Company's share of future equity earnings will be applied to the principal of the limited recourse loan owing to Qiguang Investment (HK) Limited until such time as the principal is repaid in full (note 15). The Company assessed the current fair value of the investment at $nil (2018 - $nil). The Company is not exposed to any additional losses beyond its initial investment amount. The Company has not disclosed any financial information for QDSL as financial information is not available at the date of release.

OPTION INTEREST

In 2019, Dynamic Entertainment Group Ltd. ("DEGL"), a now 100% owned subsidiary of Dynamic, entered into an option agreement (the "Option") with a term of 30 months to purchase all the shares of High Express Holdings (US) Inc. which is one of the two co-venture partners that owns 50% of Smoky Mountain Flyers, LLC. On December 31, 2020, the exercise price of the Option is $4,016 USD (2019 - $2,000). As of December 31, 2020, the Company has assessed the fair value of this option at $nil (2019 - $nil) in the consolidated balance sheet, due to the uncertainty over the Company's ability to exercise the Option during the term.

12. INTANGIBLE ASSETS

	Product Design	Prototypes	Patents	Total
Opening cost balance December 31, 2018	**4,816**	**1,977**	**-**	**6,793**
Additions	360	-	148	508
Ending cost balance December 31, 2019	5,176	1,977	148	7,301
Opening amortization balance December 31, 2018	816	661	-	1,477
Amortization expense for the year	1,597	381	15	1,993
Ending amortization balance December 31, 2019	2,413	1,042	15	3,470
Opening net book value December 31, 2018	4,000	1,316	-	5,316
Ending net book value December 31, 2019	**2,763**	**935**	**133**	**3,831**
Opening cost balance December 31, 2019	**5,176**	**1,977**	**148**	**7,301**
Additions	1,039	170	-	1,209
Ending cost balance December 31, 2020	6,215	2,147	148	8,510
Opening amortization balance December 31, 2019	2,413	1,042	15	3,470
Amortization expense for the year	1,172	285	30	1,487
Ending amortization balance December 31, 2020	3,585	1,327	45	4,957
Opening net book value December 31, 2019	**2,763**	**935**	**133**	**3,831**
Ending net book value December 31, 2020	**2,630**	**820**	**103**	**3,553**

The Company's Media-based attractions operating segment has designated certain proprietary product designs and other items under development that are or will be patented as internally generated intangible assets.

13. BANK INDEBTEDNESS AND BANK OPERATING LINES

On October 7, 2020, the Company finalized amendments to its credit facilities which included:

- Converting the interest rate to annual fixed rate of a 10% from a floating rate of the Canadian prime rate plus 9.5%.
- An interest deferral of 3% on the USD value of the operating facility on amount outstanding in excess of $4,000 USD, with the deferred amount being added to the outstanding balance on the facility each month. The full 10% interest is recorded and paid in cash each month on the first $4,000 USD of the outstanding balance.
- The repayment date of the operating facility has been extended to June 30, 2022.

On December 31, 2020, the Company had total draws on its bank operating line of $11,175 USD which is equivalent to $14,228 CAD (2019 -$11,121 USD equivalent to $14,444 CAD). The increase in the amount of the facility of $54 USD is the amount of deferred interest that was capitalized from the date of the amendment through to December 31, 2020. This facility is capped at $11,121 USD plus deferred interest and the amount available under the facility is subject to sufficient marginable assets calculated on a monthly basis as defined in the terms of the loan agreement.

The Company's marginable assets at December 31, 2020 were in excess of the total advances on the facility. Advances on the facility are payable on demand and bear interest at 10%. The overdraft facility is secured by a general security agreement providing a first security interest in all present and after-acquired property of the Company. This facility is subject to the same financial covenants as the long-term debt facilities as outlined in note 15.

14. Accounts Payable and Accrued Liabilities

	Dec 31, 2020	Dec 31, 2019
Accounts payable and accrued liabilities	**18,629**	22,722
Project loss accruals *(note 7)*	**3,909**	9,162
Contract liabilities - customer rebate credit *(note 7)*	**2,602**	2,000
Accrued wages, vacation, severance and bonuses payable	**3,800**	2,482
Commodity and other taxes payable	**(184)**	333
	28,756	36,699

15. Funded Debt

	Dec 31, 2020	Dec 31, 2019
Facility B term loan	14,098	14,621
Facility C term loan	6,429	8,412
EDC term loan	5,099	5,195
	25,626	28,228
Current portion of long-term debt	18,617	24,332
Long-term portion	**7,009**	3,896

On April 29, 2019, the Group closed a refinancing transaction with an arms-length third party to replace its existing senior lender. The refinancing consists of three separate facilities, two of which are categorized under long-term debt. These facilities have been amended on October 7, 2020 as follows:

- Interest on the outstanding balance of both Facility B and Facility C has been changed to 10% per annum from the Canadian prime interest rate plus 9.5%.
- Interest payable has been amended such that only 7% is paid in cash each month with the residual 3% being deferred and added to the principal amount outstanding for each facility.
- The maturity dates of the facilities, underly covenants and scheduled payments have been amended as outlined below.

FACILITIY B TERM LOAN

On December 31, 2020, the outstanding balance of Facility B was $11,073 USD equivalent to $14,098 CAD (2019 - $11,257 USD, equivalent to $14,621 CAD). During the year, principal payments of $278 USD, equivalent to $368 CAD were made by the Company offset by the addition of $10 USD, equivalent to $14 CAD of amendment fees were added to the outstanding balance in addition to $83 USD, equivalent to $109 CAD of deferred interest also added to the outstanding balance as of December 31, 2020.

Advances on this facility now bear interest at 10% per annum with 3% being deferred and added to the outstanding balance each month. The maturity date of Facility B has been extended to January 31, 2022 with principal payments of $500 USD on or before February 28, 2021, $5,800 USD on or before July 31, 2021 and $3,500 on or before October 31, 2021 with the remaining amount outstanding on or before the maturity date of January 31, 2022.

FACILITIY C TERM LOAN

On December 31, 2020, the outstanding balance of Facility C was $5,049 USD, equivalent to $6,429 CAD (2019 - $6,477 USD, equivalent to $8,412 CAD). During the year, principal payments of $1,466 USD, equivalent to $2,021 CAD were made against the facility, offset by $38 USD, equivalent to $50 CAD of deferred interest added to the outstanding balance since the amendment of the loan as noted above. Advances on this facility now bear interest at 10% per annum with 3% being deferred and added to the outstanding balance each month. Facility C matures on February 28, 2021 with no scheduled payments prior to that date. Facility C was repaid in full on February 26, 2021.

EDC TERM LOAN

The EDC term loan is subject to the same covenants, terms and conditions as the Company's third-party lender for facilities A (note 13), B and C.

The terms of the EDC loan were amended on the same date as follows:

- Interest expense converted to a fixed rate of 10% per annum from the previous terms which was the US prime rate plus 9.5%. The amended interest rate does not include a provision for any portion of interest expense to be deferred,
- Principal payments of term loan have been extended out to start on July 16, 2022 and quarterly thereafter with the final payment due on April 16, 2023.

The EDC term loan is subject to the same covenants, terms and conditions as the Company's third-party lender for facilities A (note 13), B and C.

LIMITED RECOURSE LOAN

In 2019, the Company concluded that there was no scenario that would result in the Company being obligated to pay the principal balance of the loan as well as the interest accrued to date. As a result, the Company re-measured the principal balance and accrued interest to $nil. In 2018, the Company had a liability for the principal balance of $936 and for accrued interest of $125, the latter being recorded in accounts payable and accrued liabilities. The remeasurement of the principal balance of the loan was recorded as an increase in other income of $923 and a realized foreign exchange gain recorded in revenues of $13. The recovery of the accrued interest on the loan was recorded as a reduction in finance costs in 2019.

COVENANT COMPLIANCE

As part of the amended terms of the Company's credit facilities the financial covenants that the Company is subject to were also amended. As at December 31, 2020, to satisfy the covenants in the amended credit facilities, the Company is required to have a minimum EBITDA for the three-month period from October 1, 2020 through December 31, 2020 of $nil, as well as meeting specific accounts payable aging thresholds as required by the senior lender. At December 31, 2020, there was no event of default with the financial covenants of its amended credit facilities. In 2019, the Company was not in compliance with its financial covenants however had received a waiver of those covenants prior to December 31, 2019. All existing credit facilities are subject to the same financial covenants.

The Company's funded debt is scheduled to be repaid (excluding the limited recourse loan) as follows:

2021	**18,617**
2022	**4,456**
2023	**2,553**
	25,626

16. LEASE LIABILITIES

The Company's schedule of lease liabilities including the current and long-term portions is as follows:

Lease liabilities continuity schedule	Facilities	Office Equip	M&E	Vehicles	Total
Opening balance - January 1, 2019	**9,432**	**329**	**-**	**48**	**9,809**
Additions	4,002	-	-	42	**4,044**
Disposals	(329)	-	-	(7)	**(336)**
Foreign exchange and valuation adjustments	(87)	-	-	-	**(87)**
Principal repayments	(2,075)	(124)	-	(37)	**(2,236)**
Ending balance - December 31, 2019	**10,943**	**205**	**-**	**46**	**11,194**
Opening balance - December 31, 2019	**10,943**	**205**	**-**	**46**	**11,194**
Additions	-	-	90	-	90
Disposals	(38)	-	-	-	**(38)**
Foreign exchange and valuation adjustments	(35)	-	-	-	**(35)**
Principal repayments	(1,351)	(133)	(14)	(17)	**(1,515)**
Ending balance - December 31, 2020	**9,519**	**72**	**76**	**29**	**9,696**
Current portion of lease liabilities	1,319	72	15	11	**1,417**
Long-term portion of lease liabilities	8,200	-	61	18	**8,279**

17. SHARE CAPITAL

COMMON SHARES

The Company is permitted to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, and the Directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

The table below outlines the common share activity for the Company for the years ended December 31, 2020 and 2019:

	Dec 31, 2020	Dec 31, 2019
Outstanding common shares - opening balance	**163,329,326**	103,142,678
Common shares issued as consideration for private placement proceeds	**-**	23,780,487
Common shares issued on conversion of preferred shares	**-**	25,244,443
Common shares issued as a consideration premium for early conversion	**-**	7,661,718
Common shares issued as consideration for warrants and options exercised	**187,500**	3,500,000
Outstanding common shares - ending balance	**163,516,826**	163,329,326

On January 2, 2020, 187,500 stock options were exercised with an exercise price of $0.40 per share for gross proceeds of $75. An additional $60 was reclassified from contributed surplus to share capital relating to previously recognized stock-based compensation associated with the options exercised. The closing market price on January 2, 2020 was $0.47 per share.

In 2019, the following transactions accounted for the changes in the Company's share capital balance:

- 3,500,000 outstanding common share purchase warrants were exercised respectively at an exercise price of $0.50 per common share purchase warrant for gross proceeds of $1,750 combined.
- The Company closed two tranches of a private placement for gross proceeds of $9,750 in exchange for 7,317,073 and 16,436,414 respectively for a total of 23,780,487 common shares valued at $0.41 per common share. The total gross proceeds were directed towards general working capital purposes.
- The Company completed the early conversion of 100% of its convertible preferred shares previously issued in 2019 for an aggregate of 32,906,161 common shares at a weighted exchange price of $0.444 per common share. The aggregate number of common shares issued comprised of 25,244,443 common shares at $0.45 per common share consistent with the conversion formula included in the issuance and 7,661,718 common shares at $0.425 per common share as a premium for the early exchange. The share exchange premium cash value of $3,256 was equivalent to 3.583 years of forgone 8% cumulative dividends that would have accrued and been paid on the convertible preferred shares if they were not exchanged early.

CONVERTIBLE PREFERRED SHARES

In 2019, the Company issued 755,000 convertible preferred shares from gross proceeds of $7,550 and issued an additional 381,000 convertible preferred shares as consideration for the purchase of the outstanding 26.6% shares of Dynamic Entertainment Group Ltd. (DEGL), valued at $3,810, resulting in the Company owning 100% of DEGL. All of the convertible preferred shares were also converted into common shares in 2019 resulting in the Company issuing 25,244,443 common shares for the standard conversion of the convertible preferred shares and an additional 7,661,718 shares issued to the convertible preferred shareholders as a premium for early exchange. In 2019, the Company recorded a charge in finance costs of $3,256 to account for the shares issued as a premium for early conversion as well as accretion expense of $181 for the period of time from the when the convertible shares were issued to when they were converted as the Company recorded the convertible preferred shares as a financial liability at initial recognition.

CONTRIBUTED SURPLUS

In 2019, the Company acquired the non-controlling interest of DEGL, previously a majority-owned subsidiary in exchange for convertible preferred shares with a face value of $3,810. At the time of the acquisition, the book value of the non-controlling interest was $1,781, which the proceeds were used to acquire and the balance of $2,029 was recorded as a reduction of contributed surplus.

WARRANTS

The Company has 7,611,110 warrants outstanding from a private placement of common shares in 2018. Each warrant entitles the holder to purchase one additional common share at the following exercise price: (i) $0.50 per common share until December 22, 2019; and (ii) $0.75 per common share thereafter until expiry on June 22, 2021. The warrants are transferrable with the consent of the Company.

The warrants are recorded at fair value which the Company has estimated at $nil. The exercise price of the warrants, the escalation of the exercise price and 3-year life results in fair value estimates from conventional and accepted Black-Scholes pricing models are not reasonable or appropriate to properly reflect the underlying transactions.

A summary of the Company's warrants as at December 31, 2020 and December 31, 2019 and changes during the periods then ended are as follows:

	Dec 31, 2020	Weighted Average Exercise Price	Dec 31, 2019	Weighted Average Exercise Price
Balance, beginning of the year	**7,611,110**	**0.50**	11,111,110	0.50
Warrants exercised	**-**	**-**	(3,500,000)	0.50
Balance, end of the year	**7,611,110**	**0.50**	7,611,110	0.50
Exercisable	**7,611,110**	**0.50**	7,611,110	0.50
Weighted remaining average life (years)	**0.47**		1.47	

STOCK OPTIONS

The Company maintains a stock option plan for the benefit of officers, directors, key employees and consultants of the Company. At December 31, 2020 the Company was permitted to issue up to a maximum of 16,351,682 stock options, being 10% of the outstanding common shares. The options exercised during the year were all exercised on January 2, 2020 when the market price of the Company's shares was $0.47 common share.

A continuity of the Company's options as at December 31, 2020 and December 31, 2019 are as follows:

	Dec 31, 2020	Weighted Average Exercise Price	Dec 31, 2019	Weighted Average Exercise Price
Balance, beginning of the year	**3,681,667**	**0.45**	4,482,917	0.45
Options issued	**6,350,000**	**0.37**	1,025,400	0.48
Options expired	**(437,500)**	**0.47**	(625,000)	0.40
Options forfeited	**-**	**-**	(1,201,650)	0.49
Options exercised	**(187,500)**	**0.40**	-	0.36
Balance, end of the year	**9,406,667**	**0.40**	3,681,667	0.46
Exercisable	**3,090,001**	**0.46**	2,956,666	0.45
Weighted average life (years)	**1.44**		2.10	

The tables below outline the number of options, the weighted average remaining life (in years) and distinction between outstanding and exercisable at each exercise price for all options outstanding as at December 31, 2020 and December 31, 2019 respectfully:

	Options - Outstanding			Options - Exercisable	
Exercise Price ($)	**Number Outstanding**	**Weighted Average Remaining Life (years)**	**Weighted Average Exercise Price ($)**	**Number Exercisable**	**Weighted Average Exercise Price ($)**
0.25	2,950,000	4.79	0.25	-	-
0.32	25,000	0.13	0.32	25,000	0.32
0.34	500,000	4.90	0.34	-	-
0.40	1,356,667	0.74	0.40	1,356,667	0.40
0.47	1,200,000	3.86	0.47	533,334	0.47
0.50	2,800,000	3.27	0.50	600,000	0.50
0.56	575,000	2.05	0.56	575,000	0.56
	9,406,667	3.46	0.40	3,090,001	0.46

Exercise Price ($)	Options - Outstanding			Options - Exercisable	
	Number Outstanding	**Weighted Average Remaining Life (years)**	**Weighted Average Exercise Price ($)**	**Number Exercisable**	**Weighted Average Exercise Price ($)**
0.32	25,000	1.13	0.32	25,000	0.32
0.40	1,544,167	1.74	0.40	1,544,167	0.40
0.44	250,000	0.07	0.44	250,000	0.44
0.47	500,000	4.66	0.47	166,667	0.47
0.50	787,500	1.17	0.50	587,500	0.50
0.56	575,000	3.05	0.56	383,334	0.56
	3,681,667	2.10	0.46	2,956,668	0.45

The fair value associated with the options granted was calculated using the Black-Scholes model for option valuation. A summary of the Company's valuations assumptions, key inputs, valuation results and stock-based compensation details are as follows:

Issuance Year	Vesting Term	Assumed Volatility	Risk-free Rate	Forfeiture Rate	Market Price @ Grant	Fair Value	2020 SBC	2019 SBC
2018	4 Years	78.74%	1.91%	6.0%	0.56	304	**19**	47
2018	3 Years	69.59%	1.98%	5.7%	0.49	134	**10**	41
2019	2 Years	70.00%	1.53%	0.0%	0.49	150	**-**	50
2019	2 Years	61.12%	1.21%	5.5%	0.465	110	**43**	55
2020	3 Years	58.78%	1.57%	8.5%	0.47	150	**105**	-
2020	Performance Based	64.61%	1.56%	0.0%	0.5	551	**106**	-
2020	3 Years	58.37%	0.29%	8.18%	0.25	330	**38**	-
2020	3 Years	62.11%	0.45%	0.0%	0.34	88	**5**	-
							326	193

NON-CONTROLLING INTEREST

On October 13, 2020, the Company closed a transaction, with an effective date of October 1, 2020, resulting in the commencement of operations of Dynamic Structures Ltd. (DSL). The Company transferred the employment of a sub-set of highly skilled development engineers and certain intangible property consisting of all the knowledge and experience of the engineers used in the engineering design business, including all trade secrets, technical scientific and other knowledge, skills and ideas, and the Dynamic Structures website.

Simultaneously, DSL completed a private placement for gross proceeds of $5,000 less a finder's fee of $210 for total proceeds to be received before transaction costs of $4,790. Outside investors, purchased class C shares in the capital of DSL, effectively diluting the Company's ownership of DSL to 50%. Of the total gross proceeds to be received, $2,000 will be received from Canadian sources with the remaining $3,000 being funded through Chinese Renminbi less the finder's fee of $210 for net receipts funded from Chinese Renminbi of $2,790 and $4,790 overall. The schedule of proceeds is as follows:

- $2,000 from Canadian sources received at closing.
- $1,000 from Renminbi received on December 23, 2020.
- $1,000 from Renminbi to be released on or before March 31, 2021; and

- $790 from Renminbi to be released on or before June 30, 2021.

The proceeds to be received after December 31, 2020 are recorded on the Company's balance sheet as restricted cash at December 31, 2020 (2019 - $nil). The $1,000 of proceeds scheduled to be received on or before March 31, 2021 were received by the Company on March 5, 2021. The Company incurred transaction costs in 2020 in the amount of $241 to facilitate the closing of the transaction and the final release of proceeds of $790 is net of $210 of closing cost bringing the total of transaction costs to $451. At December 31, 2020, the Company recorded a deferred tax expense of $63 against the total transaction costs making the total transaction costs net of tax to $388.

The Company concluded that although it only owned 50% of the outstanding common shares of DSL, after review of the guidance outlined in IFRS 10, the Company still controls DSL. The result of this conclusion is that the Company has fully consolidated the financial statements of DSL in the Company's consolidated financial statements and will show separately, the non-controlling interest of DSL in its consolidated financial statements. The table below identifies the assets and liabilities of DSL at December 31, 2020 and the non-controlling interest portion:

	DSL	NCI Share
Balance at December 31, 2020		
Cash and cash equivalents	**2,924**	**1,462**
Accounts receivable and contract assets	**31**	**15**
Prepaid expenses and deposits	**28**	**14**
Accounts payable, accrued liabilities and other contract liabilities	**(530)**	**(265)**
Accumulated deficit	**(1,154)**	**(648)**

In 2019, the Company owned 73.5% of Dynamic Entertainment Group Ltd. ("DEGL") up until November 29, 2019 when it acquired the outstanding non-controlling interest. The Company consolidated the financial statements of DEGL within the Company's consolidated financial statements and separately disclosed the non-controlling interest component of DEGL with the Company's shareholder's equity section. At the time of the acquisition, the value of DEGL's non-controlling interest was $1,781.

In 2020, from October 1, 2020 through December 31, 2020 the non-controlling interest share of the comprehensive loss of the Company was $648 (2019 - $489 relating to the non-controlling interest in DEGL prior to the acquisition of the non-controlling interest by the Company on November 29, 2019).

18. Cost of Sales

	Dec 31, 2020	Dec 31, 2019
Direct construction costs	**(42,719)**	(70,328)
Construction cost overruns	**(2,398)**	(9,645)
Indirect salaries and benefits	**(8,244)**	(10,845)
Government wage subsidies (CEWS & PPP)	**5,061**	-
Indirect production costs	**(4,929)**	(5,187)
	(53,229)	(96,005)

Included in cost of sales is $781 (2019 - $900) expensed during the year for defined contribution pension plans.

19. Depreciation and Amortization

	Dec 31, 2020	Dec 31, 2019
Depreciation of property, plant and equipment	**(1,835)**	(2,430)
Amortization of intangible assets	**(1,487)**	(1,993)
Depreciation of right-of-use assets	**(1,876)**	(2,737)
	(5,198)	(7,160)

20. Selling and Administrative Expenses

	Dec 31, 2020	Dec 31, 2019
Salaries and benefits	**(11,461)**	(13,238)
Government subsidies (CEWS & PPP)	**2,143**	-
General, selling and administrative expenses	**(4,339)**	(6,484)
	(13,657)	(19,722)

Included in selling and administrative expenses is $168 (2019 – $246) expensed during the year for defined contribution pension plans.

21. Finance Costs

	Dec 31, 2020	Dec 31, 2019
Interest on long-term borrowings	**(3,407)**	(2,801)
Interest on short-term borrowing and other	**(2,005)**	(2,821)
Inducement for early conversion of preferred shares *(note 17)*	**-**	(3,256)
Interest on right of use lease liabilities	**(850)**	(738)
Accretion expense	**-**	(181)
Finance charges	**(620)**	(1,464)
	(6,882)	(11,261)

22. Other Components of Income (Loss)

	Dec 31, 2020	Dec 31, 2019
Gain (loss) on disposal of property, plant and equipment	**6**	(98)
Gain on sale of shares of TGHL (note 11)	**-**	1,558
Gain on remeasurement of limited recourse loan (note 15)	**-**	923
Restructuring charge	**(985)**	-
Miscellaneous income (loss)	**10**	(494)
	(969)	1,889

23. Loss Per Share

Income per share for the year ended December 31:

	Dec 31, 2020	Dec 31, 2019
Net loss from continuing operations	**(9,615)**	(20,379)
Net loss from discontinued operations	**(1,877)**	(6,708)
Basic weighted average number of shares	**163,515,799**	104,082,949
Net loss per share - continuing operations	**(0.06)**	(0.20)
Net loss per share - discontinued operations	**(0.01)**	(0.06)
Net loss per share	**(0.07)**	(0.26)

Basic earnings per share is derived by dividing the earnings for the year by the weighted average number of common shares outstanding for the period. Dilutive earnings per share is derived by dividing the adjusted earnings by the weighted average number of common shares outstanding assuming all dilutive securities are exercised at the beginning of the year. The effect of potentially dilutive securities ("in-the-money" executive stock options and "in-the-money" warrants) have been excluded as they are anti-dilutive.

24. Income Tax Expense (Recovery)

The major components of tax expense (recovery) from continuing operations are as follows:

	Dec 31, 2020	Dec 31, 2019
Current tax expense	**-**	-
Adjustments recognized for current tax of prior periods or temporary difference of a prior period used to reduce tax expense	**(52)**	(132)
Total current tax expense	**(52)**	(132)
Deferred tax expense relating to origination and reversal of temporary differences, unused tax losses, and unused tax credits	**-**	-
Deferred tax expense arising from the write-down of deferred tax assets	**(63)**	71
Total deferred tax (expense) recovery	**(63)**	71
Total income tax (expense) recovery	**(115)**	(61)

The reconciliation between income tax expense (recovery) and the product of accounting profit multiplied by the combined federal and provincial statutory income tax rate is as follows:

	Dec 31, 2020	Dec 31, 2019
Accounting loss	**(12,362)**	(27,026)
Combined federal and provincial statutory income tax rate	**26.09%**	26.91%
Income tax calculated using combined federal and provincial statutory income tax rate	**(3,225)**	(7,272)
Non-deductible expenses	**97**	125
Non-taxable portion of capital gains	**652**	(405)
Adjustments recognized for current tax of prior periods	**-**	4,863
Equity income of subsidiaries	**-**	(30)
Non-controlling interest	**-**	132
Current year finance charges (preferred share dividends)	**-**	879
Items charged to equity	**63**	(71)
Deferred tax assets not recognized	**2,016**	1,840
Discontinued operations	**512**	-
Income tax expense	**115**	61

The amount of deferred tax assets and liabilities in respect of each type of temporary difference and in respect of each type of unused tax losses and unused tax credits is as follows:

	Dec 31, 2018	Recognized in income tax expense	Re-cognized in equity	Recognized in other income	Recognized in intangible assets	Dec 31, 2019	Recognized in income tax expense	Recognized in equity	Dec 31, 2020
Deferred tax assets :									
Capital leases	-	-	-	-	-	-	-	-	**-**
Investment tax credits	-	-	-	469	(469)	-	-	-	**-**
Non-capital losses	1,856	36	-	-	-	1,892	(1,892)	-	**-**
Research and development expenses	4,176	2,195	-	-	-	6,371	2,126	-	**8,497**
Share issuance costs	-	71	(71)	-	-	-	(63)	63	**-**
Total deferred tax assets	6,032	2,302	(71)	469	(469)	8,263	171	63	**8,497**
Deferred tax liabilities:									
Accounts receivable	(3,860)	(864)		-	-	(4,724)	159	-	**(4,565)**
Intangible assets	(1,002)	295		-	-	(707)	46	-	**(661)**
Investment in associate	-	(64)		-	-	(64)	2	-	**(62)**
Property, plant and equipment	(953)	242		-	-	(711)	71	-	**(640)**
Other	(217)	(1,840)		-	-	(2,057)	(512)	-	**(2,569)**
Total deferred tax liabilities	(6,032)	(2,231)		-	-	(8,263)	(234)	-	**(8,497)**
Foreign operations									
Deferred tax assets:									
Property, plant and equipment	451	(451)		-	-	-	-	-	-
Non-capital losses	13	141		-	-	154	(154)	-	-
Total deferred tax assets	**-**	**(310)**		**-**	**-**	**154**	**(154)**	**-**	**-**
Property, plant and equipment	(464)	310		-	-	(154)	154	-	-
Other	-	-		-	-	-	-	-	-
Total deferred tax liabilities	(464)	310		-	-	**(154)**	**154**	**-**	**-**
Net deferred tax assets	**(464)**	**71**		**469**	**(469)**	**-**	**(63)**	**63**	**-**

The amount (and expiry date, if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized are as follows:

Property, plant and equipment and intangibles	**1,022**
Accounts payable and accrued liabilities	**3,138**
Long-term debt	**129**
Financing costs	**432**
Investment tax credits (expiring in 2022 and later years)	**17,016**
Non-capital losses - Canada (expiring in 2031 and later years)	**92,264**
Non-capital losses - USA	**12,382**
Other	**377**
	126,760

25. Reportable Segments

A description of the Company's business segments, Ride Systems Manufacturing, Parts & Service and Corporate & Other are included in note 2. Revenue recognition is not consistent between the segments as all revenues are recognized to reflect contractual performance obligations and their timing.

The tables below show the segmented performance for the Company from its three operating segments, Ride System Manufacturing, Parts & Services and Corporate & Other for the years ended December 31, 2020 and 2019 respectively:

2020	**Ride System Mfg**	**Parts & Service**	**Corporate & other**	**Inter-segment**	**Total**
Sales	60,918	8,011	4,317	(3,470)	**69,776**
Cost of goods sold	(49,159)	(4,937)	(2,603)	3,470	**(53,229)**
Depreciation & amortization	(4,946)	(13)	(239)	-	**(5,198)**
Operating income	**6,813**	**3,061**	**1,475**	**-**	**11,349**
Selling, general and administrative expenses	(8,343)	(777)	(4,537)	-	**(13,657)**
Finance costs	(5,364)	(6)	(1,512)	-	**(6,882)**
Other non-operating items	(973)	-	(322)	-	**(1,295)**
Net income (loss) before tax	**(7,867)**	**2,278**	**(4,896)**	**-**	**(10,485)**
Property, plant and equipment	6,784	-	946	-	**7,730**
Total assets	59,035	1,700	6,544	-	**67,279**
Total Liabilities	99,893	1,023	9,393	-	**110,309**

During 2020, the Company's rides systems manufacturing segment was negatively impacted by its first-generation projects at the operating income level by $2,398.

2019	Ride System Mfg	Parts & Service	Corporate & other	Inter-Segment	Total
Sales	99,507	10,260	3,560	(3,208)	110,119
Cost of goods sold	(89,843)	(6,436)	(2,934)	3,208	(96,005)
Depreciation & amortization	(6,744)	(20)	(396)	-	(7,160)
Operating income	2,920	3,804	230	-	6,954
Selling, general and administrative expenses	(13,161)	(1,384)	(5,177)	-	(19,722)
Finance costs	(3,209)	(8)	(8,044)	-	(11,261)
Other non-operating items	239	-	3,472	-	3,711
Net income (loss) before tax	(13,211)	2,412	(9,519)	-	(20,318)
Property, plant and equipment	7,378	-	438	-	7,816
Total assets	74,860	2,894	12,745	-	90,499
Total Liabilities	117,208	1,659	8,971	-	127,838

During 2019, the Company's rides systems manufacturing segment was negatively impacted by its first-generation projects at the operating income level by $14,167.

The following table breaks down the sales by geographical region:

	Dec 31, 2020	Dec 31, 2019
Canada	**4,676**	10,925
United States	**44,770**	69,089
Asia	**11,467**	29,713
Middle East/Europe	**8,863**	392
	69,776	110,119

All the Company non-current assets are in Canada except for $2,303 (2019 - $3,327) of property, plant and equipment located in the United States and right-of use assets of $1,466 (2019 - $1,359).

26. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's capital base is comprised of share capital, contributed surplus, accumulated deficit and accumulated other comprehensive (AOCI). At December 31, 2020 the Company's capital base was a deficit of $44,894 (2019 - $33,700). The Company's focus is on increasing earnings and improving its statement of financial position. The Company has historically retained all earnings for reinvestment into the operations of the Company. Of the three financial covenants that are part of the credit agreements with the senior lenders that provide the Company's credit facilities, one covenant involves shareholders equity in the calculation. As outlined in note 15, at December 31, 2020, there was no event of default with the financial covenants of its amended credit facilities.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following tables present information on the Company's financial assets and financial liabilities and discloses the fair value hierarchy of the valuation techniques used to determine this fair value for all periods presented:

As at December 31, 2020:

	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	5,469	5,469	Amortized cost	N/A
Accounts receivable	23,139	23,139	Amortized cost	N/A
Investment in TGHL	2,382	2,382	FVOCI	1
Bank indebtedness	(14,228)	(14,228)	Amortized cost	N/A
Accounts payable and accrued liabilities	(21,260)	(21,260)	Amortized cost	N/A
Funded debt including current portion	(25,626)	(25,626)	Amortized cost	N/A

As at December 31, 2019:

	Carrying Value	Fair Value	Classification	Level
Cash and equivalents	12,848	12,848	Amortized cost	N/A
Accounts receivable	13,522	13,522	Amortized cost	N/A
Investment in TGHL	2,382	2,382	FVOCI	1
Bank indebtedness	(14,444)	(14,444)	Amortized cost	N/A
Accounts payable and accrued liabilities	(25,537)	(25,537)	Amortized cost	N/A
Funded debt including current portion	(28,228)	(28,228)	Amortized cost	N/A

The fair values of cash and equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying values given their short-term maturities. Management has determined that the fair value of funded debt including finance leases and limited recourse loans do not materially differ from its carrying value.

RISK MANAGEMENT

In the normal course of its business, the Company is exposed to several risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Company, management considers the avoidance of undue concentrations of risk. The Company manages its risks and risk exposures through a combination of financial instruments, insurance, a system of internal and disclosure controls and sound business practices. The primary types of financial risk which arise are liquidity, credit, and market risk. These risks and the actions taken to manage them are as follows:

LIQUIDITY RISK

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. A range of alternatives is available to the Company including cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. The funds are primarily used to finance working capital and capital expenditure requirements and are adequate to meet the Company's foreseeable financial obligations associated with financial liabilities. The following table summarizes the Company's financial liabilities with corresponding maturity dates as at December 31, 2020:

	Total	2020	2021	2022	2023	2024+
Accounts payable and accrued liabilities	27,771	27,771	-	-	-	-
Bank indebtedness	14,228	14,228	-	-	-	-
Long-term debt	25,626	18,617	4,456	2,553	-	-
Lease liabilities	9,696	1,417	1,129	1,244	1,268	4,638
Total	**77,321**	**62,033**	**5,585**	**3,797**	**1,268**	**4,638**

The Company expects to have adequate resources to discharge these financial liabilities. The Company performs a comprehensive budgeting process which includes a detailed analysis of projected future cash flows based upon but not limited to historical experience and backlog reports. This process is subject to sensitivity analysis and is periodically reviewed against recent and past performance.

CREDIT RISK

Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their commitments to the Company. For a financial asset, this is typically the gross carrying amount, net of any amounts offset and any impairment losses. The Company has credit policies to address credit risk on accounts receivable from customers, which may include the analysis of the financial position of customers and review of credit limits. The Company also reviews new customer credit history before establishing credit and periodically reviews existing customer credit performance. The Company may require letters of credit or credit insurance. An allowance for doubtful accounts is established based upon factors surrounding credit risk of specific customers, historical trends and other information. At December 31, 2020, the Company had one individual customer accounting for approximately 20% of accounts receivable excluding holdbacks (2019 - 22%).

MARKET RISK

Market risk is the risk that changes in market prices will influence future cash flows associated with financial instruments. There has been no change to the Company's exposure to Market risks in the way these risks are managed or measured. Market risk comprises three types of risk: currency risk, interest rate risk and commodity price risk.

Currency risk

The Company sells its products, as well as purchases goods in both Canadian and U.S. currencies. Accordingly, the Company is exposed to currency risk as it relates to customer accounts receivable balances and trade accounts payable denominated in U.S. currency. Changes in the applicable exchange rate may result in a decrease or increase in foreign exchange income or expense. The Company may secure forward exchange contracts or use other hedging activities to manage part of the foreign risk exposures relating to customer accounts receivable balances and trade accounts payable denominated in U.S. currency.

(In $000's USD)	**Dec 31, 2020**	Dec 31, 2019
Cash (bank indebtedness) (bank balance less outstanding cheques)	**(10,017)**	(7,472)
Accounts receivable (including contract assets)	**25,695**	36,164
Accounts payable & accrued liabilities	**(6,766)**	(8,949)
Long-term debt	**(20,127)**	(21,735)
Lease liabilities	**(1,266)**	-
Net foreign currency exposure	**(12,481)**	(1,992)

For the year ended December 31, 2020, if the Canadian dollar had strengthened 10% percent against the US dollar with all other variables held constant, net income for the year would have been $1,248 higher (2019 - $199). Conversely, if the Canadian dollar had weakened 10% percent against the US dollar with all other variables held constant, net income

would have been $1,248 lower (2019 - $199).

Included in revenue are gains on translation of foreign currency monetary assets and liabilities and gains on foreign currency transactions of $636 for the year ended December 31, 2020 (2019 - $1,221).

The Company did not have any foreign currency forward contracts outstanding on December 31, 2020 as well as December 31, 2019. In 2019, the Company did realize a loss on the settlement of foreign currency forward contracts of $1,794.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily through its variable rates on bank operating lines and long-term borrowings. The Company manages exposure to interest rate risk by using a combination of fixed and floating rate debt instruments. In October 2020, the Company renegotiated all of its variable rate debt such that the interest rates are fixed moving forward.

For the year ended December 31, 2019, if interest rates had been 50 basis points lower with all other variables held constant, after-tax net income for the period would have been $172 (2019 - $214) higher, arising mainly as a result of lower interest expenses on variable borrowings. If interest rates had been 50 basis points higher, with all other variables held constant, after-tax net income would have been $172 (2019 - $214) lower, arising mainly as a result of higher interest expenses on variable borrowings.

Commodity price risk

Manufacturing costs for the Company's products are affected by fluctuations in the price of raw materials, primarily steel. To manage its risk, the Company implements selling price adjustments to match raw material cost changes. This matching is not always possible as customers react to selling price pressures related to raw material cost fluctuations according to conditions pertaining to their markets. To limit the risk associated with steel price increases, the Company locks in order prices to the extent possible as soon as contracts are awarded.

The sensitivity analyses in the currency risk and interest rate risk sections above do not take into consideration that the Company's liabilities are actively managed. Additionally, the financial position of the Company may vary at the time that any actual market movement occurs or be mitigated by management's actions to reduce exposure to risks. Other limitations in the above sensitivity analyses includes the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

28. RELATED PARTIES

The Company did not have any transactions with related parties and associates in either the 2020 or 2019 fiscal years. Compensation awarded to key management included:

	Dec 31, 2020	Dec 31, 2019
Salary and short-term employee benefits	**3,028**	**3,056**
Post-employment benefits	**43**	**85**
Share-based payments	**326**	**193**
	3,397	**3,334**

29. GUARANTEES AND CONTINGENCIES

LETTERS OF CREDIT

In the normal course of business, the Company contracted letters of credit for an amount of $2,676 USD as of December 31, 2020 (2019 - $3,894 USD). The Company has a guarantee facility with Export Development Canada to guarantee

letters of credit for performance security and advance payment guarantees issued by the Company on international construction contracts. The total value of letters of credit disclosed above are guaranteed by this facility and is secured by a general security agreement providing second security interests in all the Company's present and after-acquired property.

OTHER INDEMNIFICATION PROVISIONS

From time to time, the Company enters into agreements in the normal course of operations and in connection with business or asset acquisitions and dispositions.

By their nature, these agreements may provide for indemnification of counterparties. The varying nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum potential amount it could incur. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

OTHER CONTINGENCIES

The Company is subject to various product liability or general claims and legal proceedings covering matters that arise in the ordinary course of business. All such matters are adequately covered by insurance or by accruals, or are determined by management to be without merit, or of such kinds or amounts as would not have a material adverse effect on the financial results of the Company.

30. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2019, the Company decided to cease operations of both its steel fabrication operations Empire Iron Works (a division of Dynamic Attractions Ltd.) "EIW" in Edmonton, Alberta as well as its telescope mirror-making and mirror-polishing activities, Dynamic Optics Inc. "DIO" in Port Coquitlam, British Columbia and undertake to sell the assets. The Company has recorded the remaining non-current assets of its steel fabrication operations at a fair value of $800 (2019 - $1,895) and has separately identified them on the statement of financial position. The Company's telescope mirror-making and mirror-polishing operations did not have any non-current assets.

As a result of the decision to cease operations and divest of the underlying assets, the Company has reported the operating results for both the steel fabrication operations and its mirror-making and mirror-polishing operations as discontinued operations in its consolidated statement of loss and comprehensive income (loss) for the year ended December 31, 2020 as well as the comparative year ended December 31, 2019. Included in the 2020 operating results are impairment charges of $600 (2019 - $1,641) to items of property, plant and equipment to adjust the assets to be sold to their estimated fair values. An additional $148 (2019 - $1,302) impairment charge was recorded to reduce the inventory values to the estimated recoverable amounts.

The table below outlines the operating results for both operations for the years ended December 31, 2020 and 2019:

	EIW	DOI	2020	EIW	DOI	2019
Sales	389	-	**389**	5,627	3	5,630
Cost of goods sold	(959)	-	**(959)**	(7,516)	(91)	(7,607)
Depreciation & amortization	(126)	-	**(126)**	(480)	-	(480)
Operating income	**(696)**	**-**	**(696)**	(2,369)	(88)	(2,457)
Selling, general and administrative expenses	(315)	-	**(315)**	(1,079)	(2)	(1,081)
Finance costs	(17)	-	**(17)**	(32)	-	(32)
Other non-operating items	(849)	-	**(849)**	(3,138)	-	(3,138)
Income (loss) before tax	**(1,877)**	**-**	**(1,877)**	(6,618)	**(90)**	(6,708)
Income tax expense	-	-	**-**	-	-	0
Loss from discontinued operations	**(1,877)**	**-**	**(1,877)**	(6,618)	(90)	(6,708)

The table below outlines the items of property, plant and equipment that have been reclassed as held-for-sale:

	Land	Building	M&E	Office Equip.	Lease-holds	Vehicles	Parking Lots	Total
	$	$	$	$	$	$	$	$
COST								
Balance, December 31, 2018	-	-	-	-	-	-	-	-
Reclass from pp&e	520	3,131	4,143	930	85	24	48	8,881
Disposals	-	-	(447)	-	-	-	-	(447)
Impairment charges	-	(1,160)	(476)	-	-	-	(5)	(1,641)
Balance, December 31, 2019	**520**	**1,971**	**3,220**	**930**	**85**	**24**	**43**	**6,793**
DEPRECIATION								
Balance, December 31, 2018	-	-	-	-	-	-	-	-
Reclass from pp&e - opening	-	994	2,712	909	79	(8)	40	4,726
Depreciation charge for the year	-	97	217	17	6	8	3	348
Disposals	-	-	(176)	-	-	-	-	(176)
Impairment charges								
Balance, December 31, 2019	-	**1,091**	**2,753**	**926**	**85**	-	**43**	**4,898**
Net book value, December 31, 2019	**520**	**880**	**467**	**4**	-	**24**	-	**1,895**
COST								
Balance, December 31, 2019	520	1,971	3,220	930	85	24	43	6793
Additions	-	-	7	-	-	-	-	7
Disposals	-	-	(2,308)	(930)	(85)	(24)	(43)	(3,390)
Transfers	-	-	(919)	-	-	-	-	(919)
Impairment charges	-	(600)	-	-	-	-	-	(600)
Balance, December 31, 2020	**520**	**1,371**	-	-	-	-	-	**1,891**
DEPRECIATION								
Balance, December 31, 2019	-	**1,091**	**2,753**	**926**	**85**	-	**43**	4,898
Disposals	-	-	(2,097)	(926)	(85)	-	(43)	(3,151)
Transfers	-	-	(656)	-	-	-	-	(656)
Balance, December 31, 2020	-	**1,091**	-	-	-	-	-	**1,091**
Net book value, December 31, 2020	**520**	**280**	-	-	-	-	-	**800**

31. Supplemental Cash Flow Information

The follow table outlines the additional details that comprise cash flow from operating activities in the statement of cash flows:

	Dec 31, 2020	Dec 31, 2019
Share of loss (income) from an associate	**-**	(221)
(Gain)/loss on sale of property, plant and equipment	**(16)**	98
Capitalized interest	**243**	-
Stock-based compensation expense	**326**	193
Foreign currency adjusted (net of tax)	**234**	160
Accretion of convertible preferred shares	**-**	181
Gain on foreign exchange revaluation of funded debt	**(672)**	(1,155)
Loss on foreign exchange revaluation of property, plant and equipment	**65**	234
Unrealized foreign currency translation gains on cash balances	**(316)**	(1,090)
Gain on remeasurement of limited recourse loan	**-**	(923)
Foreign exchange revaluation of ROU assets and lease liabilities	**10**	-
	(126)	**(2,523)**

The following table outlines the details that comprises changes in non-cash working capital accounts in the statement of cash flows:

	Dec 31, 2020	Dec 31, 2019
Accounts receivable	**15,760**	(7,576)
Inventory	**(845)**	3,141
Prepaid expenses	**318**	(358)
Accounts payable and accrued liabilities	**(8,918)**	(14,695)
Contract liabilities	**(6,600)**	6,427
Other	**1,403**	(11)
	1,118	(13,072)

32. Subsequent Events

On February 26, 2021, the Company sold its remaining 12,538,595 shares of TGHL for gross proceeds of $2,108, less a finder's fee of $108, resulting in net proceeds to the Company of $2,000 which will be used for general working capital purposes.