

**Yooma Wellness Inc.**  
**(formerly, Globalive Technology Inc.)**

Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

## MANAGEMENT'S REPORT TO SHAREHOLDERS

The accompanying financial statements of Yooma Wellness Inc., formerly Globalive Technology Inc. ("GT"), and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as outlined in Part 1 of the Handbook of the Chartered Professional Accountants of Canada and include some amounts that are based on management's estimates and judgment.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, which has a majority of independent directors. The Audit Committee reviews the Company's annual financial statements and recommends its approval to the Board of Directors. The Company's auditors have had full access to the Audit Committee, with and without management being present. These financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

*"Signed"*

"Anthony Lacavera"  
Director

*"Signed"*

"Jordan Greenberg "  
Director



## Independent auditor's report

To the Shareholders of Yooma Wellness Inc. (formerly, Globalive Technology Inc.)

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Yooma Wellness Inc. (formerly, Globalive Technology Inc.) and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

### What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of net and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Other information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

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

PricewaterhouseCoopers LLP  
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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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.

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### **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.

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### **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.
- 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 Neil Rostant.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
April 14, 2021

## Consolidated Statements of Financial Position

As at	<i>Notes</i>	December 31, 2020	December 31, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 5,885,826	\$ 8,860,276
Other receivables		-	18,035
Prepaid expenses		-	39,003
Investments	<b>6</b>	9,074,349	10,986,585
<b>Total current assets</b>		<b>14,960,175</b>	<b>19,903,899</b>
<b>Non-current assets</b>			
Fixed assets (net of depreciation)	<b>13</b>	4,471	4,471
Long term investments	<b>6</b>	4,350,599	4,297,181
<b>Total assets</b>		<b>19,315,245</b>	<b>24,205,551</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables and accrued liabilities		435,978	152,807
<b>Total current liabilities</b>		<b>435,978</b>	<b>152,807</b>
<b>Shareholders' equity</b>			
Share capital	<b>9</b>	54,154,831	53,637,737
Share-based payment reserve	<b>10</b>	2,066,036	1,611,080
Retained earnings (deficit)		(37,341,600)	(31,196,073)
<b>Total shareholders' equity</b>		<b>18,879,267</b>	<b>24,052,744</b>
		<b>19,315,245</b>	<b>24,205,551</b>

Approved on behalf of the Board of Directors

(SIGNED) "Anthony Lacavera"

Anthony Lacavera

Director

(SIGNED) "Jordan Greenberg "

Jordan Greenberg

Director

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

## Consolidated Statements of Net and Comprehensive Income (Loss)

For the years ended	Notes	December 31, 2020	December 31, 2019
Other income	16	56,639	264,390
Other losses	15	(476,146)	(458,656)
Realized / unrealized gain (loss) from investments held at fair value through profit or loss	6	(2,137,999)	(8,690,745)
<b>Investment and other income/loss before expenses</b>		<b>(2,557,506)</b>	<b>(8,885,011)</b>
<b>Expenses</b>			
Marketing and public relations		37,895	138,908
Employee share based compensation	10	995,554	962,079
Office, general and administrative		288,794	495,848
Salary and wages		1,420,081	2,768,121
Professional fees		845,697	831,128
Depreciation of property and equipment	13	-	12,588
<b>Total expenses</b>		<b>3,588,021</b>	<b>5,208,672</b>
<b>Net income (loss) before taxes for the period</b>		<b>(6,145,527)</b>	<b>(14,093,683)</b>
Deferred tax recovery (expense)	11	-	-
<b>Net income (loss) from continuing operations for the period</b>		<b>(6,145,527)</b>	<b>(14,093,683)</b>
Net income (loss) from discontinued operation (attributable to equity holders of the company)	5	-	(485,245)
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<b>(6,145,527)</b>	<b>(14,578,928)</b>
<b>Net income (loss) and comprehensive income (loss) for the period attributable to:</b>			
Globalive Technology Inc. shareholders		(6,145,527)	(14,448,574)
Non-controlling interests		-	(130,354)
<b>Net income (loss) and comprehensive income (loss) for the period</b>		<b>(6,145,527)</b>	<b>(14,578,928)</b>
<b>Earnings (loss) per share from continuing operations for the period</b>			
Basic	12	\$ (0.880)	\$ (0.101)
Diluted	12	\$ (0.880)	\$ (0.101)
<b>Earnings (loss) per share</b>			
Basic	12	\$ (0.880)	\$ (0.105)
Diluted	12	\$ (0.880)	\$ (0.105)

*The accompanying notes are an integral part of these financial statements*

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

	Notes	Share capital		Share-based payment reserve	Capital reserve (Normal-Course Issuer Bid program)	Retained earnings (deficit)	Total shareholders' equity	Non-controlling interests
		Number	Amount					
<b>Outstanding as at January 1, 2019</b>		6,826,811	52,602,414	1,640,152	-	(16,931,476)	37,311,090	(46,412)
Issue of restricted shares	9	118,634	1,035,323	(991,151)	-	-	44,172	-
Share based compensation	10	-	-	962,079	-	-	962,079	-
Net income (loss) for the period		-	-	-	-	(14,448,574)	(14,448,574)	(130,354)
Gain on disposal of a subsidiary	5b	-	-	-	-	183,977	183,977	-
Elimination of non-controlling interest on disposal of a subsidiary	5b	-	-	-	-	-	-	176,766
<b>Balance December 31, 2019</b>		<b>6,945,445</b>	<b>53,637,737</b>	<b>1,611,080</b>	<b>-</b>	<b>(31,196,073)</b>	<b>24,052,744</b>	<b>-</b>
<b>Outstanding as at January 1, 2020</b>		6,945,445	53,637,737	1,611,080	-	(31,196,073)	24,052,744	-
Issue of shares	9	72,028	584,768	(540,598)	-	-	44,170	-
Shares canceled under the Company's Normal-Course Issuer Bid program		(40,400)	(67,674)	-	-	-	(67,674)	-
Share based compensation	10	-	-	995,554	-	-	995,554	-
Net income (loss) for the period		-	-	-	-	(6,145,527)	(6,145,527)	-
<b>Balance December 31, 2020</b>		<b>6,977,073</b>	<b>54,154,831</b>	<b>2,066,036</b>	<b>-</b>	<b>(37,341,600)</b>	<b>18,879,267</b>	<b>-</b>

The accompanying notes are an integral part of these financial statements



## Consolidated Statements of Cash Flows

For the years ended	<i>Notes</i>	December 31, 2020	December 31, 2019
<b>Cash flows from operating activities</b>			
Net income (loss) and comprehensive income (loss) for the year		\$ (6,145,527)	\$ (14,093,683)
Discontinued segment income (loss) during the year	5a	-	(440,028)
<b>Items not affecting cash:</b>			
Realized / unrealized gain (loss) from investments held at fair value through profit or loss	6	2,137,999	8,690,745
Derecognition of net assets on disposal of a subsidiary	5b	-	368,289
Loss on sale of fixed assets		-	39,075
Share based compensation under the Omnibus Equity Incentive Plan	11	995,554	962,079
Share based compensation	9	44,172	44,172
Depreciation of fixed assets	13	-	12,588
<b>Changes in non-cash working capital:</b>			
Other receivables		18,035	506,538
Prepaid expenses		39,003	568,909
Receivables from related parties		-	23,232
Accounts payables and accrued liabilities		283,171	(893,527)
<b>Net cash used in operating activities</b>		<b>(2,627,593)</b>	<b>(4,211,611)</b>
<b>Investing Activities</b>			
Purchase of investments	6	-	(742,947)
Purchase of long term investments	6	(663,263)	(3,563,581)
Sale of investments	6	384,080	3,857,881
Sale of fixed assets	13	-	29,040
Sale of fixed assets in a discontinued operations	5a	-	63,920
Purchase of fixed assets	13	-	(9,271)
<b>Net cash used in investment activities</b>		<b>(279,183)</b>	<b>(364,958)</b>
<b>Cash flows provided by (used in) financing activities</b>			
Shares cancelled under Company's normal course issuer bid		(67,674)	-
<b>Net cash provided by financing activities</b>		<b>(67,674)</b>	<b>-</b>
<b>Net decrease in cash during the year</b>		<b>(2,974,450)</b>	<b>(4,576,569)</b>
Cash - beginning of year		8,860,276	13,436,845
<b>Cash - end of year</b>		<b>5,885,826</b>	<b>8,860,276</b>

*The accompanying notes are an integral part of these financial statements*

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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## 1. REPORTING ENTITY

These financial statements are of the financial condition and results of operations of GT for the period from January 1, 2020 to December 31, 2020. GT completed a reverse takeover transaction with Yooma Corp. (“YC”) on February 10, 2021 (the “RTO Transaction”) which resulted in the amalgamation of GT and YC to form Yooma Wellness Inc. (“Yooma”). In these financial statements, references to the “Company” prior to completion of the RTO Transaction are references to GT, and references to the Company after completion of the RTO Transaction are references to Yooma.

### The Company

The Company was formed on June 8, 2018, by the amalgamation of Globalive Technology Partners Inc. (“GTP”) and Corporate Catalyst Acquisition Inc. (“CCA”). Its registered and records offices are located at East Tower, Bay Adelaide Centre, 22 Adelaide Street West, Suite 3400, Toronto, Ontario, M5H 4E3, and its head office is located at 48 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1G6.

### Corporate History

GTP was incorporated under the *Business Corporations Act* (Ontario) on December 7, 2017, with the goal of commercializing technologies, including those based on artificial intelligence and machine learning, blockchain and the internet of things.

On June 8, 2018, GTP completed a reverse takeover transaction (the “Formative Transaction”) with CCA, a capital pool company listed on the NEX Exchange, resulting in the formation of GT. On June 13, 2018, following the completion of the Formative Transaction, GT’s common shares (“GT Shares”) commenced trading on the TSX Venture Exchange (“TSX-V”). Upon completing the Formative Transaction, the Company’s financial year end was changed from February 28th to December 31st.

Together, Anthony Lacavera, the Company’s Chief Executive Officer (“CEO”), and Globalive Capital Inc. (“GCI”) own approximately 2,976,627 common shares of GT, which represents approximately 42.7% of the issued and outstanding common shares of GT (2,889,070 common shares or 41.8% of the outstanding common shares of the Company as at December 31, 2019). GCI has also historically held voting control over up to 2,083,626 additional common shares pursuant to voting agreements entered into with certain shareholders of GT, which represents up to 29.8% of the issued and outstanding common shares of GT, but relinquished voting control over those shares in connection with the RTO Transaction described in note 17.

## 2. BASIS OF PRESENTATION

### a. Statement of compliance

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

The consolidated financial statements were authorized for issue on April 13, 2021 by the directors of the Company.

### b. Basis of measurement

These audited consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss (“FVTPL”). These audited consolidated financial statements are presented in Canadian Dollars, which is the Company’s functional currency

## 3. SIGNIFICANT ACCOUNTING POLICIES

### a. Basis of consolidation

Subsidiaries are entities controlled by a company and results are consolidated into the financial results of the controlling company from the effective date of acquisition up to the effective date of disposition or loss of control.

The Company financials are consolidated with the following subsidiaries of the Company:

- i. Globalive BIG Dev Inc. (“GBD”) Dev Inc. (“GBD”) (up to August 1, 2019 - see note 5 (b)).
- ii. Neighbor Billing Inc. (“Neighbor”).

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Changes in the Non-Controlling Interest (“NCI”) are accounted for at the time they occur during any financial reporting period. Any net and comprehensive income (loss) realized from the operations of the Company independently from its subsidiaries is fully attributable to the shareholders of the Company.

## **b. Significant estimates and judgments**

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company’s management reviews these estimates, judgments and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. Estimates where management has made subjective judgments and where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments (see note 7 for more details).

The impact of the novel coronavirus (or COVID-19) outbreak on the financial performance of the Company's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. Since December 31, 2019 there has been significant volatility in markets for equity securities. The impact of COVID-19 and various government reactions may have significant short term and long-term impacts on the economic environments in which the company's investees operate. As a result, management has used significant judgements in determining the appropriate valuation methodologies and significant unobservable inputs when determining the fair value of investments. See note 7 for additional information.

## **c. Earnings (losses) per share**

Basic earnings (losses) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (losses) per share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments such as warrants and stock options granted to employees, directors and consultants of the Company.

## **d. New and amended standards adopted by the Company**

The following new standards and amendments have been issued by the IASB and were in effective for the fiscal year beginning January 1, 2020:

### **Conceptual Framework for Financial Reporting (“Conceptual Framework”):**

On March 29, 2018, the IASB published a revised Conceptual Framework that includes revised definitions of an asset and a liability as well as new guidance on measurement, derecognition, presentation and disclosure. The revised Conceptual Framework does not constitute an accounting pronouncement and will not result in any immediate change to IFRS, but the IASB and IFRS Interpretations Committee will use it in setting future standards. The revised Conceptual Framework was effective for the Company on January 1, 2020 and applies when developing an accounting policy for an issue not addressed by IFRS.

### **Definition of Material (Amendments to IAS 1 and IAS 8):**

On October 31, 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of “material”. The amendments were applied prospectively on January 1, 2020 and did not have any significant impact on the Company’s consolidated financial statements.

### **Definition of a Business (Amendments to IFRS 3):**

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations to narrow the definition of a business and clarify the distinction between a business combination and an asset acquisition. The amendments were applied prospectively to all business combinations and asset acquisitions on January 1, 2020 and did not have any significant impact on the Company’s consolidated financial statements.

## **e. Financial Instruments**

Financial instruments are measured at fair value on initial recognition of the instrument. The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. Measurement in subsequent periods depends on whether the financial instrument has been classified as: (i) financial asset at fair value through profit or loss, (ii) financial assets at fair value through other comprehensive income, (iii) financial assets at amortized cost, (iv) financial liabilities at fair value through profit or loss, or (v) financial liabilities at amortized cost.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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## Classification and Measurement

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at FVTPL;
- those to be measured at amortized cost; and
- those to be measured at fair value through other comprehensive income (“FVOCI”).

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Company initially measures a financial asset at its fair value, less any related transaction costs. Subsequent measurement depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

There are three measurement categories which the Company classifies its financial assets:

- Amortized cost: Assets that are held for the collection of contractual cash flows and those cash flows represent solely payments of principal and interest.
- Fair value through other comprehensive income: Assets that have cash flows that are solely payments of principal and interest but are held either to collect contractual cash flows or for sale are classified as FVOCI.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI.

The Company’s financial assets include other receivables and cash, which are measured at amortized cost. As these assets are held with the objective to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

Currently, the Company does not have any financial assets that are classified as FVOCI.

The Company’s financial assets also include investments and long term investments which are measured at fair value through profit and loss.

<b>Financial Instrument</b>	<b>IFRS 9</b>
Cash	Amortized cost
Other receivables	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

## Impairment

For amounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized upon initial recognition of the receivables.

If a provision for impairment is needed, the amount is recorded through an allowance account, and the amount of the loss is recognized in the consolidated statements of net and comprehensive income (loss) within operating expenses. Bad debt write-offs occur when the Company determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against operating expenses in the Consolidated Statement of Net and Comprehensive Income (loss).

## **f. Capital stock**

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

## **g. Income tax**

Income tax expense represents the sum of the tax currently paid or payable for the period and deferred tax. The tax currently paid or payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the annual Consolidated Statements of Net and Comprehensive Income (Loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for taxable temporary differences, except as noted below. Deferred tax assets are generally recognized for deductible temporary differences, unused tax losses and unused tax credits

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, or the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

## **h. Omnibus Equity Incentive Compensation Plan**

The Company operates an omnibus equity incentive compensation plan. The fair value determined at the grant date of the equity-settled share-based compensation is expensed on a graded-vesting basis over the period during which the employee becomes unconditionally entitled to equity instruments, based on the Company's estimate of equity instruments that will eventually vest.

Equity-settled share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, with fair value being charged to the Consolidated Statements of Net and Comprehensive Income (Loss) using a graded vesting attribution method over the vesting period with a corresponding credit to contributed surplus. For those options that expire after vesting, the recorded value is transferred to retained earnings (deficit).

## **i. Foreign currency translation**

The consolidated financial statements are presented in Canadian Dollars which is the Company's functional currency.

Assets and liabilities of the Company which are denominated in foreign currencies are translated at the year-end exchange rate. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in the Consolidated Statement of Net and Comprehensive Income (Loss).

## **j. Property and equipment**

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When major components of an item of property and equipment have different useful lives, they are accounted for separately.

The cost of replacing a component is recognized in the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Consolidated Statement of Net and Comprehensive Income (loss) during the financial period in which they are incurred.

The Company provides for depreciation using the following methods at rates designed to depreciate the cost of the property and equipment over their estimated useful lives. The annual depreciation rates and methods are as follows:

Asset	Method	Rate
Furniture and fixtures	Straight-line	5 years
Computer equipment and mining servers	Straight-line	2 years
Leasehold improvements	Straight-line	Term of lease

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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## k. Impairment of fixed assets and the mining servers

Fixed assets and cryptocurrency mining servers are subject to impairment testing whenever events or changes in circumstances indicate that the carrying value may not be recoverable. At each reporting date, the Company conducts an internal review of asset values which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future digital currency prices, and other market factors are also monitored to assess for indicators of impairment. If any indications of impairment exist, an estimate of the asset's recoverable amount is calculated, being the higher of fair value less costs to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount based on the Company's calculations, then an impairment charge is recorded to the Consolidated Statement of Net and Comprehensive Income (loss) and the carrying amount of the asset on the consolidated statement of financial position is reduced to its recoverable amount.

A previously recognized impairment loss on fixed assets and mining servers is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in impairment. This reversal is recognized in the Consolidated Statement of Net and Comprehensive Income (loss) and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

## l. Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or which have original maturities of less than three months at the date of their acquisition.

## m. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## n. Revenue from mining-as-a-service agreement

The Company realized revenues directly from the mining of digital currencies sold to Hyperblock Inc. ("**Hyperblock**") at the point of mining. The sales price is based on the monthly average market rate for the applicable digital currency in United States Dollars, and payment is received in United States Dollars (see note 5(a) for more information).

## 4. PUT/CALL AND RIGHT OF FIRST REFUSAL AGREEMENT

Flexiti Financial Inc. ("**Flexiti**") is a Canadian financial technology lender offering technology-enabled instant credit approvals for prime customers at the point-of-sale for big-ticket retailers. Flexiti is a wholly owned subsidiary of FLX Holding Corp. (formerly Wellspring Holding Corporation, "**FLX**").

On June 6, 2018, GT entered into a right of first refusal and put option agreement with 2629331 Ontario Inc. ("**262**"), a wholly owned subsidiary of GCI, which owns a substantial interest in, and controls, of FLX. That agreement was subsequently amended and restated by a put, call and right of first refusal agreement dated June 21, 2018 (the "**Put/Call Agreement**"), and certain terms affecting the Put/Call Agreement were further amended in October and November of 2018 in connection with the purchase and sale of certain debentures of 262. Following these amendments, the Put/Call Agreement provides for the following:

- 262 grants GT a right of first refusal in respect of a change of control of 262, or a sale of its ownership interest in FLX, that occurs within 1 year of the date of the agreement;
- GT grants 262 and its shareholders a put option (the "**Flexiti Put**") which may be exercised for up to 2 years following the date of the agreement. If exercised, the Flexiti Put would require GT to:
  - acquire all issued and outstanding common shares of 262 for an aggregate purchase price of up to 250,000 GT Shares;

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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- vertically amalgamate with 262, therefore inheriting the obligations of 262 which include senior secured debentures in the aggregate principal amount of \$15 million (50% of which are currently held by GT) which would remain outstanding (but cease accruing fees/interest) and be convertible into GT Shares at a conversion price of \$20.00 per share (amended from \$30.00/share in Q4 2018), and junior secured debentures in the aggregate principal amount of \$6 million;
- pay all outstanding principal and interest accrued on the junior secured debentures; and
- pay a make-whole payment to the holders of the senior secured debentures, one year following the amalgamation, in lieu of the interest and fees that would accrue over the lifetime of those debentures;
- 262 and its shareholders grant GT a call option (the “**Flexiti Call**”) which may be exercised for up to 2 years following the date of the agreement. If exercised, the Flexiti Call would require GT to:
  - acquire all issued and outstanding common shares of 262 for an aggregate purchase price of 666,666 GT Shares;
  - vertically amalgamate with 262, therefore inheriting the obligations of 262 which include senior secured debentures in the aggregate principal amount of \$15 million (50% of which are currently held by GT) which would remain outstanding (but cease accruing fees/interest) and be convertible into GT Shares at a conversion price of \$20.00 per share (amended from \$30.00/share in Q4 2018); and
  - pay all outstanding principal and interest accrued on the junior secured debentures; and
  - pay a make-whole payment to the holders of the senior secured debentures, in lieu of the interest and fees that would accrue over the lifetime of those debentures.

Each of the foregoing rights and options are limited by and subject to certain terms and conditions including GT obtaining approval from the TSX-V and its disinterested minority shareholders. The right of first refusal expired on June 6, 2019 and the Flexiti Put and Flexiti Call rights each expired on June 6, 2020 without any transactions being completed.

The expiry of these rights has not warranted any change in their valuation, as the Company was already valuing them at \$nil.

## 5. DISCONTINUED OPERATIONS

### a. Discontinuation of segment (HyperBlock):

#### i. Discontinuation of segment (HyperBlock)

On June 11, 2018, the Company entered into a mining-as-a-service agreement with HyperBlock (the “**MaaS Segment**”).

HyperBlock brokered the acquisition of 800 miner servers with power supply units (“**Mining Servers**”) for the Company, which HyperBlock was operating and maintaining in a business that was intended to rent the computation power (“**Hashrate**”) of these Mining Servers to third parties interested in mining digital currencies.

During the financial year ended December 31, 2019, the Company decided to exit the MaaS Segment and sold all of its Mining Servers to HyperBlock.

#### ii. Financial performance and cash flow of the discontinued MaaS Segment

The table below shows the segment financial information during the years ended December 31, 2020 and 2019:

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

	Year ended December 31, 2020	Year ended December 31, 2019
Add: Hashrate sales	-	-
Add: mining digital currencies (US \$nil, 2019: US \$182,880)	-	244,648
Less: Cost of sales		
Management fees	-	(26,755)
Cost of electricity and maintenance	-	(212,203)
Segment profit (loss) during the period	<u>-</u>	<u>5,690</u>
<b>Deduct:</b>		
Amortized of the prepaid management fees paid to HyperBlock	-	(74,287)
Impairment loss - prepaid management fees balance paid to HyperBlock	-	(371,432)
Depreciation of property and equipment	-	-
Loss on sale / valuation of Mining Servers	-	(45,216)
Net income (loss) from discontinued operation (attributable shareholders of the company)	<u>-</u>	<u>(485,245)</u>
Net cash provided by (used in) operating activities	-	(440,029)
Net cash provided by (used in) investment activities	-	63,920

## b. Discontinuation of business ventures:

### i. Neighbor Billing:

The Company has been engaged in developing a utility commerce management platform that bundles the billing for utility services and other similar household bills into a single consolidated invoicing and payment regime for Neighbor Billing Inc. (“**Neighbor**”), its business venture with Sponsor Energy Inc. (“**Sponsor**”). During the Reporting Period, following a thorough consideration of market conditions and strategic alternatives, the Company determined that the additional capital required to fund the next phase of Neighbor’s development and operations exceeded what the Company and Sponsor were prepared to make available. On June 4, 2019, the Company completed a transaction to conclude its business venture with Sponsor, with the result that the Company is now the sole owner of Neighbor and its associated intellectual property, but has granted limited licenses to Sponsor to allow it to commercialize certain of the intellectual property on a non-exclusive basis in the utilities market. The Chief Technology Officer, Chief People Officer and certain employees engaged by the Company to work solely on the Neighbor billing platform departed the Company during the year end December 31, 2019, resulting in a one-time cost associated with employee departures of approximately \$401,849.

Amounts related to Neighbor’s operations are not presented in the Company’s Consolidated Statements of Net and Comprehensive Income (Loss) and the Company’s Consolidated Statements of Cash Flows as discontinued operations.

### ii. Globalive BIG Dev Inc.

GBD is a subsidiary of the Company formed for the purpose of implementing a business venture between the Company and Business Instincts Group Inc. (“**BIG**”), to develop software to support decentralized and intelligent business frameworks. GBD was intended to provide customers with access to a library of software stacks and customizable solutions featuring blockchain and machine learning technology. On May 24, 2018, the Company completed the initial organization and set-up of GBD. The Company contributed \$1,250,000 to acquire 510,000 shares or 51% of the issued and outstanding common shares of GBD and also entered into a Master Service Agreement among the Company, GBD and BIG to potentially provide certain services to the business venture. It was the intention of the Company and BIG that any appropriate software development opportunities identified by either of them would also be offered first to GBD.

On August 1, 2019 (the “**Sale Date**”), the Company sold its interest in GBD to BIG and took back a debenture from BIG in the principal amount of \$1,250,000. The transactions and balances of the Company and GBD were included in financial statements from the effective date of the acquisition on May 24, 2018. On the Sale date, the Company:

1. Derecognized the assets and liabilities of GBD from the Consolidated Statements of Financial Position.
2. Recognized the debenture investment retained in the GBD at its fair value.
3. Recognized the gain associated with the loss of control attributable to the former subsidiary:



# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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Fair value of proceeds	-
Plus: Carrying amount of the noncontrolling interest	(176,766)
Minus: Carrying amount of GBD	(360,743)
<b>Gain on disposal of GBD</b>	<b>183,977</b>

Amounts related to GBD's operations are not presented in the Company's Consolidated Statements of Net and Comprehensive Income (Loss) and the Company's Consolidated Statements of Cash Flows as discontinued operations.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

## 6. INVESTMENTS

The Company has made strategic investments in existing and potential future Collaborators and other strategic partners. The Company carried the following investments in certain technology companies as of December 31, 2020 and 2019:

### December 31, 2020:

Investment name	\$	Cost	Estimated Fair Market Value	Ref.
<b>Privately held investments:</b>				
Debt investments	USD	1,779,264	1,434,348	(i)
Debt investments	CAD	11,250,181	2,916,251	(ii)
Equity investments	CAD	5,922,925	4,264,127	(iii)
Equity investments	USD	6,102,640	4,677,959	(iii)
Warrants to acquire equity investments	CAD	322,138	61,609	(iv)
Warrants to acquire equity investments	USD	197,154	70,654	(iv)
<b>Total Investments</b>		<b>25,574,302</b>	<b>13,424,948</b>	
<b>Investments classified as current</b>		<b>12,544,857</b>	<b>9,074,349</b>	
<b>Long term Investments</b>		<b>13,029,445</b>	<b>4,350,599</b>	

### December 31, 2019:

Investment name	\$	Cost	Estimated Fair Market Value	Ref.
<b>Privately held investments:</b>				
Debt investments	USD	1,115,999	1,197,181	(i)
Debt investments	CAD	11,350,181	3,100,000	(ii)
Equity investments	CAD	5,922,925	4,440,173	(iii)
Equity investments	USD	6,386,755	6,338,925	(iii)
Warrants to acquire equity investments	CAD	322,138	61,609	(iv)
Warrants to acquire equity investments	USD	197,154	145,878	(iv)
<b>Total Investments</b>		<b>25,295,152</b>	<b>15,283,766</b>	
<b>Investments classified as current</b>		<b>12,828,972</b>	<b>10,986,585</b>	
<b>Long term Investments</b>		<b>12,466,180</b>	<b>4,297,181</b>	

### Privately held investments

#### i. Debt investments in USD:

During the year ended December 31, 2019, the Company participated in a refinancing of its convertible debenture investment denominated in USD. The face value of the new debt was increased by the amount of interest, which was accrued during the period of ownership, being USD \$30,411. The Company also invested an additional USD \$485,000 or CAD \$663,262 during the year ended December 31, 2020 (USD \$350,000 or CAD \$463,575 during the year ended December 31, 2019) with the same investee.

On December 31, 2020, using a “with” and “without” valuation approach, the fair value of the convertible debentures, is USD \$1,126,569, or the Canadian equivalent of \$1,434,348 (December 31, 2019 - USD \$921,760, or the Canadian equivalent of \$1,197,695).

The significant assumptions used in the valuation of the convertible debentures were:

1. cash burn projections;
2. the expected date of a new financing, which will trigger the conversion feature of both debt investments;
3. the probabilities of completing a qualified financing, completing a non-qualified financing and a liquidation, respectively; and
4. the convertible debentures’ initial internal rates of return (i.e., as on the issuance date) are used as discount rate for fair market value calculations.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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## ii. Debt investments in CAD:

### Senior debenture of 262:

On October 10, 2018 and November 9, 2018, the Company acquired senior secured convertible debentures of 262 (the “**Senior Debentures**”) in the aggregate principal amount of \$7,500,000. The Company acquired the debentures in an arm’s length transaction at a value that was approved by both 262’s and GT’s boards of directors, however, the result is that the Company now holds debentures in 262, an entity that is considered to be related party. The Senior Debentures bear interest at 17.5% per annum, compounded and calculated monthly, in arrears and matured on May 1, 2020.

Under the terms of the Senior Debentures, the holder will receive a risk premium charge (the “**Risk Premium Charge**”) which is an amount equal to 10% of the principal due under the Senior Debentures. 50% of this charge was paid upon issue and the remaining 50% will be payable on the earlier of (i) the time that the Senior Debentures are converted, (ii) the time that the Senior Debentures are repaid on maturity or redemption, (iii) the time that a Flexiti Put or Flexiti Call transaction is completed (see note 4 for more details), and (iv) upon completion of any change of control of 262. Interest accrues on the Risk Premium Charge commencing on the date they were issued (May 1, 2018) at the same rate as on the Senior Debentures and any interest so accrued shall be compounded and considered as part of such amount.

The Senior Debentures matured on May 1, 2020 but have not yet been paid and, accordingly, are now also incurring a late charge which, for the Senior Debentures held by the Company, amounts to \$345,000/month but has not been accrued for in these financials.

*Automatic Conversion:* Subject to certain conditions, the Senior Debentures’ outstanding principal owing can be automatically converted into common shares of 262 at a predetermined pricing if (i) the common shares are listed on a nationally recognized stock exchange (which includes the TSX Venture Exchange) and (ii) the current market price of the common shares on such nationally recognized stock exchange is equal to or greater than \$60.00 with average daily trading volume of not less than 12,500 shares, and upon payment in full of all accrued and unpaid interest, if any.

*Optional Conversion:* At the option of the holder, the Senior Debentures are convertible, in whole or in part, as to principal, at the applicable predetermined conversion price, subject to adjustment in certain events, at any time following the exercise of the Flexiti Put or the Flexiti Call in accordance with the Put/Call Agreement and prior to the close of business on the earlier of: (i) the last business day immediately preceding their maturity date, and (ii) the date fixed for redemption, into common shares of 262 or any successor to 262.

The debentures’ conversion features result in contractual cash flows that do not consist solely of interest and principal and therefore these investments are classified as FVTPL under IFRS 9.

During the year ended December 31, 2019, following several internal rounds of financing in FLX and Flexiti, the Company determined that the value of these investments should be written down to \$nil to reflect the expected current value of their underlying security. No further adjustment to the value of these investments was made during the year ended December 31, 2020.

### Loan to 262:

The Company also made a loan of \$3,000,000 to 262 in the financial year ended December 31, 2019, to allow it to participate for (A) its pro rata share (\$2,666,250) of the Series 2 Class B Preferred Shares of FLX (19,044,642 shares) and (B) a \$250,000 share of an offering of Class A shares of Flexiti (collectively, the “**Collateral Securities**”). The loan is secured by a first ranking charge over the Collateral Securities. During the year ended December 31, 2020, following certain debt and equity financing developments in FLX and Flexiti since the loan was made, the Company has determined that this loan should be written down to \$2,916,251, reflecting the value of the Collateral Securities. This resulted in recording an unrealized loss of \$83,750 during the year ended December 31, 2020 (\$nil during the year ended December 31, 2019).

On January 15, 2021, following an unsatisfied demand for payment, the Company completed a foreclosure of its security in respect of this loan, with the result that the Company took direct ownership of the Collateral Securities and the loan was extinguished.

## iii. Equity investments:

Since inception, the Company has invested in a variety of private equity investments. These investments are mainly in common shares or preferred shares with liquidity and/or dividend priority advantages.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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The Company also acquired certain assets (the “Vend-In Assets”) from GCI and 2330573 Ontario Inc. in exchange for 995,744 GT Shares. On acquisition the Vend-In Assets were measured at a fair value of \$11,333,261. The Vend-In Assets included both Canadian and USD equity securities. All acquired securities were classified as FVTPL.

The Company revalued the USD denominated equity securities using the related exchange rate as of December 31, 2020 resulting in an unrealized loss on foreign exchange of CAD \$97,278 during the year ended December 31, 2020 (CAD \$329,152 during the year ended December 31, 2019).

The Company used private transactional pricing and internal valuation model to adjust the fair value of these investments recording an unrealized loss of \$1,455,649 during the year ended December 31, 2020 (unrealized loss of \$1,718,177 during the year ended December 31, 2019).

During the year ended December 31, 2019, the Company also sold a position in a private equity holding and realized a gain of CAD \$1,310,116.

*iv. Warrants to acquire equity investments:*

As part of the Vend-in Assets, the Company acquired warrants entitling the Company to acquire some of the equity investments mentioned in section (iii) above. As of December 31, 2020, the estimated fair value of the warrants denominated in CAD was \$61,609 and for warrants denominated in USD was \$70,654. Accordingly, the Company recognized an unrealized loss of \$75,224 during the year ended December 31, 2020 (unrealized loss of CAD \$65,171 during the year ended December 31, 2019).

The Company used the Black-Scholes option pricing model to estimate fair market value, listed below are the weighted average assumptions used as of:

	December 31, 2020	December 31, 2019
Average risk-free interest rate	0.36%	1.44%
Annualized volatility	65.00%	65.00%
Dividend rate	0.00%	0.00%
Expected weighted average life (years)	3.85 years	4.85 years

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

## 7. FAIR VALUE MEASUREMENT

The Company's financial assets and financial liabilities as of December 31, 2020 and 2019 were as follows:

December 31, 2020:

	Assets at fair value through profit or loss	Amortized cost	Other financial liabilities	Total
Cash		5,885,826		5,885,826
Investments	9,074,349			9,074,349
Long term investments	4,350,599			4,350,599
Accounts payables and accrued liabilities			435,978	435,978

December 31, 2019:

	Assets at fair value through profit or loss	Amortized cost	Other financial liabilities	Total
Cash		8,860,276		8,860,276
Other receivables		18,035		18,035
Investments	10,986,585			10,986,585
Long term investments	4,297,181			4,297,181
Accounts payables and accrued liabilities			152,807	152,807

### Fair value hierarchy:

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at December 31, 2020 and 2019:

December 31, 2020:

	Fair Value	Fair value measurement used			Total
		Level 1	Level 2	Level 3	
<b>FVTPL</b>					
Investments	9,074,349	-	-	9,074,349	9,074,349
Long term investments	4,350,599	-	-	4,350,599	4,350,599

December 31, 2019:

	Fair Value	Fair value measurement used			Total
		Level 1	Level 2	Level 3	
<b>FVTPL</b>					
Investments	10,986,585	-	3,064,273	7,922,312	10,986,585
Long term investments	4,297,181	-	100,000	4,197,181	4,297,181

**Level 1 Fair Value Measurements:** Inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the Company has the ability to access.

**Level 2 Fair Value Measurements:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Includes inputs using a valuation methodology other than quoted prices included within Level 1.

**Level 3 Fair Value Measurements:** Inputs that are not based on observable market data and that are significant to the fair value measurement. These unobservable inputs reflect the Company's own assumptions about what a market participant would use in estimating the fair value of a financial instrument.

The Company will transfer between levels in the fair value hierarchy only when the instrument no longer satisfies the definition of the fair value category it was recognized in.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Fair value is calculated using recent arm's length transactions, or prevailing market rates for instruments with similar characteristics.

The following shows the impact to the fair value of the Level 3 securities held at December 31, 2020 had the value of the securities increased or decreased as a result in a reasonable shift in the value of the most material unobservable input used to value these securities:

Security Name	Fair Value	Valuation technique	Unobservable inputs	Reasonable Shift	Change in valuation
Convertible Debenture USD	\$ 1,434,348	"with" and "without" valuation approach	Assign 50%, 30% and 20% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively	Assign 0%, 0% and 100% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively.	-\$1,363,000
Warrants	\$132,263	Black-Scholes option pricing model	Volatility	+50%	\$50,000
Equity share 1(*)	\$5,036,283	Potential sale valuation	Sale price in relation to a revenue target	Revenue target missed	-\$755,000
Equity share 2	\$500,000	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$150,000
Equity share 3	\$191,778	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$58,000
Equity share 4	\$1,010,456	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$303,000
Equity share 5	\$161,099	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$48,000
Equity share 6	\$725,000	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$218,000
Equity share 7	\$1,598,474	Discount rate	Discount for lack of marketability	+/- 30%	+/- \$480,000
Equity share 8	\$4,141,251	Discount rate	Sale price	- 10%	- \$414,000

(\*) The fair value of this equity share includes warrants with fair value of \$70,654 and convertible debentures with fair value of \$1,434,348. The potential sale transaction event would cause both warrants and convertible debentures to be converted into this equity holding.

The following shows the impact to the fair value of the Level 3 securities held at December 31, 2019, had the value of the security increased or decreased as a result in a reasonable shift in the value of selected material unobservable inputs used to value this security:

Security Name	Fair Value	Valuation technique	Unobservable inputs	Reasonable Shift	Change in valuation
Convertible Debenture USD	\$ 1,179,181	"with" and "without" valuation approach	Assign 50%, 30% and 20% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively	Assign 0%, 0% and 100% probability weighting to the assumptions of completing a qualified financing, completing a non-qualified financing and liquidation, respectively.	-\$1,140,000
Warrants	\$208,687	Black-Scholes option pricing model	Volatility	+50%	\$92,000
Equity share 1	\$nil	Multiples of annual sales	Multiple value	+5 multiples	\$203,000
Equity share 2	\$1,225,000	Potential sale valuation	Sale price	-25%	\$nil
Equity share 3(*)	\$6,256,634	Potential sale valuation	Sale price in relation to a revenue target	Revenue target missed	-\$857,000
Equity share 4	\$500,000	Potential sale valuation	Sales price	-25%	\$nil
Equity share 5	\$451,251	Discount rate	Discount for lack of marketability	+/- 25%	+/- \$59,000
Flexiti Call	\$nil	Monte Carlo simulation model	0.50 correlation	+/- 0.50 correlation	\$nil

(\*) The fair value of this equity share includes warrants with fair value of \$145,878 and convertible debentures with fair value of \$1,179,181. The potential sale transaction event would cause both warrants and convertible debentures to be converted into this equity holding.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

The following is a reconciliation of investments in which significant unobservable inputs (level 3) were used in determining their fair value:

	<b>Total</b>
Balance as of December 31, 2019	12,119,493
Sales	(284,080)
Purchases	663,265
Transfers from level 2	2,869,028
Change in FMV	(1,942,758)
<b>Balance as at December 31, 2020</b>	<b>13,424,948</b>

## **Financial Risk Management:**

The Company's activities expose it to a variety of financial risks that arise as a result of its operating, investing, and financing activities including:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Price risk.

This note presents information about the Company's exposure to the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

### **Credit risk:**

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, other receivables and investments in debt instruments are exposed to credit risk. The Company monitors its credit risk management policies continuously to evaluate their effectiveness and feels that the creditworthiness of its counterparties is currently satisfactory. Cash and cash equivalents primarily consist of highly liquid temporary deposits with Canadian chartered banks.

### **Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. To achieve this objective, the Company prepares annual operational expenditure budgets which are regularly monitored and updated as considered necessary. As at December 31, 2020 the Company had \$5,885,826 of cash available to settle \$435,976 of financial liabilities (as at December 31, 2019 the Company had \$8,860,276 of cash available to settle \$152,807 of financial liabilities).

The Company's accounts payable and accrued expenses are non-interest bearing and are due in less than 90 days.

### **Market risk:**

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices.

The Company's investments are classified at FVTPL, therefore changes in fair market value on securities are recorded in net income.

Further risks related to market risks that are present in the Company are as follows:

- i. Price risk:

The Company is exposed to equity securities price risk because of investments held by the Company.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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As at December 31, 2020, had the fair values of the investments at FVTPL increased or decreased by 30%, with all other variables held constant, net income would have increased or decreased by approximately \$4,027,000 (December 31, 2019 - \$4,585,000).

## ii. Interest rate risk:

The Company's interest rate risk arises from investments in debt instruments carried at FVTPL and cash balances with variable rates of interest as the fair value of these financial instruments can fluctuate because of changes in market interest rates.

As at December 31, 2020, the approximate impact on the Company if the changes in the prevailing levels of market interest rates strengthened or weakened by 1% was negligible (December 31, 2019 - \$87,000).

## iii. Currency risk:

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of the Company, which is the Canadian dollar. The Company is exposed to the risk that the value of investments denominated in currency other than Canadian dollars will fluctuate due to changes in exchange rates. The Company's investment denominated in United States Dollars are marked accordingly in the schedule of investments included in note 6 above.

As at December 31, 2020, the approximate impact on the Company if the CAD weakened by 10% in relation to USD would be a gain of \$1,216,000 (December 31, 2019 - \$414,000). If the Canadian dollar was to strengthen relative to USD, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

## 8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of its share capital. The Company manages its capital structure and makes adjustments based on the funds available to support new business ventures with Collaborators and support its medium-term working capital. The Board of Directors has not established quantitative return on capital criteria for management and relies on the expertise of management and the Board of Directors to sustain future development of the business.

The management and the Board of Directors review the Company's capital management approach on an ongoing basis and believe it reflects a reasonable approach given the relative size of the Company's assets.

The Company is not subject to externally imposed capital requirements.

## 9. SHARE CAPITAL

As at December 31, 2020, the Company's authorized number of GT Shares was unlimited without par value, while the Company's number of issued GT Shares as of the same date was 6,977,073 shares (December 31, 2019 – 6,945,445).

During the Company's annual general and special meeting of the shareholders on June 19, 2020, shareholders authorized for the Company to amend its articles to affect a consolidation of its common shares on the basis of 1 post-consolidation common share for every 20 pre-consolidation common shares. Any description of share numbers and/or price per share reflected in these financial statements, and any calculations based on the foregoing, including for prior periods, are presented on a consolidated basis.

During January 2020, the Company issued common shares to its CEO in satisfaction of his net salary for services rendered during the period from October 1, 2019 to December 31, 2019. The arrangement was approved by the shareholders of the Company at its annual general meeting on June 20, 2019. The Chief Executive Officer's net salary for the payment period was \$44,171.67, which was paid by issuing 24,540 common shares of the Company at the closing price of such shares on the last day of the payment period (\$1.80/share).

Under the Company's NCIB Program, the Broker purchased 40,400 shares during the Reporting Period for a total cost of \$67,674. These shares were subsequently canceled.

During the year end December 31, 2020, the Company issued 47,497 GT Shares for the settlement of vested RSUs (see note 10 for more details). During the same period an additional 579,590 RSUs vested but have not yet been settled, pending receipt by the Company of a settlement request from the holders of those RSUs.

## 10. OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN

The 2018 Omnibus Equity Incentive Compensation Plan (the "Plan") permits the grant of Options, Share Appreciation Rights ("SAR"), RSUs, Deferred Share Units ("DSU") and Performance Share Units ("PSU"). The Plan was approved by the Company's board of directors on June 8,



# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

2018 (“**Granting Date**”) and shareholders of the Company on May 22, 2018 and is effective from June 8, 2018 until the earlier of (i) the date it is terminated by the Board in accordance with the Plan, and (ii) 10 years after the date of the Plan.

The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Plan participants with that of other shareholders of the Company generally, and (iii) enable and encourage participants to participate in the long-term growth of the Company through the acquisition of GT Shares as long-term investments.

The number of GT Shares reserved for issuance under the Plan upon the exercise of options will not, in the aggregate, exceed 10% of the outstanding GT Shares. Additionally, the maximum number of GT Shares reserved for issuance under the Plan upon exercise or settlement of any awards other than options shall be 715,181 GT Shares. In connection with the foregoing, the maximum number of GT Shares for which awards may be issued to any one participant in any 12-month period shall not exceed 5% of the outstanding GT Shares or 2% in the case of a grant of awards to any consultant or persons (in the aggregate) retained to provide investor relations activities.

Equity-settled share-based compensation to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

During the Company’s annual general and special meeting on June 20, 2019, shareholders approved a decrease in the exercise price of all granted and outstanding options from \$20.00 to \$5.00.

Using the Black-Scholes option pricing model, the following weighted average assumptions were used for the valuation of the original stock options issued in 2018 and the additional employee share based compensation as a result of the 2019 decrease of the exercise price from \$20.00 to \$5.00:

	June 8, 2018	June 20, 2019
Fair value of the Company’s common share	\$11.38	\$1.90
Average risk-free interest rate	1.90%	1.21%
Annualized volatility	42.00%	42.00%
Dividend rate	0.00%	0.00%
Expected <u>weighted</u> average life (years) for options granted to employee	6.25 years	5.79 years

From the Granting date to September 11, 2020, the Company has granted 366,250 options and 362,500 RSUs to the Company’s officers, employees, and consultants. During the same period, 170,000 options and 153,335 RSUs were forfeited due to employee departures, and there were 149,157 RSUs and 130,825 options that were vested and either settled or remained outstanding.

The Company announced on September 11, 2020 the granting of 505,000 additional RSUs to the Company’s directors, officers and employees. The market price of \$1.10 per Company share as of the granting date (September 11, 2020) was used to estimate the value of these additional RSUs. The RSUs are each exchangeable for one common share of the Company and were vested on December 29, 2020 the date the management information circular in respect of the RTO Transaction was mailed out to shareholders (see note 17). In connection with the RTO Transaction, the Company also amended the terms of the remaining 60,008 unvested RSUs previously granted under the Plan to provide that they would vest on the Mailing Date and has cancelled an aggregate of 63,133 unexercised options previously issued (31,715 of which would have vested during 2021).

The following table shows the movement of the share-based payment reserve during the years ended December 31, 2020 and 2019:

Year ended	December 31, 2020		December 31, 2019	
	Options	RSUs	Options	RSUs
Outstanding at the beginning of the period	202,500	124,171	237,500	267,500
Granted during the period	-	505,000	-	-
Forfeited during the period	(63,133)	(2,084)	(35,000)	(56,251)
Exercised during the period	-	(47,497)	-	(87,078)
Expired during the period	(6,250)	-	-	-
<b>Outstanding at the end of the period</b>	<b>-</b>	<b>579,590</b>	<b>135,000</b>	<b>124,171</b>
<b>Exercisable at the end of the period</b>	<b>133,117</b>	<b>579,590</b>	<b>67,500</b>	<b>-</b>

## 11. INCOME TAXES

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Significant components of current and deferred income tax expense (recovery) are as follows:

	December 31, 2020	December 31, 2019
<b>Current tax expense (recovery)</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	-
Change in unrecognized tax assets	-	-
<b>Income tax expense (recovery)</b>	-	-

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.50% to the effective tax rates is as follows:

	The year ended December 31, 2020	The year ended December 31, 2019
	\$	\$
Net Income (loss) before income taxes	(6,145,527)	(14,093,683)
	26.5%	26.5%
Income tax (expense) recovery based on combined statutory income tax rate	(1,628,565)	(3,734,826)
Change in tax benefit not recognized	1,014,691	2,449,104
Non deductible expenses	613,874	1,285,722
<b>Income tax (recovery) expense</b>	-	-

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through reversal of temporary differences and future taxable profits is probable.

Significant components of unrecognized deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets:	\$	\$
Taxable capital and non-capital losses carried forward	4,407,531	5,409,153
Unrealized losses from investments carried at FVTPL	415,785	1,284,024
Share issuance costs	285,051	-
Other	81,382	81,382
<b>Total</b>	<b>5,189,748</b>	<b>6,774,558</b>

As at December 31, 2020 and 2019, amounts and expiry dates of tax attributes to be deferred for which no deferred tax asset was recognized were as follows:

Year expired	December 31, 2020	December 31, 2019
	\$	\$
2040	3,029,858	-
2039	6,620,221	6,620,221
2038	5,834,688	5,834,688
2037	60,935	60,935
2036	67,768	67,768
2035	242,109	242,109
2034	334,274	334,274
2033	81,327	81,327
2032	46,310	46,310
	<b>16,317,490</b>	<b>13,287,632</b>

The Company has also taxable capital losses of \$2,388,964 as of December 31, 2019 (December 31, 2018-\$1,008,087) which can be carried forward indefinitely and can be applied against future taxable capital gains.

The operating loss carryforwards are subject to review, and potential adjustment, by tax authorities. Other deductible temporary differences for which tax assets have not been booked are not subject to a time limit, except for share issuance expenses which are amortizable over five years.

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

## 12. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share represents net income (loss) for the year divided by the weighted average number of shares outstanding during the year.

Diluted (earnings) loss per share is calculated by dividing the applicable net loss by the sum of the weighted average number of shares outstanding and all additional shares that would have been outstanding if potentially dilutive shares had been issued during the reporting period. The options and RSUs granted by the Company as described in note 11 (Omnibus Equity Incentive Compensation Plan) are anti-dilutive and therefore have not been included in the calculation of diluted earnings per share for the period. However, they may be dilutive in the future.

For the years ended December 31, 2020 and 2019, diluted loss per share equals basic loss per share due to the anti-dilutive effect of the dilutive securities. The EPS for the comparative period have been restated to reflect the 1 for 20 share consolidation.

<b>December 31, 2020</b>		
<b>Earnings per share for net income (loss) from continuing operations for the period attributable to the company's shareholders:</b>	<b>Year ended December 31, 2020</b>	
	<b>Basic</b>	<b>Diluted</b>
<b>Numerator:</b>		
Net income (loss) from continuing operations for the period	(6,145,527)	(6,145,527)
<b>Denominator:</b>		
Weighted average number of common shares	6,983,708	6,983,708
<b>Earnings per share</b>	<b>(0.880)</b>	<b>(0.880)</b>
<b>Earnings per share for net income (loss) and comprehensive income (loss) for the period ttributable to the company's shareholders:</b>		
<b>Year ended December 31, 2020</b>		
<b>Basic</b>		
<b>Diluted</b>		
<b>Numerator:</b>		
Net income (loss) and comprehensive income (loss) for the period	(6,145,527)	(6,145,527)
<b>Denominator:</b>		
Weighted average number of common shares	6,983,708	6,983,708
<b>Earnings per share</b>	<b>(0.880)</b>	<b>(0.880)</b>
<b>December 31, 2019</b>		
<b>Earnings per share for net income (loss) from continuing operations for the period attributable to the company's shareholders:</b>	<b>Year ended December 31, 2019</b>	
	<b>Basic</b>	<b>Diluted</b>
<b>Numerator:</b>		
Net income (loss) from continuing operations for the period	(13,963,329)	(13,963,329)
<b>Denominator:</b>		
Weighted average number of common shares	138,207,931	138,207,931
<b>Earnings per share</b>	<b>(0.101)</b>	<b>(0.101)</b>
<b>Earnings per share for net income (loss) and comprehensive income (loss) for the period ttributable to the company's shareholders:</b>		
<b>Year ended December 31, 2019</b>		
<b>Basic</b>		
<b>Diluted</b>		
<b>Numerator:</b>		
Net income (loss) and comprehensive income (loss) for the period	(14,448,574)	(14,448,574)
<b>Denominator:</b>		
Weighted average number of common shares	138,207,931	138,207,931
<b>Earnings per share</b>	<b>(0.105)</b>	<b>(0.105)</b>

# Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

## 13. FIXED ASSETS

Depreciation of fixed assets is an estimate of the expected useful life. In order to determine the useful life for the Mining Servers, assumptions are required and may range depending on market conditions and technology changes, availability of hardware and production costs.

The following tables show the breakdown of the Company's fixed assets including the estimated expected useful life, amount of depreciation and impairment for each category during the reporting periods:

During the year ended December 31, 2020	Expected Useful Life (Years)	December 31, 2019	Additions	Depreciation	Sale	Derecognition on disposal of a subsidiary	Impairment loss	December 31, 2020
Office computers and equipment	2	-	-	-	-	-	-	-
Furnitures and other fixtures	5	4,471	-	-	-	-	-	4,471
Mining servers and electrical infrastructure	3	-	-	-	-	-	-	-
		4,471	-	-	-	-	-	4,471

  

During the year ended December 31, 2019	Expected Useful Life (Years)	December 31, 2018	Additions	Depreciation	Sale	Derecognition on disposal of a subsidiary	Loss on sale	December 31, 2019
Office computers and equipment	2	57,965	1,272	(8,576)	(29,040)	(10,406)	(11,215)	-
Furnitures and other fixtures	5	25,482	7,999	(1,150)	-	-	(27,860)	4,471
Mining servers and electrical infrastructure	3	109,136	-	(9,095)	(63,920)	-	(36,121)	-
		192,583	9,271	(18,821)	(92,960)	(10,406)	(75,196)	4,471

## 14. RELATED PARTY TRANSACTIONS

### Key Management Remuneration

The remuneration of directors and other members of key management personnel during the years ended December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Management salaries and fees <sup>(*)</sup>	1,279,483	1,758,300
Share-based compensation (Omnibus Equity Incentive Compensation Plan)	995,554	962,079
<b>Total</b>	<b>2,275,037</b>	<b>2,720,379</b>

<sup>(\*)</sup> Management salaries and fees' amount in 2019 includes a gross salary amount of \$75,000 (\$44,171.67 after income tax and other statutory deductions) which was settled with 24,540 shares issued to the Company's Chief Executive Officer (see note 9 for more details).

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the Board of Directors of the Company having regard to the performance of individuals and market trends.

**Payments to Globalive Media Inc. / Globalive Capital Inc./ VRG Capital Corp.:** On January 1, 2018, March 31, 2018 and April 1, 2018, respectively, GCI, Globalive Media Inc. and VRG Capital Corp. entered into service agreements with the Company to provide the Company with certain functions and supporting roles, resulting in a payment of \$53,000 to Globalive Media Inc. during the year ended December 31, 2019 (\$nil year ended December 31, 2020). Anthony Lacavera, the Company's Chief Executive Officer and one of its Directors, controls Globalive Media Corp. and Globalive Capital Inc., while J.R. Kingsley Ward, the Company's Chairman and one of its Directors, is a Managing Partner of VRG Capital Corp. The Company terminated all the above service agreements and did not incur additional expenses under these agreements beyond the second quarter of 2019.

**Loan to 262:** During the year ended December 31, 2019, the Company made a loan of \$3,000,000 to 262, a related party which is controlled by GCI, to allow it to participate for its *pro rata* share (\$2,666,250) of the Series 2 Class B Preferred Shares of FLX and to acquire certain other securities of FLX and Flexiti. The loan is secured by a first ranking charge over the shares acquired using the loan proceeds (see note 6(ii)).

# Notes to the Consolidated Financial Statements

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## 15. OTHER LOSSES

The following table shows the breakdown of this balance:

	Yearended December 31, 2020	Yearended December 31, 2019
Interest income impairment - Senior debt of 262	-	408,239
Loss on sale on fixed assets	-	39,075
Unrealized foreign exchange loss on USD deposits	473,116	-
Foreign exchange loss	-	11,342
Other	3,030	-
<b>Total</b>	<b>476,146</b>	<b>458,656</b>

## 16. OTHER INCOME

The following table shows the breakdown of this balance:

	Yearended December 31, 2020	Yearended December 31, 2019
Interest income - bank deposits	56,639	202,335
Dividend income - equity investments	-	62,055
<b>Total</b>	<b>56,639</b>	<b>264,390</b>

## 17. SUBSEQUENT EVENTS

The following events took place after December 31, 2020 but prior to the completing of the audited financial statements of the Company:

- On January 15, 2021, the Company completed a foreclosure on its \$3,000,000 loan to 262 Ontario, with the result that the loan was extinguished and the Company took direct ownership of the Collateral Securities.
- On March 1, 2021, CURO Group Holdings Corp. announced it had completed the acquisition of FLX and Flexiti. The transaction included cash at closing of \$86 million and contingent consideration of up to \$36 million based on the achievement of risk-adjusted revenue and origination targets over the next two years based upon exchange rates at the time of closing.
- On February 1, 2021, the Put/Call Agreement was terminated by mutual agreement between the parties.
- On February 9, 2021, in connection with the RTO Transaction, all outstanding RSUs of the Company were settled for common shares of the Company.
- On September 22, 2020, GT and YC agreed a letter of intent to complete a two-party reverse takeover transaction, the RTO Transaction, as soon as possible. On February 10, 2021, the RTO Transaction was completed: GT transferred all of its material assets and liabilities, other than US\$3,839,275 of cash required to remain in GT, (the "**Legacy Assets**") to a newly formed holding company, GT Holdings Corp. ("**SpinCo**"); non-voting common shares of SpinCo were distributed to the shareholders of GT through an exchange of the common shares of GT; and GT amalgamated with YC with the holders of common shares of GT receiving 1 common share of Yooma in exchange for 1 common share of the GT, and with the holders of common shares of YC receiving 1.1168 common shares of Yooma in exchange for 1 common share of YC. Spinco also issued a promissory note to Yooma for the amount US \$200,000.